



ANNUAL  
REPORT  
2025





## VISION, MISSION, AND VALUE STATEMENTS

### VISION

A modern Central Bank Empowering Development of Solomon Islands.

### MISSION

Our mission is defined by Section 8 of the Central Bank of Solomon Islands Act 2012 (as amended) in the following priorities:

- To achieve and maintain domestic price stability;
- To foster and maintain a stable financial system; and
- To support the general economic policies of the government to grow the economy.

### VALUE

We are committed to uphold the following values:

- **Integrity** – To hold ourselves to the highest ethical standards which is crucial in fulfilling our mandate as the nation’s central bank.
- **Accountability** – To foster an environment of transparency and responsibility in all our operations.
- **Professionalism** – To commit to carrying out our responsibilities in a professional and efficient manner
- **Excellence** – To dedicate ourselves in achieving in all aspects of our operations, from monetary policy formulation to financial regulation and supervision.
- **Diversity and Inclusion** – To recognize the strength of our institution which lies in the unique perspectives and skills of our diverse workforce.

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CENTRAL BANK OF SOLOMON ISLANDS

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29<sup>th</sup> April 2026

Hon. Rexon Annex Ramofafia, MP  
Minister of Finance and Treasury  
P O Box 26,  
Honiara

Dear Minister,

**Re: 2025 Annual Report and Financial Statements**

As required by Section 58(2) of the Central Bank of Solomon Islands (CBSI) Act 2012, I hereby submit to you the Central Bank of Solomon Islands Annual Report and the Bank's Audited Financial Statements for 2025 Financial Year.

Yours sincerely,



**LUKE FORAU, Ph.D**  
Governor

 GOVERNOR'S FOREWORD



Governor, Dr. Luke Forau

It is my pleasure to present the 2025 Annual Report of the Central Bank of Solomon Islands, which outlines the Bank's operations, financial performance, and key economic developments during the year.

**Economic conditions in 2025 exceeded expectations.**

Both global and domestic activity proved more resilient than initially

projected, despite ongoing uncertainties, including tariff-related tensions in the United States. Domestically, economic activity strengthened over the year, driven by stronger real sector activity, which contributed to a notable increase in exports in the fourth quarter and to the continued accumulation of foreign reserves.

**The Bank maintained a firm focus on macroeconomic stability throughout the year,** in line with its mandate under the CBSI Act 2012 to promote domestic price and

financial system stability. Inflation was contained in 2025, due to favourable supply-side conditions, particularly lower global fuel and food prices. Although inflation experienced short-term volatility, especially in the third quarter, it eased toward year-end, closing at 1.6%, with an annual average of 3.2%.

**The financial system remained sound and resilient.**

Commercial banks maintained capital ratios well above the prudential minimum of 15%, supporting a stable banking sector. The Bank maintained foreign reserves at comfortable levels, providing import cover equivalent to twice the six-month policy threshold. The currency composition of reserves aligned with the exchange rate basket, supporting the stability of the Solomon Islands dollar.

**Economic activities have strengthened across multiple sectors.**

As a result, the economy is estimated to have grown by 3.6% in 2025, up from 3% in 2024, due largely to strong export performances from the extractive and agricultural sectors, as well as increased public infrastructure investment, and sustained domestic consumption. Formal employment conditions remained stable, with contributions to the Solomon Islands National Provident Fund (SINPF) increasing by 4%, indicating moderate improvements in the labour market.



Looking ahead, the Solomon Islands economy is likely to face some strong headwinds in 2026. Although real GDP growth for 2026 is forecast at 3.8%, geopolitical tensions in the Middle East, the impacts of Tropical Cyclone Maila, and domestic political instability are likely to weigh on growth. These developments highlight the economy's vulnerability to external and domestic shocks and reinforce the need for sustained structural reforms to strengthen resilience.

In 2025, the Bank recorded a net operating loss of \$14.44 million, compared to a loss of \$92 million in 2024. This has been attributed mainly to the unrealised foreign currency loss of \$106.14 million and loss on fair value of gold of \$1.49 million. Stripping out this the Bank made a net operating profit of \$93.18 million, with a net equity of

\$431.3 million.

**The Bank enhanced its institutional capacity and operational readiness during the year.** This was exemplified in the Bank's continued investment in staff, infrastructure, and operational systems, guided by the Board, which strengthened the Bank's ability to operate effectively and remain fit for purpose.

On behalf of the Board and Management, I extend my sincere appreciation to our staff for their dedication and professionalism, and to our stakeholders and partners for their continued support and collaboration.

The Central Bank of Solomon Islands remains steadfast in its commitment to fulfilling its mandate with integrity and accountability.



Governor, Dr. Luke Forau

## CHAPTER 1: OVERVIEW OF ECONOMIC DEVELOPMENTS IN 2025

### OVERVIEW

Despite renewed flareups from trade and geopolitical tension, global growth is estimated at 3.3% in 2025, according to the International Monetary Fund, following an upward revision as the effects of U.S. trade tariffs proved less severe than expected. This projection keeps growth broadly consistent with 2024. Among Solomon Islands key trading partners, Australia's growth strengthened, while China's growth remained unchanged. Global growth in 2026 is expected to remain stable, supported by advances in artificial intelligence (AI) and accommodative policies.

Meanwhile, global inflation continues to ease from its 2022 peak, declining to 4.1% in 2025 and projected to fall to 3.8% in 2026 due to lower commodity prices, though risks remain tilted to the downside amid ongoing trade and geopolitical tensions in the Middle East.

Domestically, global developments have further strengthened economic activity. Increased donor funded and government-financed infrastructure projects contributed to a marked improvement in the overall balance of payments (BOP) surplus and gross foreign reserves. In contrast, the fiscal deficit widened further, reaching 4% of GDP, while growth remained pronounced across all key monetary aggregates.

### INTERNATIONAL ECONOMY

The International Monetary Fund estimates global growth at 3.3% in 2025, following an upward revision during the year. The adjustment reflects the resilience of global activity to U.S.-imposed trade tariffs, with the economic drag proving less severe than initially anticipated. As a result, global growth in 2025 remained broadly aligned with the 2024 outcome, suggesting a stabilization in the pace of expansion rather than a marked acceleration.

Global inflation continued to moderate, declining to 4.1% in 2025 and is projected to ease further to 3.8% in 2026. The disinflation process has been aided by falling international commodity prices, which have helped ease imported cost pressures. However, the outlook remains subject to downside risks, particularly from persistent trade frictions and geopolitical tensions that could disrupt supply chains, elevate uncertainty, and reverse recent gains in price stability.

### DOMESTIC ECONOMY

The Solomon Islands economy expanded by 3.6% in 2025, up from 3.0% in 2024. This improvement was driven by the external sector due to increased donor inflows and a substantial improvement in the current account surplus, and stronger domestic consumption. Favorable export prices and an improved trade surplus backed the improvement in external performance, while growing demand for personal loans and stronger labor market

conditions further boosted household spending.

In 2025, private investment growth was relatively muted, reflecting a decline in machinery and transport equipment imports as well as scaled-back government expenditure on capital projects. Nonetheless, externally financed infrastructure initiatives—supported by donor funding and government external borrowing—provided a counterbalance and helped maintain investment activity.

Economic growth during the year was supported by strong performances in mining, construction, agriculture, communication, wholesale and retail trade, as well as transport and storage, reflecting robust activity across production, infrastructure development, trade, and logistics. Government spending also increased, particularly in administrative services, education, and health, reflecting sustained efforts to deliver public goods and services nationwide during the year. In contrast, the forestry and fishing sector experienced a slowdown, with output constrained by lower timber production and reduced fish catches.

Headline inflation (end of period) moderated to 1.6% in 2025, down from 4.6% in 2024, reflecting the easing in both domestic and imported inflation. Domestic inflation declined sharply from 6.1% to 2.2%, largely due to improved supply conditions for locally produced fruits, vegetables, and betel nut, particularly in the latter part of the year. Imported inflation also moderated, falling to 0.2% from 1.2%, in line with global trends of declining food and fuel prices.

Formal labour market conditions strengthened slightly in 2025, with active and slow-active membership contribution to the Solomon Islands National Provident Fund (SINPF) rising to 61,829 from 59,381 in 2024. The increase reflected continued job growth in the formal sector, driven mainly by expansion in wholesale and retail trade, mining, construction, hospitality, agriculture, and other services sectors.

The overall balance of payments position strengthened markedly in 2025, with the surplus widening to \$938 million from \$350 million in 2024. This expansion largely reflected a significant improvement in the current account, which recorded a surplus of \$788 million, underpinned by robust performance in goods exports and higher net secondary income inflows. Meanwhile, the capital and financial accounts registered a narrower surplus. The improved external position contributed to a 14% increase in gross foreign reserves, which rose to \$6,620 million and was adequate to cover 12 months of imports.

In 2025, the Solomon Islands dollar (SBD) experienced mixed movements against major currencies. It appreciated against the United States dollar (USD), averaging SBD 8.33

per USD. Moreover, it also strengthened against regional currencies, appreciating 4% against the Australian dollar (AUD) to SBD 5.37 per AUD and 5.7% against the New Zealand dollar (NZD) to SBD 4.84 per NZD. Gains against the Japanese yen (JPY) were minimal, with a 0.4% increase to SBD 5.57 per 100 JPY. In contrast, the SBD weakened against European currencies, depreciating 1.5% against the British pound to SBD 10.98 per GBP and 2.6% against the euro to SBD 9.39 per EUR.

The nominal effective exchange rate (NEER) strengthened by 0.8% to 121.8 points. At the same time, the real effective exchange rate (REER) appreciated by 2.8% to 139.1 points, indicating higher domestic inflation relative to foreign inflation.

The fiscal deficit widened to \$639 million (4% of GDP) in 2025, up from the deficit of \$282 million (2% of GDP) in 2024. This increase was driven by higher expenditures which outpaced gains in revenue collections. In line with the wider deficit, the total government debt stock increased by 21% in 2025 to \$4,204 million relative to 2024, driven by both external and domestic borrowing. Consequently, the country's debt-to-GDP ratio increased moderately to 28% from 25% in 2024.

## ECONOMIC OUTLOOK<sup>1</sup>

### Global Outlook

The International Monetary Fund's World Economic Outlook January 2026 Update estimates global growth at 3.3% in 2025, with the same rate projected for 2026 before easing slightly to 3.2% in 2027. The 2026 forecast was revised upward by 20 basis points, reflecting strong AI-related investment, supportive fiscal and monetary policies, and resilient private sector activity that partly offset trade-related headwinds. Growth in advanced economies is projected at 1.8% in 2026 and 1.7% in 2027, largely supported by continued expansion in the United States. Emerging Market and Developing Economies are expected to grow at slightly above 4% in both years. Among Solomon Islands' key trading partners, China's growth is projected to slow from 5.0% in 2025 to 4.5% in 2026 and 4.0% in 2027 due to weak domestic demand, particularly in housing. In the euro area, growth is expected to remain modest at around 1.3–1.4%. In Australia, growth is forecast to rise from 1.9% in 2025 to 2.1% in 2026 before easing to 1.6% in 2027 as tighter monetary policy weighs on activity. Meanwhile, global inflation is projected to decline gradually from 4.1% in 2025 to 3.8% in 2026 and 3.4% in 2027. Notably, inflation in advanced economies is expected to fall toward central bank targets, while inflation in emerging and developing economies will also moderate but remain relatively higher. However, risks to the outlook remain tilted to the downside, including potential financial market corrections linked to AI investment expectations, renewed geopolitical tensions in the Middle East (see Information Box 1), trade uncertainties, and rising public

debt that could tighten global financial conditions.

### Domestic Economy

The Solomon Islands economy expected to strengthen further in 2026, with growth projected at 3.8%, reflecting an upward revision from the September 2025 Monetary Policy Statement. The improved outlook is likely to be underpinned by the continued expansion in the primary sector, particularly the strong mining activity, the steady gains in agriculture, and the rebound in fishing activity. In the industry sector, growth is likely to be supported the by elevated construction activity associated with the ongoing public and private infrastructure projects. Equally, the services sector is also anticipated to record broad-based improvements, with key subsectors, particularly wholesale and retail trade, transport and storage, communications, and real estate and rental services—expected to post stronger in 2026.

Headline inflation is expected to remain elevated in the first half of 2026, reaching around 5% in the first quarter, due to the impact of heavy rainfall in late January and early February on domestic food supply. As weather conditions improve and the high-inflation base from the second half of 2025 fades, inflation is projected to ease to about 3.5% by mid-year, and decline further to 2.6% in Q3, before accelerating to 3.4% by year-end. Risks to inflation outlook are more tilted downside as geopolitical tensions between Iran and US, persistent bad weather conditions and unsolved landowner issues at Gold Ridge mining site if materialise will raise the inflation above forecast. In light of current trends, the Bank will closely track the macroeconomic indicators and inflation and, when or where necessary, take decisive actions to support price stability.

The external sector outlook for 2026 remains favorable, despite an anticipated smaller overall Balance of Payments (BOP) surplus. Gross foreign reserves are expected to grow by 1%, with import cover projected to sustain 12 months of imports. The current account is likely to record a negligible deficit, driven by a continued



<sup>1</sup> Economic Outlook projections in this section are based on events and data up to 19 February 2026. Events beyond this date will be captured in the Quarterly Economic Report and Monetary Policy Statement.

decline in log exports and increased imports associated with public infrastructure projects. Meanwhile, strong donor inflows and robust mineral exports are expected to support the current account throughout the year.

In the 2026 National Budget, the Government plan to expend \$5,605 million on both the recurrent and development expenditure, with recurrent spending totaled \$4,184 million and development expenditure of \$1,422 million. Meanwhile, the borrowing limit for 2026 was \$1,090 million, mainly to finance key infrastructure projects. With this, the government is anticipating a smaller deficit of around 1% of GDP at the end of the year.

Sustained economic growth above 5% is a key objective of the National Development Strategy (NDS) 2035. Realizing this ambition will depend largely on strong political commitment to structural reforms and effective policy delivery. Despite this goal, the economy faces considerable vulnerabilities stemming from global trade shifts, geopolitical uncertainty, and climate related disruptions. Furthermore, uneven infrastructure development between urban and rural areas continues to limit productivity and efficient resource allocation, reinforcing the need for targeted investments and resilient development strategies.

**INFORMATION BOX 1: The impact of the Middle East Conflict on the Solomon Islands Economy.**

The recent escalation of the Middle East conflict, following coordinated U.S. and Israeli strikes on Iran, has disrupted global oil markets. Security risks in the Strait of Hormuz—a key route for global oil shipments has reduced tanker tariff, while energy facilities across the Gulf have faced drone and missile attacks. As a result, Brent crude oil prices have risen by over 43% and are expected to remain near USD 120 per barrel in the coming months. For Solomon Islands, a small island economy, which relies heavily on imported fuel for electricity, transport and freight, this shock poses significant risks to inflation, foreign reserves and economic growth. This box provides a brief macroeconomic assessment of the impact of the global oil price shock on the Solomon Islands economy<sup>1</sup>. This shock may alter the baseline forecast.

The shock assessed in this scenario, is the immediate impact of higher Global oil prices on the domestic economy. Inflationary pressures are expected to intensify, reflecting the strong pass-through from global oil prices to domestic prices. Higher fuel costs are likely to feed into transport, electricity, and distribution expenses, which could raise the prices of goods and services across the economy. If the shock persists, elevated higher energy costs are expected to moderate economic activity as businesses face rising operating expenses and reduced profit margins. Energy-dependent sectors, including transport, construction, mining, manufacturing and services, are likely to be particularly affected (See Figure 1).

FIG 1.1

TRANSMISSION CHANNEL - GLOBAL OIL PRICE SHOCK



Source: NPS, CBSI

On the external sector, the impact will be immediate and significant. Higher import costs are likely to widen the trade deficit and place pressure on the balance of payments, as increased import payments reduce gross foreign exchange reserves and reduce lower import cover. Fiscal effects may be mixed. While higher global oil prices could increase government revenue from fuel-related taxes, providing some fiscal space, the overall effect will depend on the authorities’ policy response and the extent to which higher costs are passed on to consumers and businesses. At the same time, the weaker economic activity due to the high cost of production could weigh on government revenue collections. Monetary conditions may also be affected as higher import costs and external pressures tighten domestic liquidity conditions. Slower economic activity may moderate private sector credit growth and influence broader monetary developments.

<sup>1</sup> The information in this box is based on developments as of March 12, 2026. All projections presented in the report reflect the baseline forecast, which excludes the effects of the Middle East conflict, while the analysis in this box, however, considers the potential impact of the conflict on the Solomon Islands economy.

## CHAPTER 2: CORPORATE GOVERNANCE

### LEADERSHIP AND GOVERNANCE FRAMEWORK

The Central Bank of Solomon Islands maintained a strong and stable governance framework in 2025, underpinned by clear statutory mandates and accountable leadership. Section 64 of the CBSI Act 2012 requires the Bank to exercise its powers equitably, uniformly, and only for their intended purposes. Decisions must be impartial, rational, fair, and restrained.

Dr. Luke Forau, Governor and Chairperson of the Board, completed his initial six-year term in September 2025 and was reappointed for a further six-year term, ensuring continuity in leadership and strategic direction. Supporting the Governor is the Deputy Governor, Mr. Raynold Moveni, appointed in January 2020, who continues to oversee the Bank's day-to-day operations alongside the Governor.

In compliance with Section 40(c) of the CBSI Act, the Governor submitted six reports to the Board during the year, providing updates on operations, policy implementation, and emerging risks.

#### The Board: Strategic Oversight and Accountability

The Board of Directors remains the central pillar of CBSI's governance, entrusted with establishing strategic policy direction and exercising oversight to ensure sound and effective management of the Bank.

Established under section 38 with their powers and functions set out in section 39 of the CBSI Act, the Board comprises the Governor (Chairperson), Deputy Governor, the Permanent Secretary of the Ministry of Finance and Treasury (ex-officio), and six Non-Executive Directors. Demonstrating a commitment to gender diversity, the Board includes two women non executive directors, representing 22.2% of its members. Mrs. Helen Beck chairs the Board Audit and Risk Committee, signifying the presence of women in key leadership roles. The remaining 77.8% of the Board are male.

Board appointments are governed by statutory provisions that promote transparency, independence, and accountability. The Governor and Deputy Governor serve six-year terms, while Non-Executive Directors serve five-year terms and are eligible for reappointment. The term of Mr. Bob Pollard ended on 7 May 2025, following which he was re-appointed for a further term of five years.

In discharging its fiduciary duties pursuant to section 65 of the CBSI Act, the Board is guided by principles of integrity, objectivity, and sound judgment. Members are required to actively manage conflicts of interest and ensure that decisions are aligned with the Bank's mandate and the broader public interest.

### Board Effectiveness and Engagement

The Board met ten times in 2025, exceeding the minimum statutory requirement and demonstrating a high level of engagement. Meetings were predominantly held in Honiara, with the final meeting convened in Buala, Isabel Province.

Board deliberations were focused on both macroeconomic policy and institutional strengthening. Key decisions during the year included:

- The Policy rate and Monetary Policy formulation and decision-making process
- Monetary Policy Stances for March and September
- The proposal for a commemorative banknote for CBSI 50th Golden Jubilee 2026
- Strategy Performance Management Framework
- Implementation of the organisational restructure
- Approval and review of key governance policies, including communications, conflict of interest, gifts and entertainment, external board appointments, business continuity management policy, and IT security
- 2026 operational plan and budget

The Board also endorsed Prudential Standards for licensed Financial Institutions and approved the disposal of assets. Senior management participated in meetings as required, supporting informed and timely decision-making.

### Board Committees: Strengthening Oversight

The Board, through section 39 (r) of the CBSI Act, operates through three standing committees to enhance the effectiveness and efficiency of its oversight:

- **Board Audit and Risk Committee (BARC):** Provides independent oversight of risk management, internal controls, and audit functions. The Committee met five times in 2025 and conducted an induction for a new independent member, reinforcing its focus on capability and governance maturity.
- **Board Remuneration Committee (BRC):** Oversees staff-related policies, including terms and conditions of employment. The Committee met twice during the year.
- **Board HQ Building Project Committee:** Monitors progress and governance of the Bank's headquarters project. The Committee also met twice in 2025.

Each committee is chaired by a Non-Executive Director, supporting independent oversight and balanced decision-making.

**CENTRAL BANK OF SOLOMON ISLANDS BOARD OF DIRECTORS**



**DR LUKE FORAU**  
Governor and Chairman of the Board  
Re-appointed 1 October 2025 for 6 years



**MR. RAYNOLD MOVENI**  
Deputy Governor and Deputy Chairman of the Board  
Appointed 30 January 2020 for 6 years



**MR. MCKINNIE DENTANA**  
Ex- Officio Member  
Permanent Secretary - Ministry of Finance & Treasury



**MR. DAVID K.C. QUAN, OBE., MAICD., FIML.**  
Non-Executive Member  
Re-appointed 1st August 2021 for 5 years



**MR. RODNEY RUTEPITU**  
Non-Executive Member  
Re-appointed 1 February 2023 for 5 years



**MRS. HELEN I. BECK**  
Non-Executive Member  
Appointed 20 February 2023 for 5 years



**MR. JEREMY P. BARTTLET**  
Non- Executive Member  
Appointed 1 October 2021 for 5 years



**MRS. KATHLEEN M. MATAUTIA**  
Non-Executive Member  
Appointed 1 October 2021 for 5 years



**MR. BOB POLLARD**  
Non-Executive Member  
Re-appointed 6 October 2025 for 5 years



**MRS. SONIA MARAHARE**  
Appointed as Secretary to  
the Board in May 2017

## Governance and Compliance Focus

Throughout 2025, CBSI continued to strengthen its governance and compliance environment. This included enhancing policy frameworks, reinforcing risk oversight through the Board Audit and Risk Committee, and ensuring that all decisions were aligned with the provisions of the CBSI Act and other applicable legislation.

BOARD MEMBER	DATE OF APPOINTMENT	BOARD	BOARD AUDIT RISK COMMITTEE	BOARD REMUNERATION COMMITTEE	BOARD HQ PROJECT COMMITTEE
<b>Dr. Luke Forau</b> Governor/Chair of the Board	1 Oct 2025*	9/10			
<b>Mr. Raynold Moveni</b> Deputy Governor/Deputy Chairman of the Board	30 Jan 2020	8/10	4/5		
<b>Mr. McKinnie Dentana</b>	Ex-Officio	4/10		2/3	1/2
<b>Mr. David K C Quan</b> Chair BRC, Chair HAPC	1 Aug 2021	10/10		3/3	2/2
<b>Mr. Rodney Rutepitu</b>	1 Feb 2023	2/10	3/5		
<b>Mr. Bob Pollard</b>	6 Oct 2025*	7/10		3/3	
<b>Mrs. Kathleen M. Matautia</b>	1 Oct 2021	8/10		3/3	2/2
<b>Mr. Jeremy P. Bartlett</b>	1 Oct 2021	7/10	3/5		
<b>Mrs. Helen I. Beck</b> Chair BARC	1 Apr 2025	9/10	5/5		
<b>Mr. Joshua Tuasulia**</b> Independent Member BARC only			4/5		

Source: CBSI

\* Re-appointment \*\* Term of 2 years

## ENTERPRISE RISK MANAGEMENT

### Strengthening Risk Governance

During 2025, the CBSI continued to strengthen its institutional governance framework through the further development of its Enterprise Risk management (ERM) framework. The framework provides a structured approach to identifying, assessing, and managing risks that may affect the Bank's ability to fulfill its mandate and achieve its strategic objectives.

Risk management activities during the year focused on strengthening governance arrangements and enhancing risk oversight across the institution. The Risk Management Unit (RMU) continued to support the Bank's governance structures by facilitating the reporting of key risks to management and the Board through the established committee framework. This supports informed decision-making and ensures that risk considerations are integrated into strategic and operational planning.

Progress was also made in advancing the Bank's Risk Appetite Framework, which will provide clearer parameters for the level and types of risk the Bank is prepared to accept in pursuing its policy objectives. The framework is intended to further strengthen accountability and alignment between the Bank's strategic priorities and its risk management practices.

In addition, the Bank continued to enhance its processes for identifying and monitoring risks across departments, contributing to a more comprehensive enterprise-wide view of institutional risks. These efforts support

The Board remained committed to upholding high standards of governance, with a focus on accountability, transparency, and prudent decision-making in an increasingly complex operating environment.

Individual Member's attendance at the Board and Board Sub Committee Meetings for the financial Year 2025:

management and the Board in maintaining oversight of emerging risks and ensuring that appropriate mitigation measures are in place.

The bank also progressed work to strengthen operational resilience through the development of a business Continuity Management Policy, aimed at ensuring that critical functions can continue during periods of disruption.

During the year, the Deputy Governor and Manager Risk attended the 19th Annual International Operational Risk Working Group conference, marking the Bank's first participation in the forum. The conference provided an opportunity to engage with peer central banks and international financial institutions on emerging developments and best practices in operational risk management, participation in the forum contributes to strengthening the Bank's risk management capabilities through knowledge exchange and international collaboration.

Together, these initiatives support the ongoing development of a strong risk culture within the Bank and reinforce the role of risk management as an integral component of CBSI's governance framework.

## STAFFING

At the end of 2025, the Central Bank of Solomon Islands' staff complement increased by 7% to total of 201. The increase in staff is due to changes in some departments and backfilling of existing vacant positions. In 2025, the Bank recruited a total of fifteen (15) new staff members. Of these, eleven (11) were hired to established positions,

and four (4) were engaged as temporary contracted employees. The Bank currently maintains a gender composition of 60.1% male and 39.9% female staff. In 2025, only one (1) staff member left the employment services of the Bank to pursue a career opportunity externally.

### HEALTH, SAFETY, AND WELLBEING

The Bank maintains its commitment to ensuring a safe and engaging workplace for its employees and continues with its wellness initiatives that promotes collaborative and inclusive activities for all staff. Various wellness programs include participating in local leagues including Honiara Netball for female staffers and spouse, subscriptions to sports facilities including EESP training tracks for staff and their spouses. In 2025, the Bank also expanded its wellness initiatives by facilitating gym membership subscriptions for members of the management team, complementing its existing wellbeing programs.

In addition to the physical social activities, six (6) teambuilding sessions, seven (7) FEMpower meetings, eight (8) formal social events and four (4) cooperate occasions were conducted throughout the year for staff aiming to foster a collaborative and inclusive work environment that boosts employee engagement, communication, cohesion and trust amongst all staff.

The Bank's Annual Staff Recognition and Awards Program continued in 2025 recognising fifteen (15) departmental individual staff of the year and four (4) departments for their performance, achievements and dedication in the areas of Financial Inclusion, SWIFT Project, Policy and compliance, Research and Operational Excellence.

### STAFF TRAINING AND DEVELOPMENT

Improving the employee's competence remains a key strategic objective in the Banks strategic agenda in 2025. This is to ensure Bank employees are equipped with the rights skills, knowledge and competence necessary to effectively perform their duties and boost their professional development and growth. Furthermore, its continued commitment and dedication to enhance employee competence is essential for achieving the Banks operational efficiency and delivery of quality services, strengthening its leadership pipeline, increasing employee engagement and motivation, reducing risks and error, sustaining professional growth and supporting the delivery of its strategic plan in order to achieve the Bank's mandates.

This involves encouraging employees and providing the support for them to engage in various learning and training initiatives provided by the Bank. Accordingly, in 2025, the Bank continues to organize induction program, mentoring and on-the-job rotations for new and existing employees. Weekly in-house trainings, seminar presentations, workshops, study tours, and work attachments, specialized technical short courses, formal

full-time and part-time trainings were also facilitated for staff on key subject matters to broaden expertise and cultivate a culture of continuous learning and knowledge sharing.

As at the end of 2025, the number of employee enrolments in full-time and part-time studies, reduced to 23 from 26 staff enrolments in 2024 with two (2) full-time enrolments deferred to start in 2026 while a part-time enrolment was withdrawn from the studies due to pressing work commitments. A total of five (5) employees have successfully completed their study programs with two (2) graduating with Masters qualifications in the areas of Economics, Finance and Business Administration and three (3) with a Professional Diploma in Accounting qualifications. Almost all trainings were supported by the Bank, with an additional funding support provided by the Australian Government through their in-country training Scholarships.

Furthermore, the number of specialized and technical short courses attended in 2025 increased to 99 from 91 in 2024 with total staff participation also increasing to 116 from 94 in 2024. Most of these training courses were provided abroad and in-country with a focus on up-skilling employees and enhancing performance. Besides other providers, the Bank is privileged to receive continued support from the International Monetary Fund (IMF), Central Banking Institute (CBI), Pacific Financial Inclusion Program (PFIP), Pacific Financial Technical Assistance (PFTAC), United National Development Corporation (UNDC), World Bank, United National Capital Development Fund (UNCDF), United National Development Programme (UNDP), Asia Pacific Group (APG), Japan International Cooperation Agency (JICA), Asia Development Bank (ADB) Peoples Republic of China (PRC) and others.

### FACILITIES MANAGEMENT & CAPITAL PROJECTS

During 2025, the Corporate Services Unit continued to support the Bank's strategic objectives by ensuring that all facilities and infrastructure are maintained to a high standard, while progressing key capital development projects.

A significant milestone during the year was the redesign of the CBSI New Head Office. The original concept design was based on a relatively limited building footprint. However, following the successful acquisition of a larger adjacent parcel of land, the project scope was reviewed and the building redesign undertaken to optimize the expanded site area.

The revised design provides for a more efficient layout, improved spatial planning, enhanced operational functionality, and better long-term scalability to accommodate future growth of the Bank. The redesign also allows for improved security, accessibility, and provision of modern facilities consistent with CBSI's

institutional requirements. This adjustment ensures that the new Head Office development remains aligned with the Bank’s long-term vision and operational needs.

CBSI continued to prioritize the upkeep of its existing properties and staff housing compounds during the year. Routine, preventive, and corrective maintenance works were carried out across all Bank-owned facilities to preserve asset value and ensure a safe working and residential environment.

Notably, infrastructure improvements were undertaken at one of the Bank’s staff housing compounds, including the concreting of internal access roads. This upgrade has improved accessibility, reduced maintenance requirements, and enhanced safety for residents.

The year 2025 reflects steady progress in strengthening CBSI’s physical infrastructure base. Through strategic capital investment and ongoing maintenance efforts, Facilities Management remains committed to delivering safe, functional, and sustainable facilities that effectively support the Bank’s operations and staff welfare.

**FINANCIAL SYSTEMS DEVELOPMENT AND PAYMENT DEPARTMENT**

**SOLATS Developments**

Automated domestic payments continued to increase since the National Payment System (SOLATS) was launched in 2024. 2025 was the first year that the SOLATS was in full operation, during which the participants demonstrated increasing confidence in using the system. While SOLATS performed very well overall, several operational gaps were identified, and enhancement features were subsequently deployed to mitigate potential risks and strengthen system resilience.

Progress was also made towards the inclusion of the Ministry of Finance and Treasury (MOFT) as a direct Participant of SOLATS. Network connectivity was successfully established, and scenario testing was completed with full rollout expected in the coming year. In addition, discussions have commenced regarding integration with mobile network operators (MNOs) and interoperability among payment service providers (PSPs), which are expected to further expand the reach and functionality of the national payment system.

**Performance and Trends**

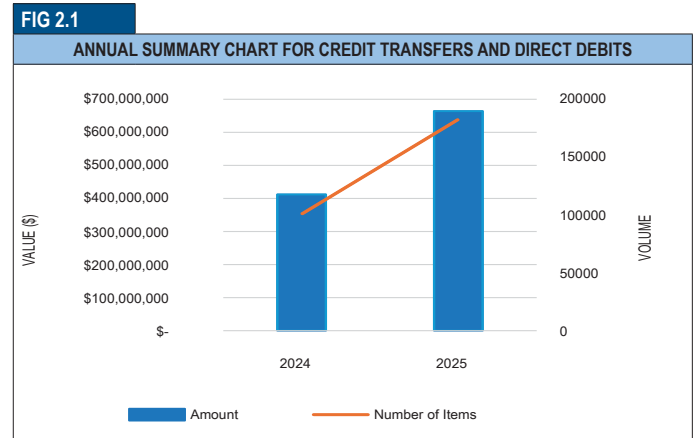
CBSI operates SOLATS in accordance with its mandate under the Payment Systems Act 2022, with the objective of providing a safer, faster, and more efficient environment for domestic payments. Since its introduction, SOLATS has significantly strengthened the payments landscape by enabling seamless fund transfers among individuals, businesses, and government entities, thereby facilitating greater participation in economic activities.

The SOLATS comprises two payment components: the Automated Clearing House (ACH) and the Real Time

Gross Settlement System (RTGS).

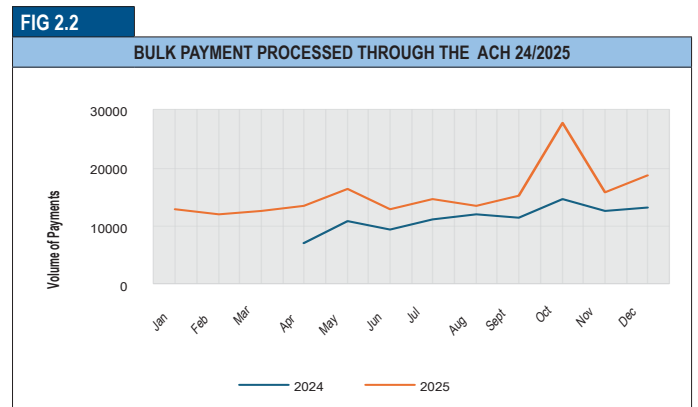
1. The ACH facilitates low-value, high-volume payments processed in batches, with net settlement occurring through the RTGS. The ACH has two schemas, the EFT and IFT schemas. Development of the IFT schema progressed during the year and is expected to be rolled out in 2026.
2. The RTGS facilitates the settlement of high-value, high-priority transactions in real time, thereby reducing settlement risk within the financial system.

In addition, the Central Securities Depository (CSD) system records and monitors the allocation of government securities among participant groups. The CSD enhances the efficiency of securities transfer, safekeeping, and management while promoting transparency and effective communication with stakeholders.



Source: CBSI

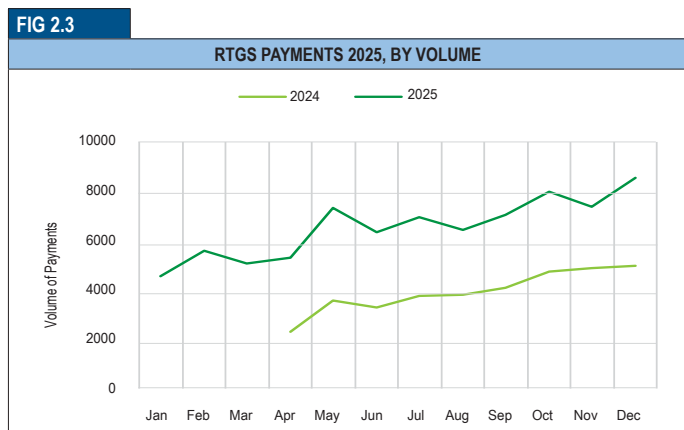
Overall, SOLATS’ performance in 2025 was positive and continued to demonstrate the growing adoption of electronic payment systems.



Source: CBSI

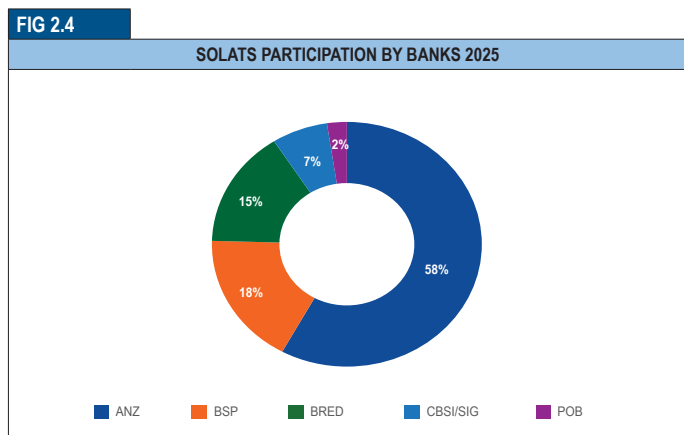
Payments processed through the ACH totalled 181,406 transactions valued at \$660m (Figure.1). This represents a substantial increase compared with 2024, when 101,598 transactions valued at \$410m were processed. This

indicates a gradual shift to the use of automated and faster payments by end users.



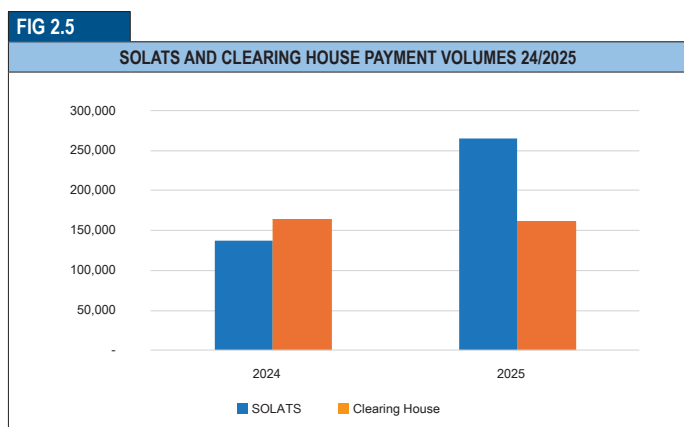
Source: CBSI

ACH transaction volumes fluctuated throughout the year (Figure 2). A notable spike occurred in October, largely due to a prolonged power outage that temporarily disrupted services. As a result, pending payments were processed the following business day.



Source: CBSI

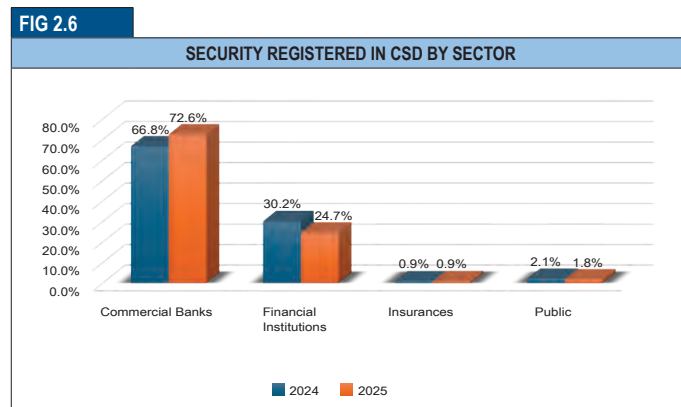
RTGS payment volumes also fluctuated throughout 2025 but showed a steady increase towards the end of the year.



Source: CBSI

Compared with 2024 figures, total transaction volumes in 2025 remained higher for most of the reporting period. Central Securities Depository transactions were also settled through the RTGS.

In terms of participation by banks, ANZ was the largest sending bank in 2025, accounting for 58% of total payments processed through SOLATS, while the remaining participants, including CBSI, accounted for the remaining 42% of total payments.



Source: CBSI

Cheque clearing services continued to operate alongside the SOLATS. In comparison, cheque volumes declined, whilst payments facilitated through SOLATS increased. This trend reflects a gradual shift towards electronic payment methods and highlights the positive impact of CBSI’s payment system modernization initiatives.

As of 2025, CSD records show the following distribution of securities holdings among the key participants: commercial banks held the largest share, accounting for 72.6% of total securities, an increase of 5.8%, followed by financial institutions which accounted for 24.7%, representing a decline of 5.6%, Insurance companies accounting for 0.9% and Public holdings accounting for 1.8%.

This distribution underscores the dominant role of commercial banks in the securities market, while public participation remains limited (Table: 2.2)

**TABLE: 2.2**

Participant	2024 (%)	2025 (%)	Change (pp)
Commercial Banks	66.82	72.57	+5.75
Financial Institutions	30.22	24.66	-5.56
Insurances	0.90	0.93	+0.03
Public	2.11	1.84	-0.27

### Challenges

Despite the positive performance of SOLATS, several operational challenges were experienced during the year. These issues were primarily technical in nature and required support from both the system vendor and the CBSI’s internal IT team. In March, an issue relating to

the expiration of gateway and User authentication tokens disrupted system access. In October, a power outage temporarily disrupted payment services for one full day. In addition, connectivity challenges with internet service providers continue to pose operational risks to system availability. CBSI continues to work closely with service providers and system participants to strengthen network reliability and implement proactive measures to mitigate the risks.

### Outlook

SOLATS has significantly enhanced the reliability, efficiency, and safety of payment services in Solomon Islands. The system has improved the speed and convenience of transactions for customers, businesses, and government institutions. The modernization of the payments infrastructure continues to generate positive outcomes for the financial system by promoting faster and secure payment services.

Going forward, CBSI remains committed to strengthening the national payment system by leveraging modern technology and supporting the Government's digital transformation agenda. This includes promoting interoperability, innovation, financial inclusion, and system resilience while maintaining the stability and integrity of the financial system

## COMMUNICATION AND PUBLIC RELATIONS

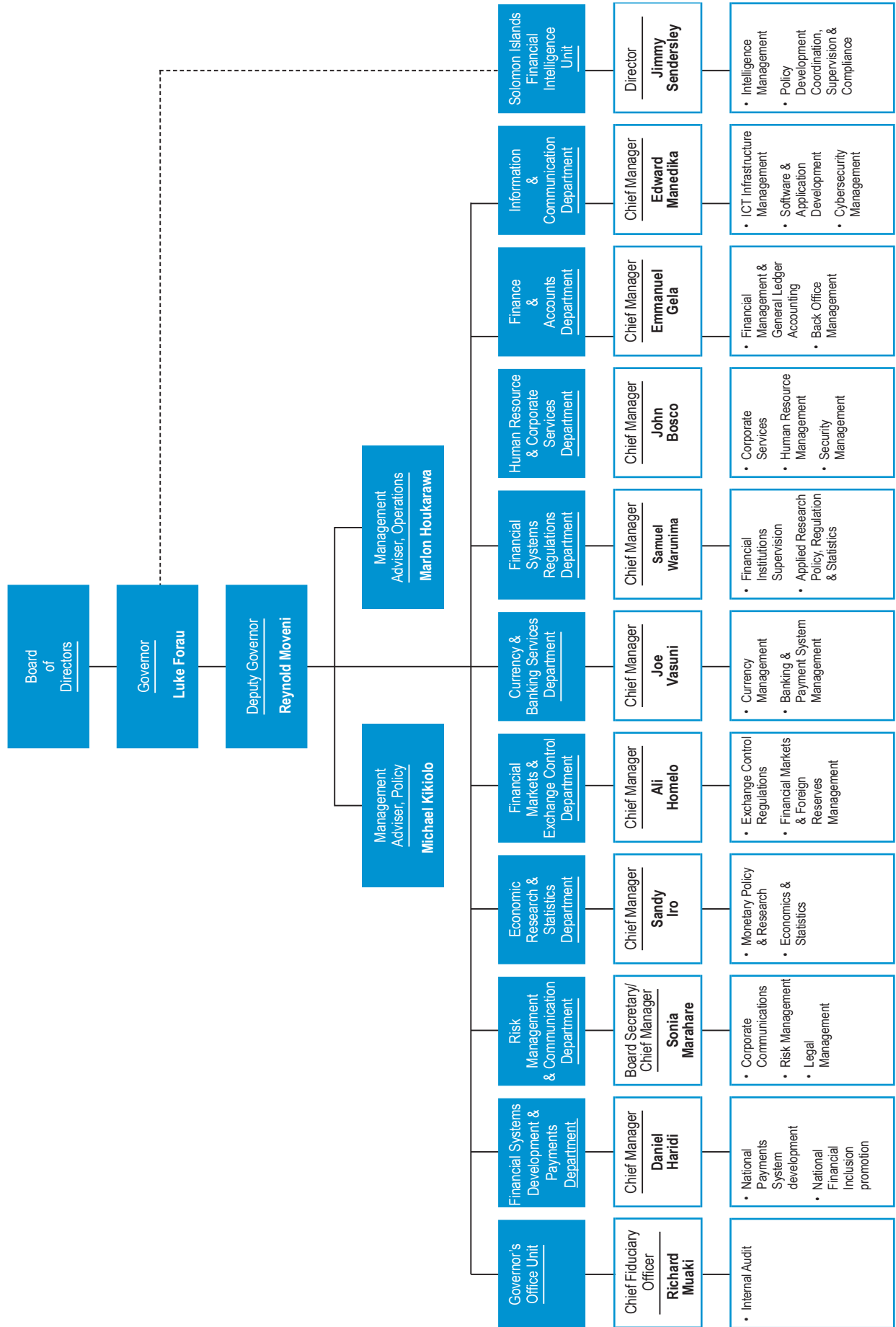
In 2025, CBSI conducted one of its highly visible public engagement and flagship Annual Report Launching Programs to date. Building on successful initiatives from previous years, the Bank once again engaged directly with stakeholders and development partners in the leadup to the official launch, where the key highlight was the introduction of a new approach on the Governor's nationwide keynote address. Governor Dr. Luke Forau delivered the address live on air, using visuals and images to clearly convey key messages and economic insights. For the first time, the full address was broadcast live online via the CBSI Facebook page, alongside simultaneous radio coverage through the national broadcaster, the Solomon Islands Broadcasting Corporation (SIBC). Through this address, Governor Forau informed the nation about the economy's performance in 2024 and shared important insights to encourage public understanding and discussion.

Throughout the year, CBSI continued to align its outreach and community awareness programs, with multiple departments working together to deliver coordinated activities. These efforts included participation in trade events as well as separate community based programs. The Bank maintained regular communication with external audiences through a range of channels, including its official website, social media platforms, and mainstream media. As always, traditional media continued to play an important role in reaching the public, where local newspapers such as the *Solomon Star* and *Island Sun*, along with SIBC and other FM stations—including PAOA FM—were commonly used. Communications were mainly delivered as official announcements, media statements, speeches, publications, and educational or promotional materials. While CBSI's digital presence continued to grow, traditional communication methods remained a core part of its outreach strategy. Over the course of the 2025 calendar year, CBSI published at least 43 separate public information items on its website, covering press releases, announcements, speeches, publications, and recruitment notices.

A central pillar of CBSI's communications strategy remained with its internally produced *Money Matters* radio program. Broadcast across national and community radio networks during peak listening periods, the program proved especially effective in reaching rural and remote communities with information from CBSI. Here, radio remains the most accessible and reliable source of information, and will continue to do so in the foreseeable future. In total, 26 *Money Matters* programs were aired during the year.

Overall, CBSI undertook a wide range of activities in 2025 that required timely, clear, and effective communication with stakeholders and the wider public. These activities supported the strengthening of the national financial system, improved public confidence, encouraged innovation, and promoted financial inclusion. CBSI's public communications throughout the year consistently focused on those key areas, including currency and monetary policy, digital finance and innovation, consumer protection, financial stability, institutional leadership, and ongoing updates on the modernization of the CBSI's banking infrastructure.

**CBSI ORGANISATION STRUCTURE 2024**



## CENTRAL BANK OF SOLOMON ISLANDS MANAGEMENT 2025

### GOVERNORS OFFICE



**DR LUKE FORAU**  
Governor



**RAYNOLD MOVENI**  
Deputy Governor



**MARLON HOUKARAWA**  
Management Advisor Operations



**MICHAEL KIKIOLO**  
Management Advisor Policy



**RICHARD MUAKI**  
Chief Fiduciary Officer

### ECONOMIC RESEARCH & STATISTICS DEPARTMENT



**SANDY IRO**  
Chief Manager (Ag)  
Economic Research & Statistics



**RONSLY PANNA**  
Manager  
Economics & Statistics



**ANGELINE ROHOIA**  
Manager  
Monetary Policy & Research



**SAMUEL WARUNIMA**  
Chief Manager  
Financial Systems Regulation



**MARY MAGI LOEA**  
Manager  
Financial Systems



**DENSON DENNI**  
Manager  
Applied Research, Policy & Regulation

### FINANCIAL SYSTEMS REGULATIONS DEVELOPMENT DEPARTMENT

### FINANCIAL MARKET & EXCHANGE CONTROL DEPARTMENT



**ALI HOMELE**  
Chief Manager  
Financial Market & Exchange Control



**JOHN R. ROHI**  
Manager  
Financial Markets



**CHARLIE SIVU**  
Manager  
Exchange Control



**JOHN BOSCO**  
Chief Manager  
Human Resource & Corporate Services



**MICHAEL EREKALI**  
Manager  
Corporate Services

### HUMAN RESOURCE & CORPORATE SERVICES DEPARTMENT

### CURRENCY & BANKING SERVICE DEPARTMENT



**JOE VASUNI**  
Chief Manager  
Currency & Banking Service



**ENOCH ILISIA**  
Manager  
Currency & Banking Service



**JENNY AIAPU**  
Manager  
Human Resources



**ROSE SULU**  
Manager  
Training & Development

**CENTRAL BANK OF SOLOMON ISLANDS MANAGEMENT 2025**

**FINANCE & ACCOUNTS DEPARTMENT**



**EMMANUEL GELA**  
Chief Manager  
Finance & Accounts



**SIMON RAMOIFAI**  
Manager  
Finance & Accounts

**INFORMATION & COMMUNICATION  
TECHNOLOGY DEPARTMENT**



**EDWARD MANEDIKA**  
Chief Manager  
Information & Communication  
Technology



**BADLEY TEDDY**  
Manager  
Information & Communication  
Technology

**FINANCIAL SYSTEMS DEVELOPMENT AND PAYMENTS DEPARTMENT**



**DANIEL HARIDI**  
Chief Manager  
Financial Systems  
Development & Payments



**JUDY ANII**  
Manager NPSD



**LINDA FOLIA**  
Manager FSDI

**INTERNAL  
AUDIT UNIT**



**OLIVER KAROA**  
Manager  
Internal Audit

**RISK MANAGEMENT & CORPORATE COMMUNICATIONS**



**SONIA MARAHARE**  
Chief Manager  
Risk Management & Corporate  
Communications



**URIEL MATANANI**  
Manager  
Corporate Communications



**ANTHONY MAKABO**  
Manager LU



**CHARLEY KUPER**  
Manager  
Risk Management

**SOLOMON ISLANDS FINANCIAL INTELLIGENCE UNIT**



**JIMMY SENDERSLEY**  
Director  
Solomon Islands Financial Intelligence



**TOM HA'AUTE**  
Manager PDCSC



**JIMMY VAJA**  
Manager IMD

## CHAPTER 3: MONETARY POLICY DEVELOPMENTS

### MONETARY POLICY FORMULATION

Monetary policy decisions at the Central Bank follow a biannual cycle, typically spanning a seven-week period and culminating in the publication of the March and September Monetary Policy Statements (MPS). The process begins with the Economics, Research, and Statistics Department (ERSD), which is responsible for assessing recent domestic and external macroeconomic developments and preparing forecasts of key economic indicators. These assessments, together with inputs from policymakers, enabled the Monetary Policy Committee (MPC) to deliberate and make informed deliberations. Following these discussions, monetary policy recommendations are submitted to the Board for approval. Once approved, the decision is communicated through a press release and the publication of the MPS on the Bank's website.

The Monetary Policy Committee (MPC), chaired by the Governor, is responsible for formulating the monetary policy stance and submitting its recommendations to the Board for approval. In addition to determining the policy stance, the MPC oversees key policy instruments—including exchange rate management, central bank securities, and the cash reserve requirement—to ensure implementation of the Bank's mandate of maintaining price stability.

In 2025, the Central Bank of Solomon Islands (CBSI), in collaboration with the International Monetary Fund (IMF), advanced the implementation of its Forecasting and Policy Analysis System (FPAS) Technical Assistance Project to modernize the monetary policy formulation and decision-making process, in line with the Bank's Strategic Plan and international best practices. Key institutional enhancements included the introduction of a structured forecasting calendar to guide the forecasting process, the appointment of a Forecasting Coordinator to oversee forecasting activities, and the establishment of a Forecasting and Policy Formulation Technical Sub-Committee (FPFT) to engage decision-makers and obtain early input throughout the forecasting process. These reforms are intended to strengthen CBSI's biannual monetary policy cycle, with two FPFT meetings held prior to each MPC meeting to incorporate policymakers' views into the forecasting process and inform policy deliberations.

As part of the analytical capacity-building component of this initiative, the Bank successfully introduced its own Quarterly Projection Model (QPM), known as the Bokolo QPM. This model complements existing macroeconomic frameworks and enhances the Bank's capacity to support forward-looking monetary policy decisions. Collectively, these measures help institutionalize a systematic and transparent monetary policy framework and reinforce evidence-based policymaking.

The MPC convened eight meetings in 2025. These included two regular biannual meetings held in March and September to assess evolving domestic and external economic conditions and determine the appropriate monetary policy stance. In addition, six special meetings were held to discuss key issues related to monetary policy, policy instruments, and ongoing research initiatives.

### MONETARY POLICY IMPLEMENTATION

Following the March 2025 Monetary Policy Committee (MPC) meeting, the Bank adopted an accommodative stance, reflecting weak global conditions, subdued domestic growth, and the expectation that inflation would remain within the desired range over the next headline inflation was anticipated to remain elevated in the first half of 2025, as ongoing wet weather disrupted food supply chains and exerted upward pressure on prices, before moderating in the second half of the year.

In September 2025, the Bank shifted to an expansionary policy stance, in response to continued subdued domestic growth, weak external demand, heightened global uncertainty, and expectations that inflation would ease while remaining within the desired range over the following six months. Measures to support domestic economic growth, as outlined in the September 2025 Monetary Policy Statement (MPS), included maintaining the cash reserve requirement (CRR) at 5.5% and retaining the Bokolo Bills cap at \$430 million. The continued use of these instruments helped enhance credit availability, particularly for smaller commercial banks, as excess liquidity remained concentrated in larger banks.

The Central Bank's Temporary Advance Facility helped smooth monthly revenue fluctuations, ensuring timely government payments and preventing disruptions to essential public services.

In 2025, CBSI maintained a managed exchange rate to mitigate the impact of US tariffs on domestic prices and the broader economy. During the same year, CBSI conducted its annual review of its exchange rate basket and decided to maintain its current weight composition, comprising the US dollar (78%), Australian dollar (16%), and the New Zealand dollar (6%).

### MONETARY POLICY OUTCOMES

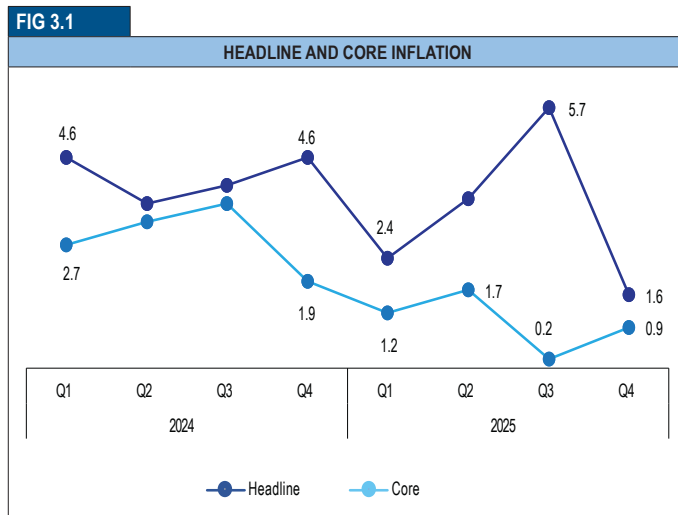
Headline inflation decelerated to 1.6% in December 2025 from 4.6% in December 2024, despite notable volatility during the year. The headline inflation outcome of 1.6% was broadly in-line with the projected 2% in the September 2025 MPS. However, inflation temporarily surged in the third quarter, peaking at 5.7% before easing toward the end of the year. The increase in the third quarter of the year largely reflected domestic supply-side pressures, particularly from the food component, most notably betel nut, which is a highly volatile item in the consumption basket. Such supply-driven price

movements are largely outside the direct control of the Bank, as monetary policy primarily influences inflation through demand conditions.

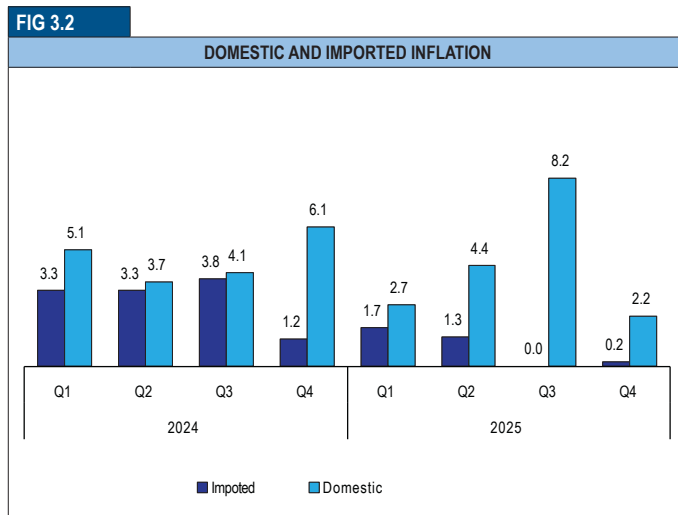
Domestic inflation declined from 6.1% in December 2024 to 3.4% in May 2025, before rising to a peak of 8.1% in September, and subsequently easing to 2.2% by December 2025. In contrast, imported inflation remained subdued throughout the year, declining from 1.2% in December 2024 to 0.2% by December 2025, reflecting global disinflation and lower international energy and food prices. Meanwhile, core inflation moderated to 0.9% in December 2025, down from 1.9% in 2024.

On key monetary aggregates, Narrow Money (M1), a key measure of money supply grew by 29% year-on-year to \$6,857 million. This growth was driven by increases in both transferable deposits and currency in circulation (CIC), which rose by 36% and 10% to \$5,345 million and \$1,512 million, respectively. Similarly, private sector credit (PSC) rose by 2% to \$2,979 million against the previous year, supported by increased lending to the personal, construction, transportation and forestry sectors. Moreover, the liquidity in the banking system contracted by 7% to \$3,115 million, a significant drop from the 23% growth recorded in 2024. The decline in liquidity stemmed from the increase in net credit to the government during the year, indicating an accumulation of government deposits in the year. Meanwhile, the weighted average interest rate (WAIR) margin of ODCs increased slightly to 8.28% in 2025 from 8.19% in the previous year, reflecting an increase in both lending rates and deposits rates.

In the domestic market operations, the stock of Bokolo Bills stood at \$430million with a weighted average rate of 0.4%. Meanwhile, the stock of auctioned treasury bills increased to \$219 million by year-end. Similarly, the weighted average interest rate for 56 days (re-introduced in October) was 0.75% at the end of the year. WAI rates for 91 days increased from 1.15% to 1.16% while the WAI for



Source: CBSI



Source: CBSI

182-days contracted from 2.41% to 2.39% in 2025. The 365-day maturity issuance was discontinued in October 2025.



## CHAPTER 4: CENTRAL BANKING OPERATIONS

### ECONOMICS, RESEARCH AND STATISTICS

The Economics and Research Statistics Department (ERSD) is one of the key departments of the Central Bank of Solomon Islands, tasked with providing macroeconomic analysis, formulating monetary policy, conducting research, disseminating economic statistics and reports to stakeholders. Its work underpins CBSI's primary mandate of maintaining price stability, as set out in Section 8(1) of the CBSI Act 2012. ERSD publishes twelve Monthly Economic Bulletins, four Quarterly Reviews, and two Monetary Policy Statements annually, and provides regular updates to the Monetary Policy Committee on inflation forecasts, GDP nowcasting, and monetary policy developments. The department also supports international reporting obligations, submitting monetary, fiscal, and external sector statistics to the International Monetary Fund, external debt data to the World Bank, and annual economic indicators to the Asian Development Bank (ADB).

#### Research activities and projects

As part of the Bank's efforts to promote policy a culture of research and evidence-based policy dialogue, the Department played a central role in organizing the 2nd CBSI-Asian Development Bank-Asia-Pacific Applied Economics Association (APAEA) Joint Workshop on October 31, 2025, under the theme "Monetary and Fiscal Policies Amid Global Uncertainty". The workshop brought together 78 participants, including representatives from regional central banks (Reserve Bank of Fiji, Bank of Papua New Guinea, and Reserve Bank of Vanuatu), government agencies, academia, the private sector, development partners, and CBSI staff. The workshop strengthened research networks, deepened understanding of policy trade-offs, and reinforced commitments to regional collaboration. In parallel, ERSD co-authored a joint research paper with APAEA, "Climate Change Implications on Inflation: Some Evidence from the Solomon Islands," which was presented at the workshop to gather expert feedback ahead of its planned submission for a journal publication in 2026.

#### Technical Trainings and Missions

ERSD continued to benefit from capacity-building trainings delivered by the IMF Singapore Training Institute (STI) and the Pacific Financial Technical Assistance Centre (PFTAC). Training focused on key areas including macroeconomic statistics and analysis, economic modelling, forecasting, and policy analysis. These trainings were aligned with the Department's short-term capacity development priorities and supported the Central Bank of Solomon Islands strategic objective of strengthening monetary policy formulation and effectiveness.

In 2025, ERSD continued to receive technical assistance from the IMF's Institute for Capacity Development (ICD)-

STI as part of the ongoing FPAS project with the Bank to modernize its monetary policy formulation process and improve analytical capacity in decision making. The virtual mission was conducted from January to March 2025, purposely to assist the Department in operationalizing the Bank's Quarterly Projection Model (QPM) for the March 2025 Monetary Policy Statement (MPS). This included generating the QPM estimates and projections to be integrated in policy discussions. The IMF team also provided valuable in terms of technical guidance in running the model and reviewing presentation materials for the Monetary Policy Committee (MPC) and the Forecasting, Policy, and Technical Sub-Committee.

In June 2025, the Monetary Policy Research Unit also delivered refresher training for Monetary Policy Committee (MPC) members on selected topics in monetary policy, macroeconomic linkages, and the Forecasting and Policy Analysis System (FPAS).

In addition, ERSD hosted a technical assistance mission from the IMF's Monetary and Capital Markets (MCM) Department to support the modernization of the Bank's monetary operational framework and development of a liquidity management and forecasting framework. The mission was conducted in two phases: a virtual engagement from July 21-25, 2025 followed by an in-country mission in Honiara from August 25-29, 2025.

#### Stakeholder Engagement and Strategic Planning

In May 2025, the Department convened a half-day stakeholder workshop at the Central Bank of Solomon Islands (CBSI) with representatives from the Price Control Unit of the Ministry of Commerce, Industry, Labour and Immigration and the Solomon Islands National Statistics Office (SINSO). The workshop featured presentations on each agency's institutional role and practices in compiling inflation statistics, price monitoring and monetary policy. Discussions focused on improving the production and dissemination of inflation data, particularly through stronger inter-agency coordination and more timely information sharing. The engagement helped clarify institutional responsibilities and strengthened collaboration among data producers, policymakers, and users.

ERSD also convened its annual strategic workshop in two sessions, held on October 3, 2025, at Aruligo and on November 18, 2025 at the Bank. The first session provided an overview of the mandates of the Central Bank of Solomon Islands (CBSI), including its Strategic Plan and ERSD's roles and functions. This was followed by team-building exercises and a SWOT analysis conducted at both unit and individual levels. The second session focused on refining the Department's strategic objectives to ensure alignment with CBSI's broader institutional goals. It also served as a platform to identify priority initiatives and

key activities underpinning the Department's 2026 work plan, training needs and research agenda in 2026.

In November 2025, the ERSD undertook provincial consultations in Auki, Noro, Munda, and Gizo to engage local stakeholders on recent economic developments to inform the production of the Bank's 2025 Annual Report. The consultations focused on assessing business performance during 2025 and gathering their outlook for 2026 to inform the macroeconomic assessment and projections to support the formulation of monetary policy.

### Public Engagement Activities

As part of the Department's ongoing outreach initiatives, the Department delivered a presentation on the role of monetary policy at CBSI to Form 6 students during their excursion to CBSI in April 2025. The session aimed to enhance students' understanding of the central bank's mandate and its role in maintaining price stability. Additionally, representatives from the department also participated in one-week trade show at the Independence Day Fair at the Panatina Village, primarily providing information to the public on the Bank's role in maintaining price stability.

## FINANCIAL MARKETS AND FOREIGN EXCHANGE OPERATIONS

The operations of the Financial Markets and Foreign Exchange Department are guided by the CBSI Act 2012 and the Exchange Control Act 1976. These legislations empower CBSI to manage the country's foreign reserves, formulate and implement monetary policy, administer the foreign exchange control business and transactions, and determine and administer the exchange rate policy and regime. They also authorize the Bank to hold and manage international reserves and regulate the international exchange of money. Throughout 2025, the Central Bank of Solomon Islands (CBSI) advanced its statutory responsibilities under the CBSI Act 2012 and amendment CBSI Act 2023, continuing its oversight to the mandatory roles in the foreign management space and international payment services. CBSI also upheld its role in administering the Exchange Control Act (Cap 50 - 1976), ensuring adherence to the regulatory framework governing foreign exchange activities.

Furthermore, under the Exchange Control Act and its regulations, CBSI is empowered to establish rules that confer powers, impose duties, and apply restrictions relating to foreign exchange, foreign exchange resources, and the protection of the national currency. These legislative mandates form the foundation for effective foreign reserve management, exchange rate and monetary policy implementation, and oversight of crossborder transactions in a small, open island economy.

The growing wave of financial innovation, coupled with increasing demand for efficient economic payment platforms, has swept across central banks globally. This

shift has driven efforts to enhance regulatory frameworks that can support and guide e-payment systems within the expanding fintech industry. While the Central Bank supports the goal of improving efficiency in international payment systems, regulatory challenges remain. CBSI has taken significant steps to address these challenges by reviewing and updating relevant legislation to better support, leverage, and guide the development of digital payment platforms. A review to the Exchange Control Act and regulations has commenced in 2025 and will continue into 2026.

Increasing applications for new and innovative cross-border transfers platforms remains one key reason for reviewing this legislation to better support the growing innovation trend with a options to design and develop meaning regulations that maintain credibility, mitigate money laundering on all cross-border transactions.

2025 was marked by significant developments in the Bank's international payments infrastructure. As global financial systems shifted towards greater digital integration and standardized messaging, CBSI undertook major upgrades to align with emerging international norms. A key milestone was the Bank's successful migration to the SWIFT ISO 2022 standard on 22 November 2025, a change now shaping how cross-border financial payments and information is exchanged worldwide.

This transition was complemented by CBSI's move to a cloudbased SWIFT Alliance Cloud environment, which became operational on 29 November 2025. Implemented concurrently, both initiatives were completed smoothly and now underpin the Bank's modernized international operations. Following the golive stages, CBSI has remained in an active surveillance and improvement phase, ensuring system performance, resilience, and security continue to meet evolving requirements.

### Foreign Reserve Management

Managing the country's foreign reserves remained an essential component of CBSI's mandate in 2025. These foreign reserves—consisting of foreign currency holdings, Special Drawing Rights (SDRs), gold, and other internationally recognized assets—serve as a critical buffer that facilitates international trade and payments, supports economic stability, strengthens external credibility, and provides the liquidity needed to meet the nation's external commitments.

CBSI's reserves management framework is underpinned by a clear governance structure:

- **The Board** provides high level policy direction.
- **The Investment Committee** evaluates and endorses strategic and tactical investment decisions.
- **The Front Office** executes investment activities and implements approved policies.

- **The Middle Office** oversees compliance, risk assessment, and performance monitoring.
- **The Financial Market Team** supports operational delivery and technical analysis.

This structure helps ensure that the core objectives of reserve management—capital preservation, liquidity availability, and prudent returns - are consistently met. These objectives are guided by the Reserves Management Policy (RMP) and further anchored by the Strategic Asset Allocation (SAA), which determines longterm investment composition and risk tolerance.

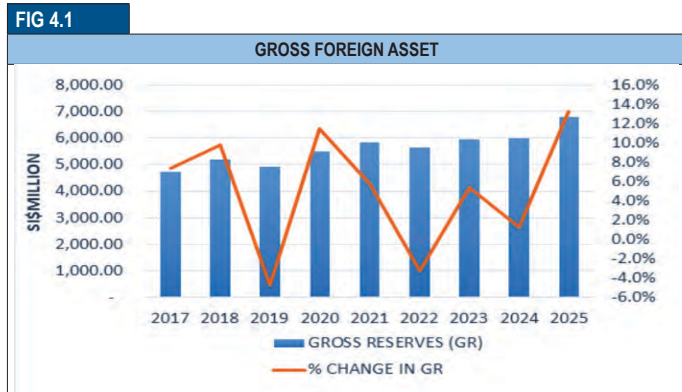
In line with international practice, CBSI maintained its holdings of IMF Special Drawing Rights and access to the IMF Standby Credit Facility, providing an additional safeguard against short term external pressures. The Bank also continued to hold modest allocations in Euro, Singapore Dollar, and Chinese Renminbi assets, supporting diversification goals and facilitating government related external payments.

### Foreign Reserves Position

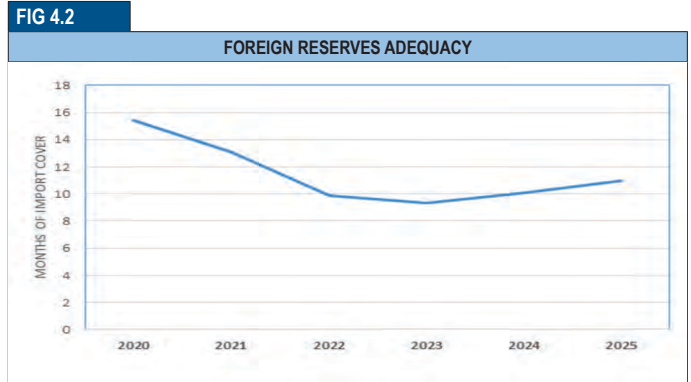
At the end of 2025, the country’s Foreign Reserve Assets (FRA) reached \$6.08 billion (USD 836.2 million), representing a 4.5% increase from \$6.01 billion (USD 703.02 million) recorded in 2024. This growth was supported primarily by strong inflows from external development partners through grants and loans, foreign exchange transactions with commercial banks, government revenue from fisheries licenses, and CBSI’s own investment earnings. These inflows outweighed outflows during the year.

Despite higher outflows—mainly FX sales to commercial banks to meet elevated payment demand, government external debt settlements, and other SIG obligations, the higher volume of commercial FX transactions reflects increased private sector activity and improving domestic economic conditions in 2025.

The level of foreign reserves remains adequate at more than 11 months of import cover. This is an improvement over the 10 months cover recorded in 2024 and is above the Bank’s minimum adequacy benchmark of three months. Continuous monitoring and proactive policy



Source: CBSI

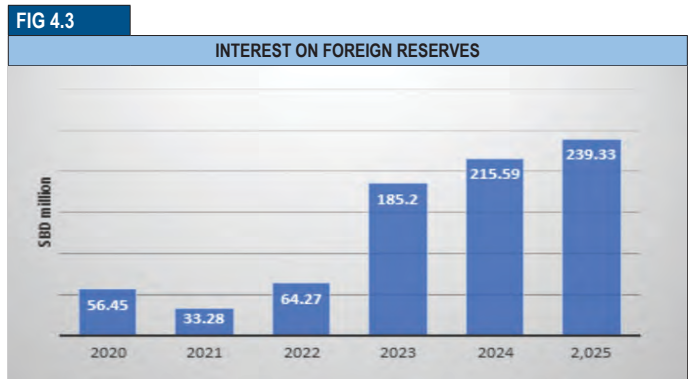


Source: CBSI

oversight will be essential to ensure resilience given the economy’s degree of openness to international trade and financial flows.

### Return on Investments of foreign reserves

Total external income—including realized and unrealized gains, fees, commissions, and earnings from CAIM, the Bank’s external fund manager amounted to \$239.33 million in 2025. This represents an 11% increase over the previous quarter and a 106% execution rate against the revised income target. Performance was driven mainly by



Source: CBSI

returns from gold holdings, money market investments (short term tranche), and capital market assets (long-term tranche).

Annualized returns improved to 3.87% from 3.1% in 2024, reflecting strategic reallocation of assets and modest increases in interest income across major currency holdings and gold. (Figure 4.3 shows the interest earning trend for 2020–2025.)

### Gold Investment Policy

Gold continues to serve as a strategic reserve asset under the CBSI Gold Investment Policy, supporting diversification, stability, and monetary autonomy. The framework allows the Bank to hold up to 10% of total reserve assets in gold. Gold’s traditional negative correlation with the USD renders it an effective hedge

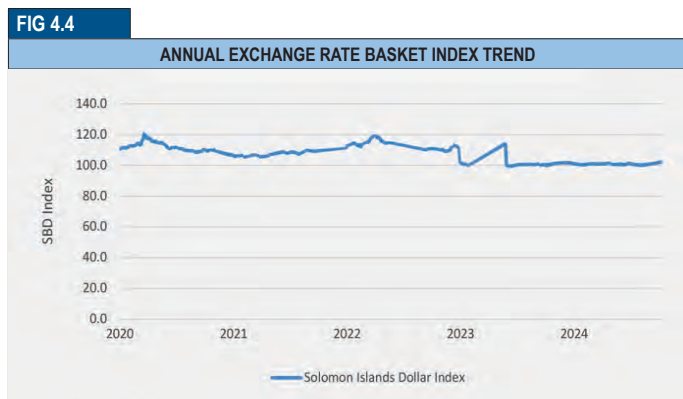
within the portfolio. In 2025, CBSI intensified its participation in unallocated paper gold trading to optimize income amid global uncertainties. Gold income reached \$16.76 million, significantly higher than the \$11.2 million recorded in 2024 and exceeding the target of \$12 million.

Global gold markets also experienced exceptional performance during the year, setting 53 new all-time highs and surpassing USD 5,000 per ounce, driven by geopolitical tensions, a weakening US dollar, and strong price momentum.

### Exchange rate regime

Solomon Islands maintained fixed exchange rate regime, with the SBD (Solomon Islands dollar) pegged to a weighted basket of currencies. In 2025, CBSI continued to monitor and review its exchange rate weights. The exchange rate basket weights were maintained in 2025. The basket exchange rate weights, comprising the US dollar (78%), Australian dollar (16%), and the New Zealand dollar (6%). SBD's daily value is determined by the movements of these currencies within the basket.

Throughout 2024, the SBD Index fluctuated between 112.6 and 115.4 points. The appreciation of the US dollar was the primary driver of the SBD basket's decline,



influenced by global investors adjusting their portfolios in response to anticipated economic policy changes from the US elections and other market forces.

The revised currency weights have resulted in a flatter curve for the SBD, indicating reduced volatility in the mid-rate (see Figure 4.4). This suggests that the new weighting structure has effectively minimized fluctuations in the SBD's value.

### Middle Office Operations

The Middle Office, housed within the Risk Management and Corporate Communications Department, performs second line of defense function. It provides independent oversight of risk, compliance, and performance relating to Foreign Reserves management.

During 2025, global financial conditions remained volatile, marked by elevated interest rates, inflationary pressures, and increased geopolitical and macroeconomic uncertainty. In this environment, the Middle Office played a critical role in strengthening governance and ensuring that foreign reserve management remained aligned with the core objectives of safety, liquidity, and return.

Key activities undertaken during the year focused on enhancing risk oversight and reinforcing compliance with the Reserves management Policy. The Middle Office conducted continuous monitoring of investment portfolios to ensure all instruments met approved eligibility criteria and maintained investment-grade ratings from recognized agencies. Counterparty exposures were actively reviewed to ensure adherence to approved limits, alignment with the approved credit risk appetite, and concentration in jurisdictions with strong sovereign credit profiles.

Liquidity risk management remained a priority, with ongoing monitoring of reserve adequacy across the working capital, liquidity, and investment tranches. This ensured sufficient buffers were maintained to meet short-term obligations while supporting longer-term reserve growth. Market risk exposures, including currency and valuation risks, were also closely monitored to minimize potential revaluation losses and preserve capital. In addition, the Middle Office strengthened its governance role through regular risk assessments and compliance reporting to the Investment Advisory Committee, ensuring that investment decisions were supported by independent and timely risk analysis. Operational risks within reserve management activities were also monitored to safeguard the continuity and integrity of front office operations.

To support portfolio diversification and manage concentration risks, the Middle Office initiated the process of onboarding of additional counterparties during the year.

Capacity building remained a key focus, with staff undertaking specialized training in fixed income securities and investment management. These efforts were further reinforced by the bank's participation in the World Bank's Reserve Advisory and Management Partnership (RAMP) program, which provides access to global best practices, technical advisory support, and structured training. This partnership represents a significant advancement capability across reserve management functions.

Looking ahead, the Middle Office will continue to enhance its risk oversight frameworks, strengthen counterparty due diligence processes, and support informed investment decision-making. These efforts will ensure that Reserves Management remains resilient, prudently managed, and well-positioned to navigate an increasingly complex global environment.

## Back Office Operations – 2025

### SWIFT Messaging Activity

An examination of SWIFT traffic over the ten-year period continues to show variability driven largely by changes in correspondent banking activity and transaction specific requirements.

Outgoing SWIFT messages increased marginally in 2025, rising to 1,101 from 1,089 in 2024. While the increase is modest, it suggests a stabilization of message volumes following several years of gradual decline since the peak observed in 2019. The uptick is attributable primarily to higher volumes of selected message types initiated by correspondent banks, reflecting a slight improvement in cross-border operational activity.

Incoming messages expanded more significantly—from 3,910 in 2024 to 5,760 in 2025. This represents the highest inflow in the last decade and may indicate heightened monitoring, compliance enquiries, and settlement related correspondence from external financial institutions. The sharp rise suggests that CBSI's counterparties are increasingly relying on SWIFT for detailed transaction validation and reporting, consistent with global shifts toward more granular messaging requirements.

### CBSI Receipts and Payments

The total value of receipts processed through SWIFT declined to SBD \$180 million in 2025 from SBD \$201 million in 2024. This downward movement extends the multiyear trend of reduced inward flows through CBSI, which can be linked to lower donor disbursements, contraction in certain government revenue inflows, or shifts toward alternative settlement channels.

Conversely, total payments increased from SBD \$51 million in 2024 to SBD \$67 million in 2025. The rise in outflows is largely explained by several major payment obligations—including IMF charges, currency related payments to De La Rue, and expenditures associated with key IT projects. These categories typically exhibit volatility depending on renewal cycles, project milestones, and external commitments, and the 2025 outcome reflects a normalisation of payments following a relatively low expenditure year in 2024.

The combined receipts payments profile suggests a widening net outflow position for 2025, highlighting both the timing of institutional payments and a softening in inward transactions relative to previous years.

### SWIFT System Office – ISO 20022 Migration

In 2025, the Back Office, working jointly with the SWIFT Technical and Administration teams, advanced CBSI's migration to the ISO 20022 messaging standard—a transition aligned with the global move toward richer, structured payments data.

Message testing with counter parties continued through 22 November 2025, culminating in the successful go-live

on the SWIFT Cloud Alliance Platform. The testing framework covered the core ISO 20022 message categories relevant to CBSI's operations, including:

- Pacs 008 – Customer credit transfers
- Pacs 009 – Financial institution credit transfers
- Camt 053 – Bank to customer statements
- Camt 057 – Notification of payment cancellation request
- Camt 056 – Payment cancellation request
- Camt 054 – Bank to customer debit/credit notifications
- Camt 058 – Bank to bank status messages
- Pain 001 – Customer payment initiation

Migration strengthens CBSI's operational infrastructure by enabling more structured data capture, improving reconciliation accuracy, and enhancing compliance capabilities. The transition also helps the Bank to integrate more seamlessly with evolving regional and global payments architectures.

## EXCHANGE CONTROL ADMINISTRATION

CBSI is mandated and empowered by the Exchange Control and Regulations to ensure that the country benefits from its resources and that all proceeds of exported goods and services are remitted back into the country.

Moreover, under the Exchange Control Act and Regulations, commercial banks are appointed as authorised dealers to process and facilitate foreign exchange trade and services transactions as per the specific requirements of the exchange control policy. All the four commercial banks<sup>1</sup> in the country are appointed authorised dealers under exchange control regulatory requirement.

### Applications for Temporary Resident (TR) Status

In 2025, CBSI approved 137 TR status permits, of which, 110 were new applicants and 27 were renewals (See Table 4.3). TR status is granted to non-residents, who intend to reside in Solomon Islands for a period of four years or less; or Solomon Islanders who are intending to reside overseas permanently. Non-residents working in the country on contractual basis can also apply and be granted TR status for exchange control purposes. Non-residents who are granted temporary residence status are permitted to repatriate income earned in Solomon Islands or brought in from abroad without limitation. Specific exchange control exemption for approved TR holders is specified under Regulation 22 of the Exchange Control Act 1976 and Exchange Control Regulations 1977.

TABLE 4.1:

NUMBER OF TEMPORARY RESIDENT ACCOUNTS APPLICATION APPROVED 2015-2025											
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Newly Approved Temporary Resident applications	125	149	248	302	289	156	133	275	239	163	110

<sup>1</sup> The four commercial banks are ANZ Banking Group Limited, Bank South Pacific Limited, Bred Bank Solomon Limited and Pan Oceanic Bank Limited.

TR Applications Renewals	85	53	16	144	112	48	60	81	114	55	27
Total TR Approved	210	202	264	446	401	204	193	356	353	218	137

Source: CBSI

### Non-resident (NR) Accounts

In 2025, CBSI approved three (3) non-resident individual applications requesting approval for a non-resident account. Individuals and corporate entities residing outside Solomon Islands who wish to open and hold bank accounts with a resident authorised dealer (commercial banks) in Solomon Islands require CBSI Exchange Control approval. Sources of funds for the NR account are usually from local business operations or local bona-fide activities. External receipts to the account are permissible however sources of funds must be properly declared and approved by relevant authorities (CBSI and Authorized Dealers).

### Foreign Currency Account (FCA) Facility

In 2025, CBSI approved Twelve (12) new FCA applications and renewed terms of Twenty-Seven (27) FCA accounts. The majority of these FCA accounts were denominated in USD, AUD and NZD. There was an increase in the reported foreign exchange total allowable holdings from \$1,121 million in 2023 to \$1,309 million at the end of 2024 (See Table 4.4). The increase in the value of FCA was driven mainly by active renewal of the terms of FCA upon expiry date by account holders and more so the facilitation and approval of new FCA applications. During 2025 most account holders complied by providing monthly Reports and data on time. To date there are 82 active foreign currency account holders approved by CBSI of which 77 FCA are held with local banks while 5 FCA are held with banks outside the Country.

The foreign currency account facility is designed to support exporters meeting their external operational obligations and to minimize their foreign currency costs. Over the years, the Central Bank recognised the importance of expanding the foreign exchange market and thus relaxed and extended the facility to all other eligible corporations and individuals including exporters. The operation of FCAs is a privilege and is strictly granted on merit upon satisfactory assessment by responsible authority in CBSI.

TABLE 4.2

NUMBER OF APPROVED FCA HELD BY EXPORTERS AND NON-EXPORTERS 2015-2025												
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
Account holders/Entities	44	50	27	30	36	45	53	24	39	51		
Qualified Exporters	12	13	5	5	6	2	5	7	11	16		
Non-Exporters	32	37	22	25	30	43	48	17	28	35		
Total number of accounts held	72	78	35	38	56	65	74	34	49	82		
On-shore	65	71	32	35	51	57	64	28	43	77		
Off-shore	6	7	3	3	5	8	10	6	6	5		
Total value: (SBD million)	1,132	434	468	750	1,291	1,465	1,536	706	1,121	1,309		

Note: Some account holders hold more than one FC account

Source: CBSI

### Foreign exchange (FX) Restricted Classified Dealers

There are 21 restricted classified FX license holders appointed by CBSI. In 2025, Four (4) new restricted classified foreign exchange dealer's license was issued and Seventeen (17) existing license holders were renewed during the year (See Table 4.5). Of the Twenty-One (21) approved FX Dealers licensed holders 10 were issued to eligible local companies to operate as authorised foreign exchange (FX) money changer services dealers and 11 FX Dealers licenses as authorised money transfer services providers in the country. The money transfers services licenses were issued to companies operating under approved global and regional FX money transfer services platforms namely Western Union money transfers services, MoneyGram money transfers services and RIA Money Transfer Services). New money transfer service licenses were issued to ACCountplan, Telekom Digital Ltd and MH Money Express (SI) Ltd, in 2025 as a super-agent of Freedom Pacific system platform, KlickEx Pacific Ltd, RIA and Money Gram International. This has brought the total number of money transfer service providers in the country to ten (10). The current appointed FX dealers MTS providers are Western Union-FEXCO Ltd & BSP; Money Gram-BSP; Money Gram - SI Postal Corp; RIA- POB, ACCountplan Ltd, Telekom Digital Ltd (M-SELEN and MH Money Express (SI) Ltd. These foreign exchange dealers' licences are renewable annually with standard annual license Fees. CBSI closely monitors all restricted classified money changers and money transfers transactions, and license holders are obligated to submit a weekly transaction report to CBSI.

The Bank continues to support and promote the development of the financial services sector in the country through the licensing and monitoring of foreign exchange market dealers in the country.

TABLE 4.3

Number of Approved Foreign Exchange Money Transfer and Money Changer Licenses											
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Money Transfer services	4	4	3	3	3	3	3	3	5	8	11
Money Changer Services	11	9	10	10	10	11	10	6	9	9	10
Total FX Classified Dealers	15	13	13	13	13	14	13	9	14	17	21

Source: CBSI

### Private Sector Debt (Private Sector Offshore Borrowing)

Resident entities or persons wishing to borrow funds from abroad or create debt in favour of non-residents must obtain CBSI approval pursuant to Exchange Control policy and regulations. This is necessary to ensure private sector debt are properly registered and monitored. This approval is a prerequisite for any private debt principal and interest repayments in the future.

During the year, CBSI approved Eight (8) external loan applications from private companies and corporations (See Table 4.6) for the purpose of financing business

expansions and other investment projects in the country. The total foreign currency exposure of these authorized external loans is equivalent to USD 51.3 million (SBD \$410.7 million)

**Table 4.4**

NUMBER OF PRIVATE SECTOR OVERSEAS BORROWING APPROVED											
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Applications received & approved	10	11	20	7	16	13	9	11	14	9	8
Value in SBD million	217	133	1,681	291	106	456	35	154	415	78	411

Source: CBSI

### Exports Administration

The primary objective of export administration is to ensure that the country fully benefits from the proceeds or foreign exchange earnings of the exported goods and services. The Exchange Control (EC) Regulation requires that exported goods and services should receive a fair and reasonable world market price for its commodities. It also requires that foreign export receipts must be remitted back fully within 3 months from the date of export. The EC regulation requires that foreign exchange exports proceeds must be sold to a commercial bank in the Solomon Islands. These FX funds forms part of the country's foreign reserves earnings level in the country. CBSI administers controls on commodity exports using two authority frameworks namely: (i) the General Authority (GA) to Export and (ii) the Specific Authority (SA) to Export. Specific Authority covers Round Logs, Bechedemer, Minerals exports and Seaweed and General Authority to Exports covers all other commodities not listed under SA. The exporting of minerals and Seaweed came under the Specific Authority administration in Q4-2022 and Q2 2025 respectively.

In 2025, CBSI issued and approved 363 Specific Authority applications to export round logs to exporters. This was a decrease of 29.5% from the previous year. The estimated volume was decreased by 27.18% to 1.159 million cubic metres with an approximated value of \$996 million (See Table 4.7). There was a consistent trend for log price in 2024, driven by movement in the global market prices.

**TABLE 4.5**

NUMBER AND VALUE OF LOG APPLICATIONS FOR SPECIFIC AUTHORITY TO EXPORT, 2025											
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Applications approved (numbers)	819	829	997	924	922	842	618	445	496	515	363
Total Value of Exports SA Approved SB\$ million	2,536	2,368	2,995	2,997	2,526	1,999.6	1,742	1,306	1,504	1,375	996
Volume of Exports-SA Approved (million m <sup>3</sup> )	2,679	2,612	3,156	2,822	2,717	2,379	2,068	1,583	1,673	1,592	1,159

Source: CBSI

In 2025, CBSI issued and approved 25 Specific Authority application to export Bechedemer. This follows the reopening for harvesting and exporting of this valuable

sea resources enforced by the Ministry of Fisheries and Marine Resources (MFMR), SIG; effective as of April 2025 (see Table 4.8).

**Table 4.6**

NUMBER AND VALUE OF BECHE-DE-MER APPLICATIONS FOR SPECIFIC AUTHORITY TO EXPORT 2017 - 2025									
	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total applications approved	16	13	40	NIL	15	36	0	0	25
Total value of exports (SBD Million)	13,127	5,363	16,238	NIL	13,059	19,839	0	0	36,690
Total Volume (Kg)	219,343	92,522	223,559	NIL	173,805	252,074	0	0	333,405

Source: CBSI

In 2025, a total of 178 Specific Authority to Export Mineral application was received, assessed and approved, of which 10.67% are Nickel Lateritic Ore, 20.22% are Gold Concentrate, 66.85% are Gold Bars/Dore and 1.12% are gold dusts/ashes and 1.12% are Bauxite Ore with the total average exports value (prior to final refinery assay report) of SBD \$3,311 billion. The amount includes Nickel Ores SBD \$259 million, Gold Concentrate SBD \$844 million, Gold Bars/Dore SBD \$2,181 million, Gold Dust/Ashes SBD \$ 0.268 million and Bauxite Ore \$26 million respectively. A total of 4,606,905 Gross Weight of Gold, Nickel Ore and Bauxite Ore was exported during the year, of which 2.41% are Nickel Ores, 1.28% are Gold Concentrate, 0.02% are Gold Dust/Ashes, 93.78% are Gold Bars/Dore and 2.52% are Bauxite Ore.

In 2025, CBSI issued and approved 46 Specific Authority application to export Seaweed. The exporting of this valuable sea resources (seaweed) came under specific Authority administration and enforced by the Ministry of Fisheries and Marine Resources (MFMR), SIG; effective as of Q2 2025. The total value of exports (SBD Million) is \$25.225 and total volume is 3.474 kg.

### Imports Payment Administration: Applications above required CBSI limits.

As part of its Exchange Control Policy requirements and in relation to our foreign reserve management, CBSI monitors most major overseas payment transactions or capital flows. All applications for travel, personal transfers and sustenance above \$100,000 requires approval by the Bank. Furthermore, trade and services payments exceeding \$250,000 must be referred to CBSI for approval before the commercial banks can settle payments. For settlements of goods on credit payments with good already cleared at SIG Customs- amounts above 1million must be referred to CBSI for approval. The authorised dealers (commercial banks) are permitted to approve foreign exchange payments for amounts less than a delegated threshold. There is no change to the current authorised dealer's threshold allowed by CBSI under this policy requirement revised and updated in 2023.

Authorization of capital and financial account transactions such as capital transfers (dividends), loan

repayment, equity investment proceeds, property proceeds, and insurance premium payments are not delegated to authorized dealers and must be referred to CBSI for usual assessment, verification and endorsement.

During 2025, the number of applications referred to CBSI for approval totalled 3,506 applications and valued at \$6,139 million (\$6.1 billion). This amount includes all merchandise trade payments 68.01%, service payments 20.90%, capital transfers 9.41% and personal transfers comprising 1.67% of the total payments (See Table 5.0). The average value per application increases from \$1,654,982 in 2024 to \$1,751,061 in 2025, indicating a slight drop in high value payments overseas or favourable pricing.

**TABLE 4.7**  
NUMBER AND VALUE OF FOREIGN EXCHANGE APPLICATIONS APPROVED BY CBSI: 2015-2025

	2018	2019	2020	2021	2022	2023	2024	2025
Total Applications approved	8,700	7,435	7,291	4,905	2,547	3,224	3,372	3,506
Value of applications Approved SBD (Millions)	6,167	5,372	4,125	4,298	4,717	5,797	5,581	6,139

Source: CBSI

### Share Transfers

The purchase and sale of shares in companies registered in Solomon Islands by emigrating residents or residents with non-residents or residents require exchange control assessment and approval from the Central Bank pursuant to EC policy and regulations. This is to ensure proper legal transfer of valuable considerations to the new owners who may wish to remit capital funds, profits or dividends at a later date.

In 2025, the CBSI granted authority to Four (4) resident companies to register ordinary shares ownership in a resident corporate entity and non-resident corporate entity overseas. Approvals were also granted for applications by resident companies registering shares to non-resident individuals. Additionally, the country has one (1) resident corporate company registering or purchasing shares investment ownership to a non-resident corporate entity.

CBSI encourages applicants wishing to apply for share transfers to familiarise themselves with the exchange control requirements or to consult the Bank for further information on the requirements for this regulation prior to submitting their application to CBSI for assessment.

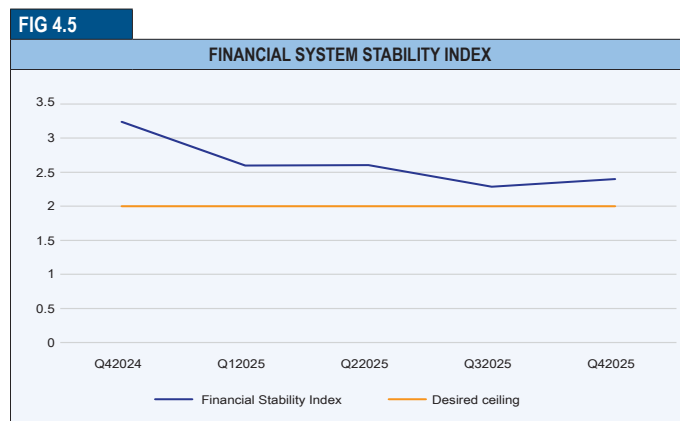
## FINANCIAL SYSTEM REGULATION<sup>2</sup>

### Financial System Stability Index

The Financial System Stability Index showed signs of gradual stabilisation in 2025. After declining from about

3.2 in Q4-2024 to around 2.25 in Q3-2025, the index rose slightly to roughly 2.4 in Q4-2025. This modest improvement reflects stronger bank capital positions, with capital ratios remaining well above the 15% minimum, providing a solid buffer against potential credit losses.

Regulatory momentum also contributed to the stabilisation. Cabinet’s approval of drafting instructions for the new Financial Institutions Bill and Insurance Bill strengthened market confidence by signaling progress toward modernising supervisory frameworks and improving governance and risk-management standards.



Source: CBSI

Despite the late-year improvement, the FSI stayed above the desired ceiling of 2 throughout 2025, indicating that system-wide risks remain elevated. Key areas requiring continued focus include reducing high non-performing loans, addressing supervisory and regulatory gaps, strengthening resilience to external shocks, and improving supervisory tools such as stress testing.

**TABLE 4.8**  
FINANCIAL SYSTEM STABILITY INDEX GUIDELINE

CBSI Stability Index	Meaning	Description
≤1	Extremely Resilient	Demonstrates exceptional ability to anticipate, withstand, and recover from disruptions with minimal impact. Systems are robust, regularly tested, and supported by strong risk management and contingency planning.
>1 and ≤2	Resilient	Able to effectively manage and recover from disruptions with minimal impact. Risk management practices are sound, and there is clear evidence of preparedness and adaptability.
>2 and ≤3	Moderately Resilient	Has some ability to absorb and respond to disruptions, but resilience is uneven. Risk management is present but may be inconsistently applied or insufficient under stress.
>3 and ≤4	Vulnerable	Exposed to significant risks with weak or underdeveloped resilience measures. Responses to disruptions are often delayed or ineffective, and recovery may require substantial external support.
>4	Not Resilient	Unable to manage or recover from disruptions. Lacks basic risk controls and preparedness. Even minor shocks could result in serious operational or financial failure.

### Key Initiatives and projects

The department’s commitment to maintaining financial system stability was reflected through initiatives and projects in ongoing enhancements to risk-analysis

<sup>2</sup> Q42025 refers to December 2024  
Q12025 refers to March 2025  
Q22025 refers to June 2025  
Q32025 refers to September 2025  
Q42025 refers to December 2025

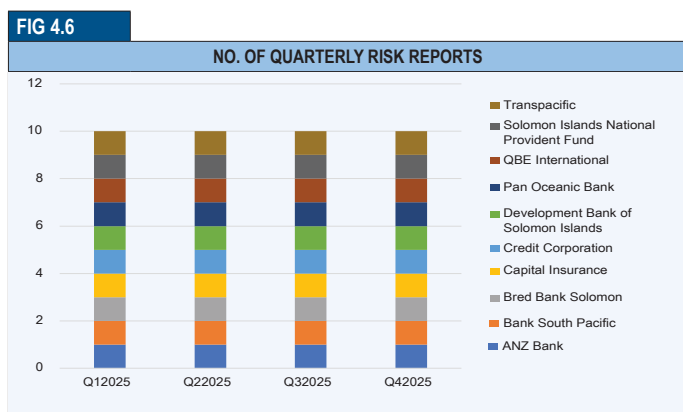
processes, supervisory and regulatory frameworks, supervisory tools and capacity-building programs.

### Quarterly Risk Reporting

In 2025, the Central Bank’s offsite supervision program continued to provide essential oversight of banks, credit institutions, insurers, and the superannuation sector. The quarterly risk reports remained the primary mechanism for assessing institutions’ inherent risks, governance quality, and control effectiveness, enabling timely supervisory decisions and targeted follow-up actions.

Supervisory assessments combined quantitative indicators—such as capital adequacy, liquidity, asset quality, and profitability—with qualitative evaluations of governance, internal controls, and risk-management practices. This integrated approach ensured that supervisory judgments were forward-looking rather than reliant solely on financial metrics.

The overall supervisory stance for the year averaged rating 2, indicating that most institutions exhibited moderate inherent risks. Where necessary, issues identified in the offsite reports were validated through targeted onsite examinations, reinforcing the credibility and effectiveness of the supervision process.



Source: CBSI

Fig. 4.6 shows that reporting volumes remained stable across the first three quarters, with ten reports issued each quarter. Delays in producing reports on time remains a challenge owing to manual data-compilation and validation processes. These operational bottlenecks highlight the need for greater data automation and improved processing systems to maintain reporting efficiency during periods of high workload.

### Onsite Examinations

The onsite examination program remained a central supervisory activity for FSRD in 2025, supporting the Department’s goal of strengthening financial-sector resilience. Through a mix of full-scope and targeted reviews, the program provided forward-looking

assessments of institutional risks, governance effectiveness, and compliance with prudential standards across the banking, insurance, pension, and credit union sectors.

Of the ten examinations planned for 2025, nine were completed, with work commencing in the second quarter. The ANZ Bank review was deferred to 2026, and the targeted review of BSP’s loan restructuring remained under finalisation at year-end.

Examinations of banks covered key prudential areas such as credit risk, liquidity risk, operational and IT risk (including cyber resilience), governance, and regulatory compliance.

For insurers, reviews of Capital Insurance and Transpacific Assurance Limited focused on underwriting, claims management, reserving, reinsurance, investment practices, and overall risk-governance maturity, highlighting the need to strengthen technical provisioning, pricing, and internal controls.

The SINPF full-scope examination assessed investment governance, liquidity management, and operational resilience, identifying vulnerabilities related to asset concentration, valuation practices, and liquidity stress testing.

The Tuna Trust Credit Union review assessed all major areas, including governance, risk management, credit underwriting, operational processes, and liquidity controls.

Across all institutions, recurring themes included the need for stronger governance oversight, more integrated risk-management frameworks, improved operational and IT controls, and better data quality in regulatory reporting. The onsite program continues to generate critical supervisory insights, informing risk-based planning and enabling timely supervisory interventions.

TABLE: 4.9

ONSITE EXAMINATIONS 2025					
Item No.	Name of Financial Institutions	Type	Focus Area	No. of Participants	Status
1	ANZ Bank	Targeted	Governance and Earnings	2	Deferred
2	Capital Insurance Solomon Islands Limited	Targeted Follow-up	Risk Governance, Operational Risk, Insurance Risk	2	Complete
3	Solomon Islands National Provident Fund	Full Scope	Investment Risk, Operational Risk, and Liquidity Risk	4	Complete
4	Bank Sout Pacific Financial Group Ltd SI Branch	Targeted	Risk Governance (Complaint Management Procedures), Operational Risk	3	Complete
5	Development Bank of Solomon Islands	Full Scope	Full-Scope- Strategic Risk, Internal Governance, Credit Management risk, Liquidity risk & Operational risk	3	Complete
6	Bank South Pacific Financial Group Ltd SI Branch	Targeted	Issue with Duplicate Transaction	2	Complete
7	Transpacific Assurance Limited	Full Scope	Risk Governance Strategic Risk, Operational Risk, Insurance Risk	2	Complete

8	Pan Oceanic Bank Limited	Targeted	Strategic Risk Management Framework and Credit Risk Management Framework	3	Complete
9	Tuna Trust Credit Union	Full Scope	Board Governance Risk Governance Management Credit Risk Operational Risk Liquidity Management	3	Complete
10	Bank South Pacific Financial Group Ltd SI Branch	Targeted	Loan Restructuring	2	In Progress

### Licensing

The licensing function remained a key statutory responsibility of FSRD in 2025, supporting the integrity and stability of the financial system. In Q2-2025, the Central Bank received an application for a digital banking licence and conducted a comprehensive assessment of the applicant’s ownership structure, governance, financial capacity, risk-management systems, and operational model.

Following the evaluation, the Central Bank determined in Q3-2025 that the application did not meet minimum licensing and prudential requirements. The proposed structure relied on a single shareholder, raising significant concerns about governance accountability. Additionally, the current Financial Institutions Act does not provide explicit legal or supervisory provisions for fully digital or online-only banking models, creating potential gaps in areas such as cross-border operations, consumer protection, cybersecurity, outsourcing, and resolution.

To safeguard financial stability, depositor protection, and supervisory effectiveness, the application was declined. The decision reflects CBSI’s prudent, risk-based approach to ensuring that only institutions with transparent ownership, strong governance, adequate local presence, and a clear supervisory framework are allowed to operate in the domestic financial system.

### Stress Testing

In 2025, FSRD initiated the development of a stress testing framework to assess the resilience of banks to credit shocks. The framework focuses on risks arising from high credit concentrations and elevated non-performing loans (NPLs), aiming to identify vulnerabilities within loan portfolios and estimate potential losses under adverse economic scenarios.

The design includes assessments of exposures to individual borrowers, sectors, and related groups, as well as modelling the impact of macroeconomic and sector-specific shocks on NPLs. It also incorporates portfolio-level analysis to support risk-based supervisory decisions for each bank.

However, full implementation was not achieved due to limited technical expertise and the absence of advanced credit-risk modelling tools. CBSI is therefore relying on IMF technical assistance to build the necessary actuarial and risk-analytics capacity.

Once operational, the framework could strengthen CBSI’s ability to detect early credit-risk pressures, support more risk-sensitive supervision, and enhance banks’ resilience to potential credit shocks—ultimately contributing to a more robust financial system.

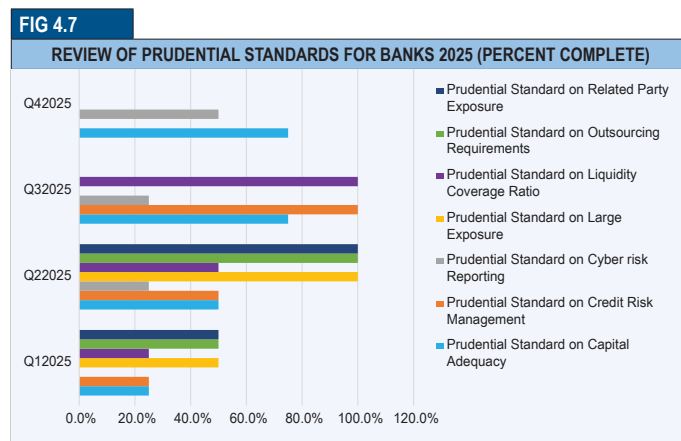
### Supervisory Frameworks for Banking Sector

Strengthening financial-system resilience remained a key priority for CBSI in 2025, and FSRD advanced this objective through a structured review of seven prudential standards. Approximately 88% of these standards were developed with support from PFTAC, helping to enhance CBSI’s capacity to supervise banks and manage systemic risks.

By Q2-2025, three standards had been reviewed, with two more completed in Q3-2025. The Capital Adequacy standard and the Cyber Risk Reporting standard remained unfinished at year-end.

These standards form a core part of the supervisory framework and are critical to maintaining banking-sector stability. They include:

- Capital Adequacy and Liquidity Standards: Ensure banks hold sufficient capital and high-quality liquid assets to absorb shocks and withstand liquidity stress.
- Credit Risk Management Standard: Promotes sound lending, robust credit assessment, and containment of non-performing loans.
- Large Exposure Standard: Strengthens monitoring of major exposures, calibrated for both local banks and foreign branches.
- Outsourcing Standard: Enhances governance and oversight of third-party service providers to reduce operational and compliance risks.
- Related Party Exposure Standard: Ensures arm’s-length transactions and effective concentration-risk controls.
- Cyber Risk Standards: Improve resilience to technology failures and cyber threats, protecting bank-



Source: CBSI

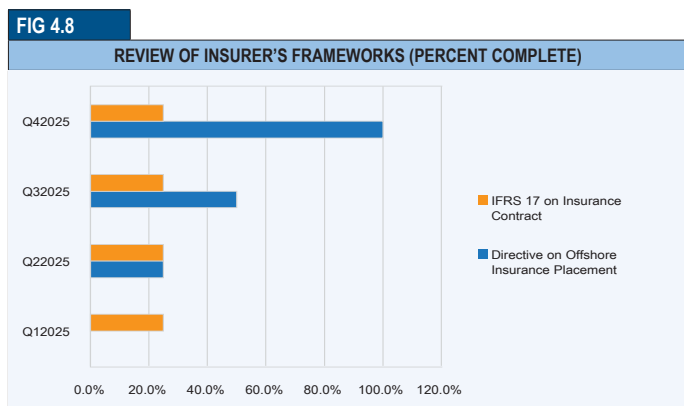
ing infrastructure and customer data.

The completed standards will undergo industry consultation before being submitted to the CBSI Board for approval. Collectively, they form a clear and enforceable supervisory framework that strengthens oversight, protects depositors, and supports the long-term stability of the Solomon Islands’ financial system.

### Supervisory Frameworks of Insurance Sector

In 2025, FSRD strengthened oversight of the insurance sector through the finalisation and implementation of the Directive on Offshore Placement of Insurance Cover. The Directive establishes clear requirements for insurers and brokers seeking to place risks offshore, including prior CBSI approval, market testing, and adherence to financial and regulatory standards of foreign insurers. These measures enhance policyholder protection, encourage greater local risk retention, and improve transparency in cross-border insurance arrangements. By monitoring offshore placements, CBSI can better assess sector-wide risk exposures and safeguard the stability and integrity of the domestic insurance market. The Directive also ensures that offshore coverage is used only when local capacity is insufficient, promoting responsible and well-justified industry practices.

The adoption of IFRS 17 for insurance contracts remains pending. Implementation has been delayed due to limited technical assistance—particularly actuarial



Source: CBSI

and accounting support expected from the IMF. Once adopted, IFRS 17 will significantly improve transparency, risk-sensitive valuation of insurance liabilities, and the comparability of financial statements, thereby strengthening CBSI’s capacity to assess insurer solvency and long-term financial sustainability.

### Regulatory frameworks for Banking, Insurance and Credit Unions

In 2025, legislative reform remained a central priority in strengthening financial stability, supervisory effectiveness, and support for private-sector development in the Solomon Islands. With technical assistance from the

Asian Development Bank’s Private Sector Development Initiative (PSDI), CBSI advanced major reforms to modernise the legal and supervisory frameworks for banks, insurance companies, and credit unions.

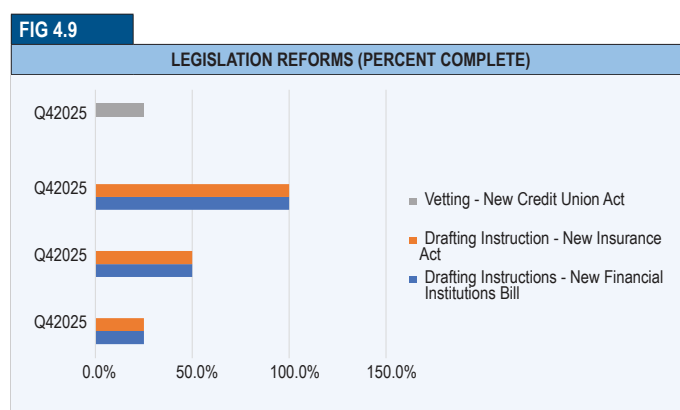
Despite competing Government priorities, significant progress was achieved. Cabinet approved the drafting instructions for the new Financial Institutions Bill and Insurance Bill, while the Credit Union Bill was submitted to the Attorney-General’s Chambers for vetting and is expected to be tabled in Parliament in 2026.

The new FIA expands the regulatory perimeter to include emerging financial service providers and fintech-type models, reduces regulatory arbitrage, and strengthens prudential oversight of all deposit-taking activities. It introduces a tiered regulatory framework, allowing supervision to be scaled according to institutional size and risk, and provides CBSI with strengthened powers in governance, fit-and-proper assessments, early intervention, and corrective action—enhancing crisis prevention and overall financial-sector stability.

The new Insurance Bill consolidates supervisory authority under CBSI, improves licensing and governance standards, and introduces stronger capital, solvency, and disclosure requirements. These changes are expected to improve insurer resilience, protect policyholders, and address longstanding supervisory gaps.

The Credit Union Bill enhances governance, introduces prudential oversight, and improves reporting standards. These reforms aim to build member confidence, support deposit mobilisation, and integrate credit unions more firmly into the national financial-stability framework.

PSDI support was instrumental in providing legal drafting expertise, aligning reforms with international standards,



Source: CBSI

and building local supervisory capacity. Together, these reforms mark a significant transformation of the financial regulatory landscape. Once enacted in 2026, they are expected to strengthen prudential oversight, enhance consumer protection, support sustainable private-sector growth, and reinforce long-term financial stability in the

Solomon Islands.

### Capacity Building

Throughout 2025, the department significantly expanded its supervisory capabilities through a growing program of short-term trainings. Training volume increased steadily from three sessions in Q1 to nine in Q4, demonstrating stronger investment in skills development and a shift toward emerging priorities in financial-sector oversight.

- Q1 2025 focused on foundational skills – data analysis, RegTech/SupTech, and risk management – laying the groundwork for more advanced training.
- Q2 2025 introduced six more specialized courses in financial inclusion, financial soundness indicators, onsite examination, information management, and IFRS, aligning with the department’s supervisory strategic goals.
- Q3 2025 maintained momentum with training in leadership, fintech and digital money, the PEARLS framework, and regional payment systems, supporting work on credit-union supervision and modernization.
- Q4 2025 recorded the highest number and diversity of trainings, covering cyber-risk regulation, inclusive green finance, AML, IFRS, fintech, and financial-risk supervision – skills needed for major initiatives like the Credit Data Bureau rollout and credit-reporting reforms.

These training efforts strengthened the department’s ability to deliver core supervisory outputs such as risk assessments, onsite examinations, and the Financial Stability Report, while improving readiness to use advanced technologies and data-driven tools. However, full application of some newly acquired skills – particularly in green finance and SupTech – was limited by legislative gaps and the gradual rollout of digital systems.

The department also faced broader challenges: pilot-stage projects slowed implementation, manual data compilation constrained analysis, complex international standards

required continuing training, internal risk-culture practices needed strengthening, and the absence of a centralized data warehouse hindered efficient data access. Progress on green-finance initiatives was further delayed due to the lack of a national roadmap.

Overall, the year’s training pattern reflects a deliberate approach to capacity building. The department enters 2026 with a stronger competency base and clearer priorities for advancing institutional, regulatory, and technological development.

## FINANCE AND ACCOUNTS

### Budget

Budget 2025 was prepared and approved in November 2024 with a value of \$285 million: 190 million was for operations and \$95 million for capital. It was reviewed half way and changed to \$329 million: \$242 million for operation and \$87 million for capital. These changes were necessary to ensure that CBSI accommodates the changes experienced in the first half and the anticipated changes in second half of the year 2025.

### Accounting

As budgeted financial resources are consumed in the delivery of services by the CBSI, required recording of these events are also maintained. CBSI continued to maintain its financial records according to the International financial reporting standards (IFRS) and the CBSI Act 2012. This is to meet the needs of both the local and international stakeholders which CBSI is a member of, and participates collectively and actively in their discussions and decision makings.

Discussions of relevance to the CBSI as an organization and the Solomon Islands as a country, living in the global community.

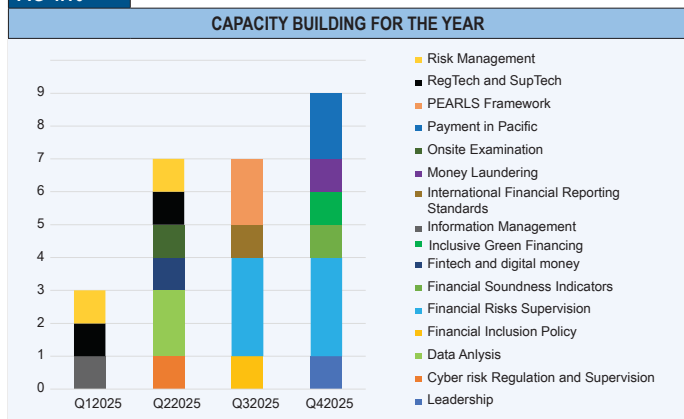
### Reporting

Reporting is a very important responsibility for management decision making. Reports are produced weekly, monthly, quarterly and yearly and are provided to the Management, Board, Ministry of Finance, Solomon Islands Government, and the people of Solomon Islands through hard copy reports and digital form through the CBSI Website. It is mandatory that financial reports are made available by the required timing under the CBSI Act 2012.

### Audit

External audit is maintained as required by CBSI Act 2012 throughout 2025. In addition to the internal audit function that is maintained continuously by the internal audit unit within the organization, Ernest & Young Fiji continue to provide this service in 2025. This service is organized by the office of the Auditor General with collaboration with the CBSI management and the Board. This service while its mandatory is also helpful for the CBSI as an organization to focus on its responsibilities

FIG 4.10



Source: CBSI

and delivers on its responsibilities with integrity and diligence expected by the stakeholders and the people of Solomon Islands.

**Annual financial report**

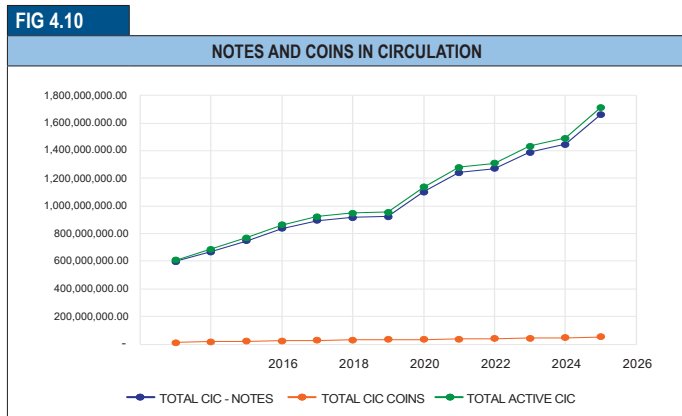
The financial performance for the year 2025 was relatively similar to that of 2024, with a net operating loss of \$14 million, as compared to the net operating loss of \$92 million in 2024.

This performance was largely contributed by: the relatively consistent interest rates in the financial markets, which helped maintain returns of the banks' investments, the relatively strong management of currency revaluation movements ensured to maintain the losses through these challenging times during the year 2025. As a result of this performance, Total assets improved to \$7,437. Total liabilities are \$7,006 million, and the net equity is \$431 million. Both Assets and liabilities all move positively in 2025 as compared to the 2024 financial status.

**CURRENCY AND BANKING SERVICES ADMINISTRATIONS**

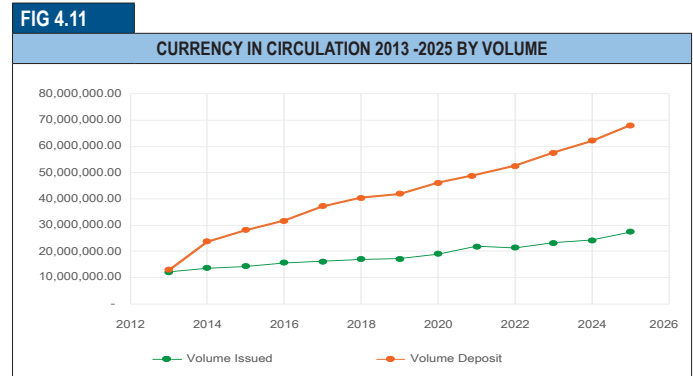
**Currency Management Operations:**

The value of Currency in Circulation (CiC) has continued to expand steadily over the period under review, from \$1.49 billion in 2024 to \$1.71 billion in 2025 reflecting the evolving cash needs of the Solomon Islands economy. The overall expansion of the CiC, driven almost entirely by notes (6.25%) highlights the Solomon Islands continued reliance on cash as a means of payments. While coins remain important for low-value transactions, their stagnant trend underscores their declining relative significance. The upward trajectory of total CiC signals the need for ongoing cash management strategies, while also reinforcing the importance of modernizing payments eco- system to balance efficiency with accessibility for cash-dependent rural communities.



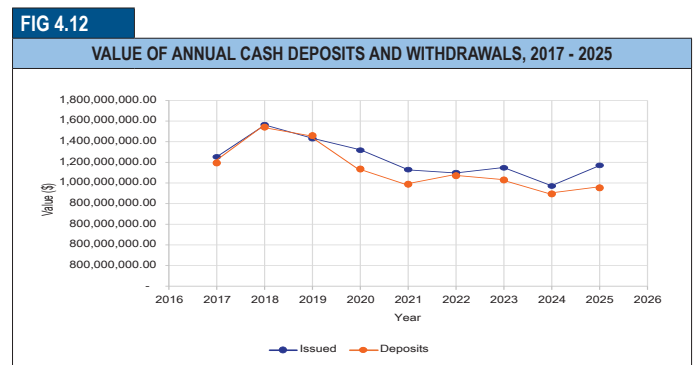
Source: CBSI

**Value of Currency in Circulation**



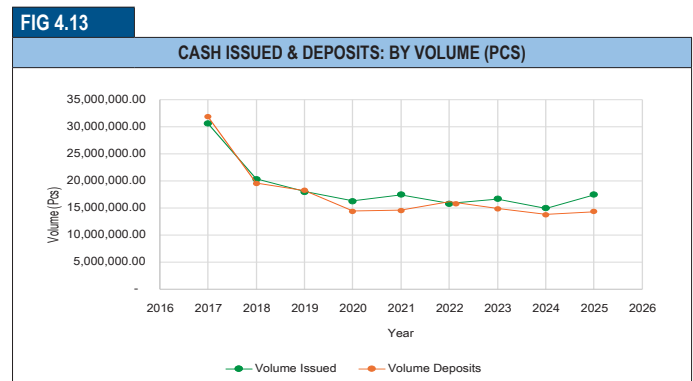
Source: CBSI

**Volume of Currency in Circulations**



Source: CBSI

Both notes and coins shows a steady increase in circulation volume from 2013 to 2025. The upward trajectory suggests that growing demand for physical currency over time, possibly linked to population growth, economic expansion, or limited adoptions of cashless system.



Source: CBSI

Annual growth rate for notes is around 1.25% per year while coins growth rate per annum is around 4% per annum.

### Currency Issuance and Deposits

Between 2017 and 2018, cash issuance and deposits grew sharply peaking in 2018 as physical currency dominated financial transactions. This was followed by a significant decline through 2020, reflecting the impact of the COVID-19 pandemic, which disrupted economic activities and accelerated the shift towards digital and contactless payments.

From 2021 to 2025, both issuance and deposits stabilized, with withdrawals consistently but modestly exceeding deposits. indicating balanced cash circulation. The narrowing gap between the two reflects structural changes in the economy, driven by the rollout of modern payment infrastructure, such as the Solomon Automated Transfer System (SOLATS) and the government's commitment to building an inclusive digital economy. These developments have reduced reliance on cash, expanded financial inclusion, and strengthened resilience, positioning the Solomon Islands for sustainable growth through digital transformation.

### Currency Issuance and Deposits By Volume

The Volume of cash deposits and cash withdrawals peaked in 2017 before declining sharply by more than half through 2020. Since then, volumes have stabilized with minor fluctuations, leaving 2025 level at roughly 50 percent of the 2017 peak. This reflects a well-managed cash strategies which result to sustained contraction in cash circulation and a transition towards lower, steadier transaction volumes.

### Cash Processing Operations 2025.

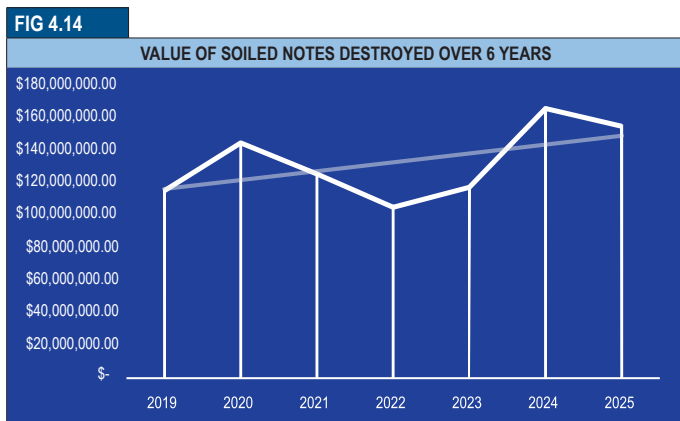
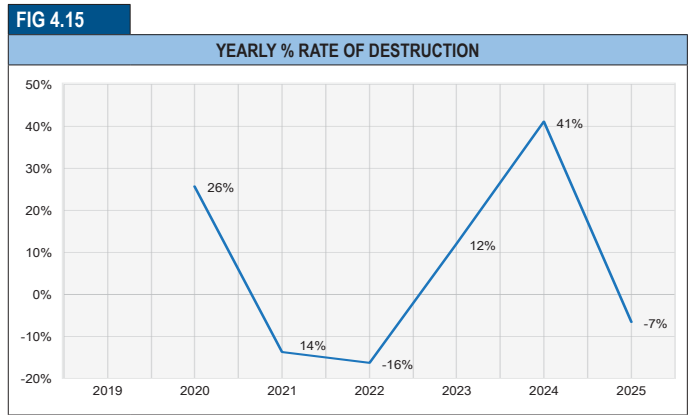


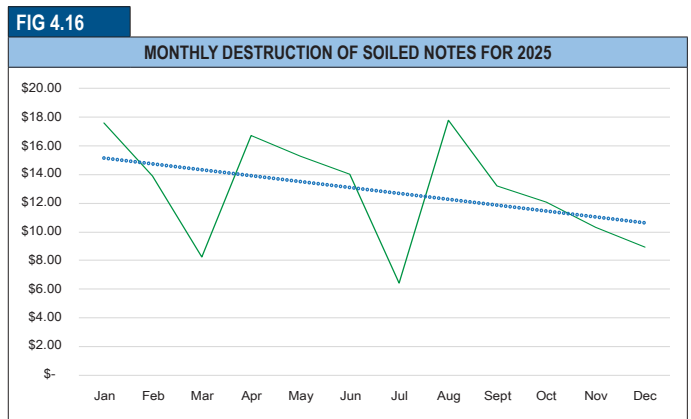
Figure 4.14, below, shows the total Value of Soiled banknotes destroyed each year from 2019 to 2025.

The graph above shows the total value of soiled banknotes destroyed each year from 2019 to 2025. The chart indicates that 2024 recorded the highest destruction of SBD \$165.5 million in comparison to SBD \$154.5 million in 2025.

The rising trend in 2024 suggests limited public awareness about cash handling practices, leading to a slower pace

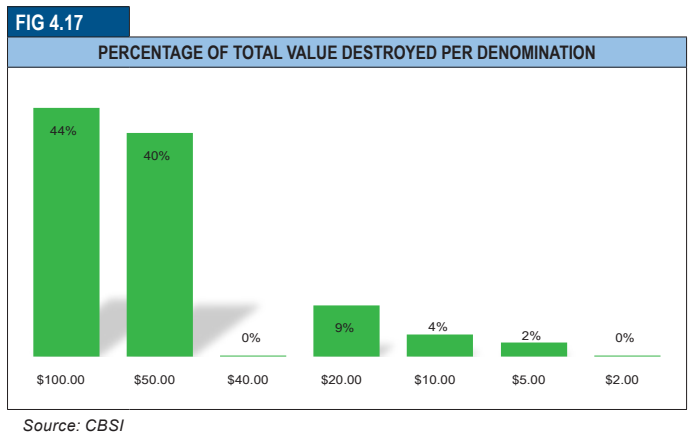


to adopting the clean note policy in sorting reusable or ATM-fit notes by commercial banks.

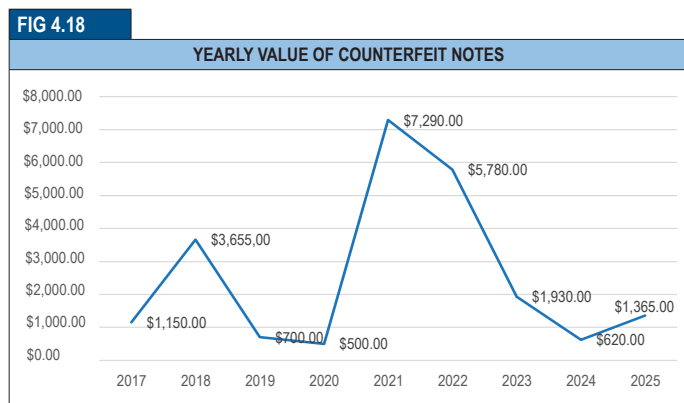


The graph above shows the trend of yearly destruction pattern as of 2019. The trend shows an increase from 2023 to 2024 but decrease again in 2025 indicating more quality and fit notes are circulations during the year.

The graph below shows the value of soiled notes destroyed each month for year 2025. A total of SBD \$154.5 million was destroyed with most soiled notes are destroyed in the month of August & January with the value of over SBD \$17 million in each month. The least destroyed in a



month is July & March with SBD \$6.5 million & SBD \$8.2 million respectively.

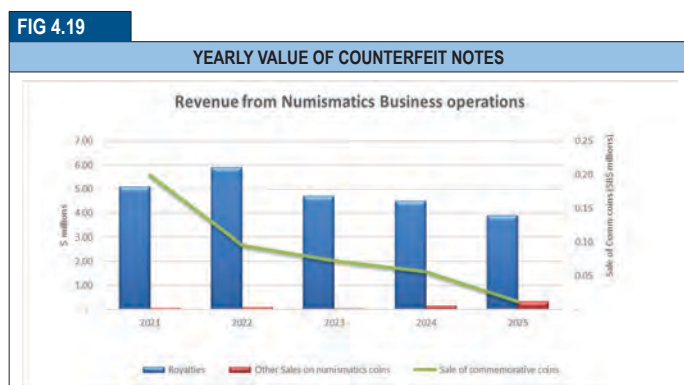


Source: CBSI

The graph above shows the percentage of destruction of soiled banknotes for 2025 per denomination.

As is the trend for 2024 and past years, \$100 denomination always has the highest value of soiled notes destroyed, followed by \$50, \$20, \$10 and \$5 denomination. The least denomination destroyed is \$40 & \$2 note. These two denominations are low in circulation because \$40 is a one-off production to commemorate Solomon Islands 40th Independence while the \$2 note is being phased out and replaced by the \$2 coin.

Graph 5 above shows the value of counterfeit notes confiscated from circulation over the years from 2017 to 2025. The graph shows that over a period of eight (8) years, 2021 has the highest value of \$7,290 followed by 2022 with value of \$5,780 and has since declined over the years to 2024 but with a minimal increase in 2025 to value of \$1,365.00, mostly in 100s and 50s denomination. Almost all the counterfeit notes confiscated from circulation were over CBSI counter from the public or from commercial banks.



Source: CBSI

### Numismatic Business 2025

Total revenue from numismatic business operations during the year dropped by 18% to SBD \$3.9 million

compared to SBD \$4.5 million the previous year due to slower pace in the collection or proceeds from one of the external partners which was then received into February 2026. Of the total revenue, 99% was from royalty receipts whilst 1% was raised from the sale of commemorative coins and numismatic banknotes and coins both locally and internationally.

The Bank continues to ensure that only high demanding commemorative and attractive royalty returns are renewed in conjunction with concurrent popular coins program running contracts initiated by the Bank. In terms of coin programs, the bank has approved 75-coin programs from MDM/WCA in Germany and 30-coin programs from Royal Australian Mint (RAM), in total 105-coin programs were approved during the year. A huge percentage of the approved coin programs portrayed historical icons, nature landmarks and cultural heritages sites of significant value. Other designs portrayed important technological developments and innovations in the transport and communications industries that also impacted on humanity generally. In year 2025 a huge recognition was received on the first-place award of the 2024 Daisy 2oz Silver Coin at the Beijing International Coin Exhibition. This recognition reflects CBSI's strong partnership with MDM and WCA's through the development of our SI commemorative products in the international market.

The integrity of the coins continued to be the major determinant in approving the Bank's participation in the coin programs.

CBSI is expected to participate in several new commemorative coin programs, with prospects for better revenue in 2026 and 2027.

### Banking Services

During the year, the Bank continues to provide banking services to licensed financial institutions, the Solomon Islands Government, and other non-banking financial entities, as required by the CBSI Act 2012. These services included administering both local and foreign currency-denominated accounts created with the Bank by the Solomon Islands Government and its donor partners. Additionally, the Bank facilitated transaction payment instructions, reconciles account balances, monitors the daily liquidity of commercial banks, and maintains accurate records to meet audit requirements.

At the end of 2025, four licensed commercial banks are operating in the country that are customers of CBSI, apart from the Development Bank of Solomon Islands.

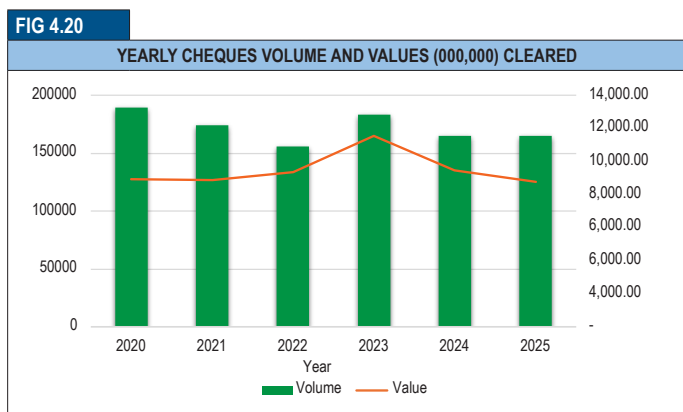
### Clearing House Activities

CBSI continues to play a central role in the national payments landscape by facilitating the clearing of cheques issued by the four licensed commercial banks operating in Honiara. In 2025, an average of 13,764 cheques valued at approximately SBD \$730 million were processed through

the Clearing House each month. This reflects a marginal growth of 0.18% in cheque volume compared with 2024, representing an additional 304 cheques.

Despite a slight rise in cheque usage, the total value of cheques cleared declined notably. In 2025, cheque value fell by SBD \$707 million, representing a 7% decrease from the previous year. This contrasting trend, higher volume but lower value, suggests that while cheque usage remains steady, the average value per transaction has dropped, indicating a shift toward smaller value payments or changes in business payment behavior. This aligns with National Payment System (NPS) which supports bank-to-bank transfers as a natural pathway for higher-value payments to migrate off cheques.

The small increase in cheque volumes can be partly attributed to continued business activity within the financial sector and the transitional phase following the rollout of the NPS in 2024. While the NPS introduced automated processes for financial institutions and improved efficiency for business-to-business transactions, it has not yet incorporated functionality to process cheque payments for the Solomon Islands Government (SIG) or the wider business community, only for banks to banks. As a result, although digital payment channels are expanding, cheques remain necessary for SIG-related payments and certain transactions between businesses and commercial banks. Until the NPS is upgraded to include government and business cheque-processing capabilities, cheque usage is expected to persist as a preferred payment method for both operational convenience and risk management.



Source: CBSI

**INFORMATION TECHNOLOGY**

The Bank continued to maintain and enhance its technologies to ensure efficiency, relevance, security, and resilience. The technology enhancement initiatives undertaken during the year were aligned with the Bank’s Corporate Strategy and its objective to modernize systems and automate business processes. The resumption of the U.S. Trade and Development Agency (USTDA) project in the second half of the year enabled further review of recommended systems for potential implementation.

Additionally, the engagement of CyberCx on the security related projects during the year demonstrated the Bank’s commitment to strengthening cyber security and managing technology-related risks.

**Continuous Enhancement of ICT Systems, Infrastructure & Services**

The Bank advanced or completed the following system, infrastructure, and service enhancements during the year.

- Completed the mandatory migration of the Bank’s SWIFT system from legacy message formats to ISO 20022, enhancing interoperability and ensuring richer, structured financial messaging.
- Completed the migration of the Bank’s SWIFT operations to Alliance Cloud, improving performance, security, cost efficiency, and access to advanced features.
- Continued enhancements to the National Payment System (SOLATS), including onboarding the Ministry of Finance (SIG), improving network services, and strengthening integration with the Bank’s Accounts System. Work continues into 2026.
- Progressed migration from TechnologyOne CI (Connected Intelligence) to TechnologyOne CIA (Connected Intelligence Anywhere), improving productivity, data accessibility, performance, and security.
- Advanced implementation of the Microsoft 365 project to support automation and collaboration, with full deployment continuing into 2026.
- Commenced development of the Enterprise Cash Management System, which will enhance operational visibility, forecasting, reporting, and cash-handling efficiency.
- Initiated development of the Bank’s new website following fourth-quarter approval, with implementation continuing into 2026.
- Progressed work on network and server upgrades, including procurement of new hardware, with remaining work continuing into 2026.
- Improved connectivity between the Bank’s Head Office and the Solomon Islands Financial Intelligence Unit through the replacement of a radio link with a fibre link.
- Replaced outdated computers to provide staff with reliable and modern tools.
- Continued delivery of essential IT support services, including network access, printing, email, internet connectivity, file sharing, and conferencing services.
- Provided technology tools and resources to enhance staff ICT knowledge and troubleshooting capabilities.

### Cyber Security and Disaster Recovery

To safeguard the confidentiality, integrity, and availability of its ICT systems and data, the Bank undertook the following security and disaster recovery initiatives against both internal and external cyber threats.

- Engaged CyberCx to conduct a Security Gap Assessment, with work ongoing into 2026.
- Conducted a Vulnerability Assessment and presented findings to the Board Audit Committee and Risk Committee using the Tenable Vulnerability System.
- Delivered Cyber Security Awareness training for staff.
- Worked with BeyondTrust (BT) engineers to address authentication issues.
- Monitoring threats with the support of the security tool Security Information and Event Management (SIEM) system.
- Implemented security tools across the CBSI network to prevent malicious software execution.
- Enhanced firewall configurations and policies to harden the Bank’s network.
- Expanded endpoint protection coverage across end-user devices.
- Ongoing monitoring and management of the email protection system.
- Maintained regular backups of critical and non-critical ICT assets.
- Resolved Disaster Recovery (DR) server issues, including storage limitations.
- Continued vulnerability management activities.
- Deployed critical security patches for servers and workstations.

### Enhancing ICT Policies

In support of ongoing IT governance, the following policies were developed, progressed, or completed.

- Engaged consultants to deliver a comprehensive Cyber Security Strategy for the Bank.
- Progressed development of the Artificial Intelligence (AI) policy.
- CyberCx reviewed the Bank’s Disaster Recovery (DR) Procedure.
- Continued development of the SWIFT Standard Operating Procedure (SOP).
- Progressed the development of the Information Classification Procedure.

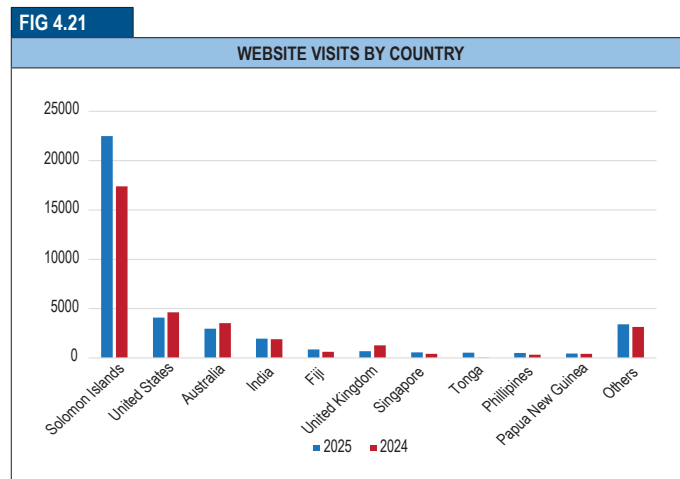
### Website Visits

The public continues to use the Central Bank of Solomon

Islands as a key source of information about the national economy and the Bank.

In 2025, the total website visits increased by 12% reaching 40,530, up from 35,731 in 2024.

Among visitors from the 200 countries who accessed the website, the top 10 countries in 2025 were, Solomon Islands (56%), United States 10%), Australia (7%), India (4%), Fiji (2%), United Kingdom 2%), Singapore (1%), Tonga (1%) Philippines (1%), and Papua New Guinea (1%).



Source: CBSI

### INTERNAL AUDIT UNIT

#### Overview

Internal auditing is defined by the International Internal Auditing Standards as an independent, objective assurance and consulting activity designed to add value and improve an organization’s operations. It supports an organization’s objectives by applying a systematic and disciplined approach to evaluating and enhancing the effectiveness of risk management, internal control, and governance processes.

Within the Central Bank of Solomon Islands (the Bank), the Internal Audit Unit (IAU) is established by the Board under the CBSI Act as an integral part of the Bank’s corporate governance framework. Its primary role is to provide independent assurance to the Board and senior management on the effectiveness and efficiency of the Bank’s governance, risk management, and internal control processes and systems.

#### Mandate and Governance

The Board Audit and Risk Committee (BARC) through its Charter is responsible for the effective oversight of the Internal Audit Function (IAF) within the Bank. The Bank’s IAF is reporting functionally to the BARC and administratively, to the Deputy Governor’s Office, Governors’ Department.

The Unit’s roles and responsibilities are generally guided

by the:

- CBSI Internal Audit Charter (2022)
- Audit Manual/Policy approved by BARC in April 2024
- Global Internal Audit Standards (GIAS), effective on 1st January 2025.

The approval of the Audit Manual in the previous year (2024) marked a significant milestone for IAU in its endeavour for continuous improvement and enhancement of its assurance and business as usual programs, and activities. This first ever comprehensive framework sets the conducive foundation for IAF to systematically deliver its value-adding assurance and consulting programs and activities, to the Bank's internal control, risk management and governance systems and processes.

### Professional Standards and Ethics

The IAU team, as part of their annual commitment and allegiance, had renewed their commitment to the profession by signing the applicable Code of Ethics and of Conduct for the CBSI IA Function.

- Assurance – Providing assurance that is relevant and appropriate across the governance, risk management, and control processes of the auditee
- Insight – Offering value-adding audit conclusion and recommendation through effective and quality audit analysis and assessment
- Integrity – Upholding trust and credibility while conducting and making professional judgement and decision.
- Objectivity – Ensuring unbiased audit evaluation and assessment, that is free from personal interest and external influence
- Confidentiality – Respecting and safeguarding information obtain and used during the conduct of assurance programs and other audit activities.
- Competency – Applying the correct and right knowledge and skills while executing Internal Audit responsibilities and activities.

### Risk-Based Audit Planning

The due process of ensuring a holistic and integrated approach in risk management is of essence in the process of putting together the AIAP.

Audit coverage was prioritized based on the assessed inherent risk exposure of the auditee and equally important, the resource constraints within the IA Team.

The planning approach emphasized:

- preliminary risk assessment
- alignment with CBSI's strategic and operational

priorities

- appropriate consideration of the Risk Management output of 1st & 2nd line of defence; and
- focus on high-risk areas to ensure optimal resource deployment.

### Functional Reporting

The IAU had scheduled and effectively complied to its mandated quarterly (5 BARC Meetings being conducted) reporting to the BARC. The equally important Audit Closing Meetings conducted during the year with the auditees' management were geared towards adding value to the current processes and systems, of the Bank.

### Stakeholder Engagement and Value Addition

Conducting high-quality audits required close collaboration with CBSI's business units. Auditors engaged extensively with process owners during planning, fieldwork, and reporting phases to verify processes, validate findings, and develop practical, value-adding recommendations.

This collaborative approach strengthened:

- organizational understanding of control, risk management and good governance,
- alignment of audit observations (and recommendations) with what was on the ground (actual practice), and
- overall risk maturity and culture across the entire Organisation.

### Assurance & followup Review Activities in 2025

The In line with the approved risk-based audit plan and other value-adding activities, the IAU successfully completed assurance engagements in the following areas:

- Foreign Reserve Management
- Exchange Control Approval Process and Operation
- Currency and Banking Services Management
- Payment System and Settlement
- Role-based SWIFT system access and controls Management
- Successful conduct of the 2025 SWIFT Internal Independent Attestation Program (2025 CSP requirement)
- Staff Recruitment, Selection and Retention Management
- Properties and Facilities Administration and Management
- Follow-up reviews during the year
  - External and Internal Audit MLPs
  - IMF Safeguards Recommendations

These engagements reinforced CBSI's commitment to maintaining strong governance, robust internal controls, and sound risk management practices consistent with international standards.

It must also be emphasised that, while the Bank's IA Function might be successful in its implementation of

its Annual Audit Programs and other value-adding consultative initiatives, the true achievement and success could be better gauged on the effective implementation of the outcome of such audit programs and initiatives, by the first (1st) line of defense - the accountable department/management.

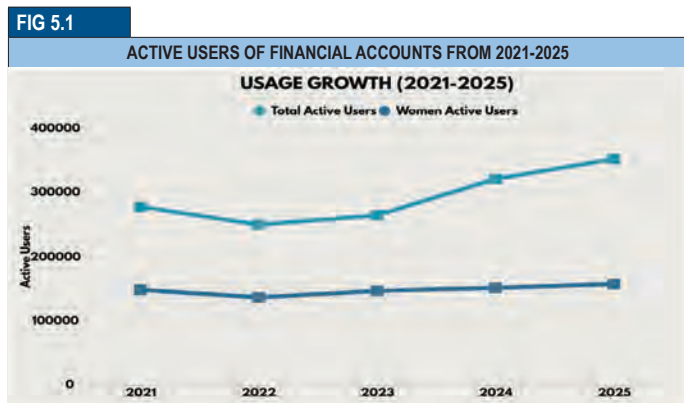
## CHAPTER 5: FINANCIAL INCLUSION

The year 2025 marked the conclusion of the Solomon Islands National Financial Inclusion Strategy 3 (NFIS3), completing five years of implementation since 2021. Despite notable progress, persistent structural challenges to financial inclusion constrained the pace of interventions, limiting the extent to which some of the national financial inclusion targets could be met within the planned timeframe.

The 5 years capped off five years of implementation on four thematic areas of development including digital financial services, micro small medium enterprises, consumer empowerment and financial inclusion disaggregated data. To measure the implementation progress, a review of NFIS3 will be undertaken in 2026.

### The NFIS3 goals to be achieved by 2025;

1. Increase active users of financial accounts to 400,000 (of which 50% are women); and
2. Increase the number of access points to 1155.



Source: CBSI

By the end of 2025, the total number of active financial account users reached 352,234, of which 157,904 are women. This represents 10% increase from 321,111 active users recorded in 2024. In terms of the NFIS 3 target achievement, total active users attained 88% of the overall target, while women active users reached 78% of the target. Since the inception of NFIS3 in 2021, total active users and women active users have increased by 24% and 19% respectively from their baselines of 283,954 and 133,046, reflecting sustained progress in expanding financial inclusion over the strategy period. This increase was primarily due to new users of digital financial services particularly, the mobile money. However, these aggregate figures may contain some duplications, particularly from supply side data due to lack of a mechanism to individualize a customer as a unique user.

Alternatively, the number of registered financial account users surpassed the 400,000 targets with e-money report-

ing 424,000 registered users. Of the total registered users, MNOs accounted for the majority, which were recorded through sim card registration.

**TABLE 5.1**

**FINANCIAL ACCESS POINTS BY PROVINCES: 2021 - 2025**

INDICATORS	2021	2022	2023	2024	2025	CHOISEUL	WESTERN	ISABEL	MALAITA	GUADALCANAL	CENTRAL	RENBEL	MAKIRA	TEMOTU	HONIARA
Number of Branches	14	15	14	23	20	1	5	1	3	0	1	0	1	1	7
Number of ATMs	56	59	58	60	65	0	9	0	2	3	0	0	0	0	51
Number of EFTPOS -Terminal	361	423	589	637	664	10	58	6	27	27	3	0	3	3	527
Number of EFTPOS -Merchants	264	313	441	469	497	0	41	1	17	25	0	0	0	1	413
Number of Agencies	7	7	7	5	4	1	0	0	1	0	0	0	1	1	0
Number of Mobile Banking Access points or agents	50	53	50	50	52	10	11	5	8	3	3	0	2	3	7
Njmb of Mobile/ E-money issuers agents	0	0	266	2408	4853	208	761	197	671	351	88	230	26	177	2144
Total No. of Access points	752	870	1425	3652	6155	230	885	210	729	409	95	237	26	185	3149

Source: CBSI

The second national goal also achieved its target, surpassing the 1155 access points in the second half of 2023. In 2025, the financial access points reached 6155, an increase of 5000 additional access points. This substantial growth was led by the expansion of digital financial services, particularly mobile money issuers, whose agents now account for 78% of financial access points nationwide. Subsequently, improving decentralization of these services with nearly half of the total access points were in the provinces.

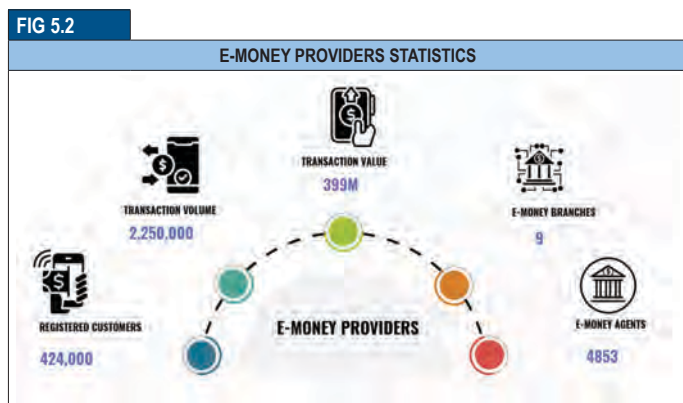
### The six Strategic Objectives under NFIS3

These strategic objectives under four broad thematic areas, were mainly implemented by the National Financial Inclusion Taskforce (NFIT) stakeholders and the Working Groups. These working groups are, Digital Finance Working Group (DFWG), Micro Small Medium Enterprises Working Group (MSMEWG), the Consumer Empowerment Working Group (CEWG) and Data & Measurement Working Group (DMWG). These working groups have been chaired by the Solomon Islands Government Ministries including, Ministry of Finance & Treasury (MOFT), Ministry of Commerce, Industries, Labour and Immigration (MCILI), Ministry of Women, Youth, Children and Family Affairs (MWYCFA). More

importantly, these multi-stakeholder Working Group platforms are critical for coordination, build trust and shared ownership and improve implementation of the national agendas under the Strategy. In 2025, the NFIT and the four Working Groups each held 2 meetings to discuss the ongoing progress of the NFIS3 and develop and implement respective working groups workplans. The following updates on the Six (6) strategic objectives outlines the ongoing progress on current initiatives and new initiatives during the year.

### Strategic Objective 1: Amplify the reach and quality of digital financial services, products & channels.

Digital Financial Services (DFS) continue to expand to the last mile through mobile money growth, driven mainly by M-Selen's agent network and user expansion in rural areas across the nine provinces.



Source: CBSI

As mobile money service providers' product offerings expand, more rural people can now access more services through their mobile money wallets. These services include foreign remittances, payment for goods and services, tertiary school fee payments, loan repayments, savings deposits, and payments for parametric insurance.

Alongside this growth, accompanying risks that continue to hinder uptake of DFS include high concentration of DFS access points in urban and provincial centres, network unreliability, concern about fees, and scams. In response, DFS providers conducted awareness on scams, while CBSI conducted DFS awareness on the benefits and frequently asked questions about e-money/mobile banking. CBSI has also engaged in knowledge sharing sessions with one of the e-money providers to understand the rationale behind its withdrawal fee structure. It was noted that due to the current market and agent network operational dynamics, the current fee structure supports a minimum win-win incentives for agents to continue rolling out and expand delivery of financial services in the rural and remote areas, which include most unviable areas unreachable by formal financial institutions.

## Digital Financial Service Initiatives

### Inclusive National Payment System & Interoperability

Following SOLATS launch, a key phase of implementation was the ongoing Instant Fund Transfer (IFT) UAT testing and integration of key participants. It is expected to go live in the first quarter of 2026, enabling real time settlement of retail payments. This will enable fund transfers between sender and receiver on a 24-hour and 7 day a week basis, thereby improving accessibility and efficiency of payments.

In terms of interoperability, at the recommendation of the Digital Finance Working Group, the CBSI sought support from DFAT for technical assistance to develop a unified QR code standard for Solomon Islands. This initiative is intended to streamline QR code payments between market providers, reducing fragmentation of QR code payment systems and payment frictions. The initiative will commence with scoping in the first quarter of 2026.

### Regulatory sandbox

The regulatory sandbox continues to provide support to existing applicants currently in testing phase. In 2025, LumiCash, one of the three applicants in the testing phase, was granted money transfer licenses to provide digital foreign remittances. Overall, sandbox solutions have contributed to addressing financial inclusion challenges, which spans digital remittance, digital nano loan, and parametric insurance. CBSI observations noted the importance of proper market research, partnerships, new market solutions, innovation hub, and robust digital public infrastructure as key innovation drivers that will deliver better market outcomes.

### Support government policies

Through dialogues with government ministries on government e-payment gateway, e-commerce initiative, national payment system integration, e-payment solutions, and digital transformation, the CBSI continues to support government policies and strategies geared towards promoting e-government services and e-commerce.

### Digital Finance Working Group

Members of the Digital Finance Working Group held two meetings to deliberate on matters and updates regarding access to digital finance services, including challenges and prospective initiatives were deliberated. Key outcomes by DFWG meeting that were actioned included awareness on online scams, plan to test SIG payment use cases: vehicle inspection and passport fees; and concept note for technical support to develop a unified QR code standard to streamline QR code payments.

### Strategic Objective 2: Improve and promote MSME finance

The Micro, Small, Medium Enterprises Working Group (MSMEWG) focuses on enhancing broader participation of MSMEs across the country by improving access to finance through the SME Credit Guarantee Scheme, MSME Credit line facility, and the Export Finance Facility; as well as MSME trainings that were both industry specific and bank-ready. The MSMEWG also welcomed the introduction of the Comprehensive Credit Reporting Regulations (CRR) aimed at strengthening the credit risk information system and promote information sharing to increase credit availability for MSMEs. These efforts are intended to ensure the sustainable development and resilience of MSMEs nationwide.

#### Stakeholder initiatives

Key initiatives by MSME stakeholders in which CBSI participation was notable include: (1) The MSME Day – organized by MCILI whereby MSMEs and stakeholders gathered to deliberate on challenges facing MSMEs and celebrate their achievements; (2) UmiGro accelerator programme – launched by Strongim Bisnis in partnership with Strongim Bisnis to empower women, youth, and grassroots entrepreneurs across the country; and (3) YECSI Awards 2026 – an event hosted to commemorate the role of young entrepreneurs in driving progress and innovation, and to celebrate the outstanding contributions of youth entrepreneurs in various facets of our socio-economic development. As part of the initiatives implemented by MSME stakeholders, CBSI supported the event by sponsoring “the giving back to community entrepreneur of the year award.” This sponsorship highlighted the support and ongoing collaboration with YECSI on initiatives that enhances youth entrepreneurs’ development, visibility, and access to finance. The CBSI also participated in the launch of the new DBSI branch in Auki. With its presence, the DBSI will enable access to credit for SMEs in Malaita to be more accessible.

#### Regulatory and policy initiatives

##### MSME Bill

The bill establishes a supportive framework that enables the growth and development of MSMEs, including a clear legal structures and governance system to guide national MSME initiatives, including both financial and non-financial incentives. The MCILI has concluded provincial consultations, and the bill is currently in its second draft with the Attorney General chambers.

##### MSME financing policy

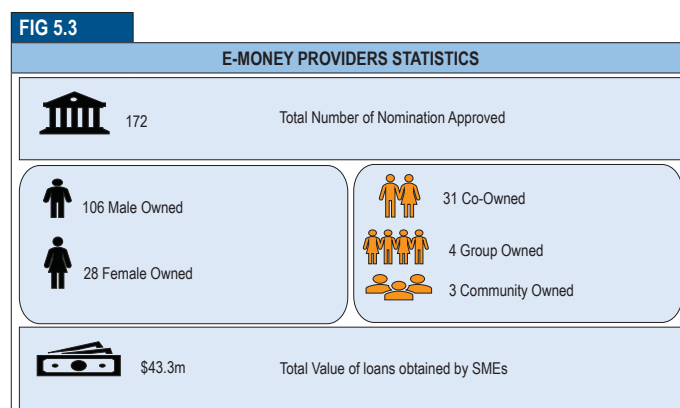
The aim of the policy is to support MSMEs access to finance by creating a legal, coordinated, inclusive, and efficient financial ecosystem that supports affordable and appropriate financial services for MSMEs in Solomon Islands. The policy Concept has been completed by the (MCILI), while its review and development are pending recruitment of a technical advisor.

### Credit Risk Reporting Regulations

The CBSI has formalized and introduced the comprehensive credit risk reporting regulations (CRR) on 12th September 2025. Among other things, the regulation formalizes positive credit reporting, expanded scope of data providers and entities to include utility providers. The CRR is expected to improve the accuracy and depth of fair credit assessment, ensuring strong customer protection while enabling greater access to financial services.

#### Ongoing Initiatives

1. The SME Credit Guarantee Scheme Developed by SIG through MCILI/MoFT, and administered by CBSI, the scheme is implemented through partner financial institutions (PFI): DBSI, BSP, ANZ, POBL,

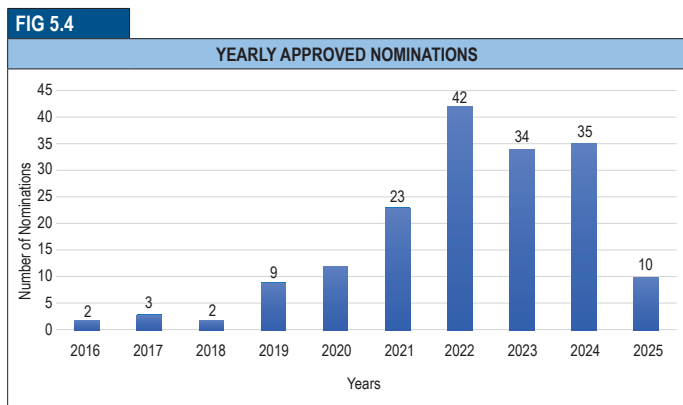


Source: CBSI

and Credit Corp SI Ltd. The scheme provides loan guarantees covering 90–95% of the unsecured portion of loans for eligible SMEs.

From 2016 to 2025, a total of 172 guarantees were approved, reflecting a good uptake of the scheme. In terms of access by ownership, more men-owned SMEs comprised the majority, followed by co-owned, women-owned, group, and community owned enterprises. The total value of loans guaranteed and received by SMEs was \$43.3 million.

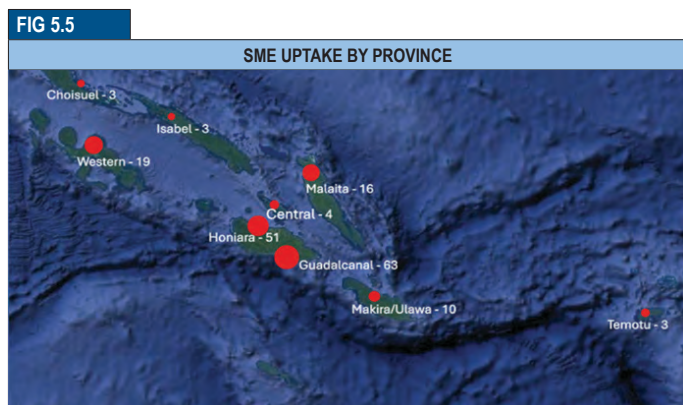
Year	Total Gross amount (\$m)	Total risk to Borrower (m)	Proportion of risk borne by the scheme	Proportion of risk borne by PFIs	Approved Nominations
2016	0.72	34%	59%	7%	2
2017	0.96	33%	60%	7%	3
2018	0.72	46%	49%	5%	2
2019	1.70	23%	69%	8%	9
2020	3.35	30%	63%	7%	12
2021	4.74	28%	65%	7%	23
2022	11.35	37%	55%	6%	42
2023	8.45	46%	49%	5%	34
2024	8.39	31%	62%	6%	35
2025	2.89	34%	60%	6%	10



Source: CBSI

Total	43.27	34%	59%	6%	172
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Table 5.2 shows trends in risk borne respectively by borrowers, the scheme, and PFI based on actual monetary value contributed (according to criteria set out in the scheme’s guidelines) relative to the total gross loan amount, and total number of nominations approved for the period 2016-2025. Over the years, the scheme has borne more risks, averaging 59% compared to risks borne by borrowers (34%) and PFIs (6%). The number

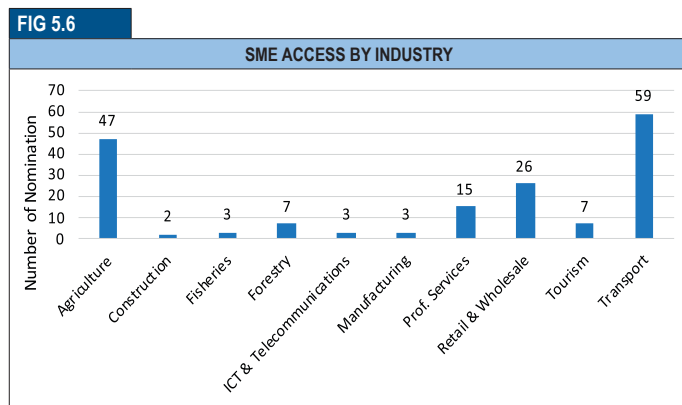


Source: CBSI

of approved guarantee nominations to PFIs increased modestly between 2016 and 2020. The upsurge in approved nominations during 2021-2024 was attributed to the scheme’s expansion to include DBSI and Credit Corp SI Ltd. In 2025, the scheme was paused for an interim review.

The distribution of approved nominations across provincial locations shows a clear concentration in Guadalcanal and Honiara, which record the highest numbers of SMEs accessing the Guarantee scheme. This is followed by Western, Malaita, and Makira/ Ulawa Provinces, each demonstrating moderate levels of participation. In contrast, significantly lower distributions were observed in Choiseul, Isabel, Central and Temotu. This disparity is due to geographical locations and varying access to financial services.

Transport and Agriculture sectors demonstrate the

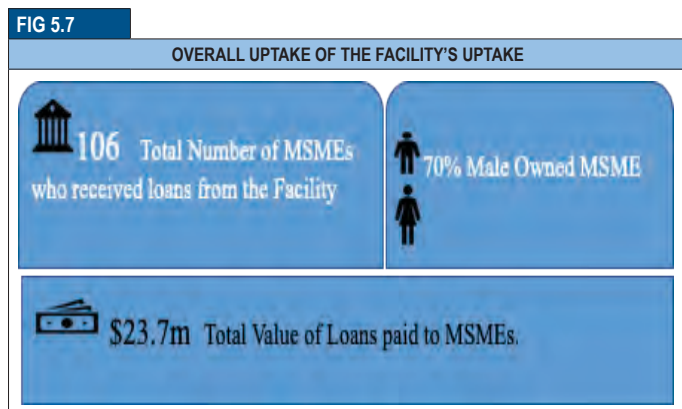


Source: CBSI

highest level of industry uptake, with 59 approved nominations from transport sector and 47 from the agricultural sector. The increase in 2025 was attributed to the transport sector that is cross-cutting in nature, as transport services are essential for public transportation, movement of goods and various other logistical purposes. These are closely followed by Retail and Wholesale sector, as well as Professional Services. In contrast, other Sectors including construction, Fisheries, Forestry, ICT & Telecommunications and tourism show minimal participation in the scheme.

### MSME Credit Line Facility

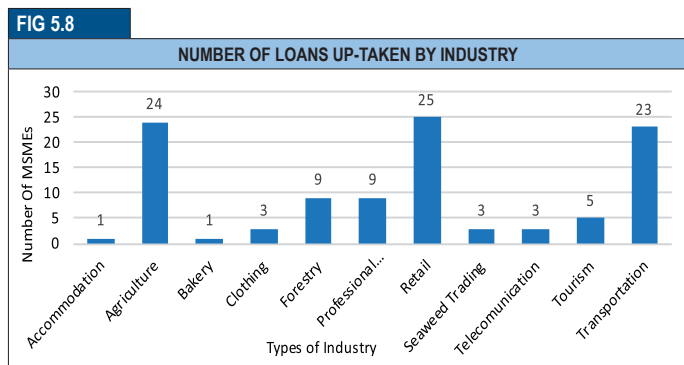
This facility was established by MCILI through the Development Bank of Solomon Islands. It provides working capital and business development financing at



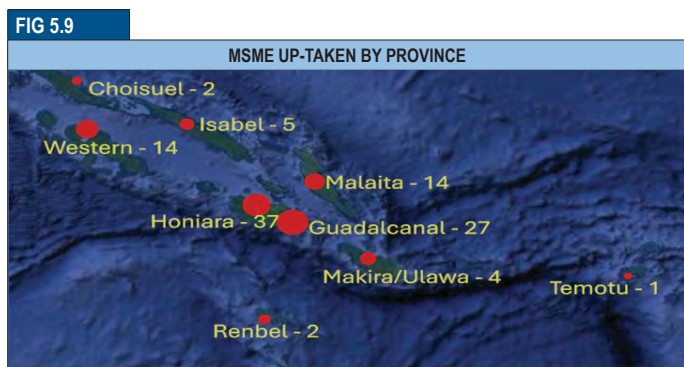
Source: CBSI

a low interest rate to support micro, small, and medium enterprises. The facility targets working capital needs and business improvement and expansion. Priority sectors include agriculture, tourism, fisheries, and agroforestry, with a particular focus on indigenous entrepreneurs, women, and youth, aiming to strengthen the local economy and foster private sector growth.

From 2021-2025, a total of 106 loans were approved and disbursed to MSMEs, in which 70% are male owned and 30% are female owned MSMEs. The total value of loans paid to these MSMEs was \$23.7 million.



Source: CBSI



Source: CBSI

In terms of industry uptake, retail, agriculture and transportation has the highest in loan disbursement. However, minimal uptake in other sectors like forestry, tourism and accommodation.

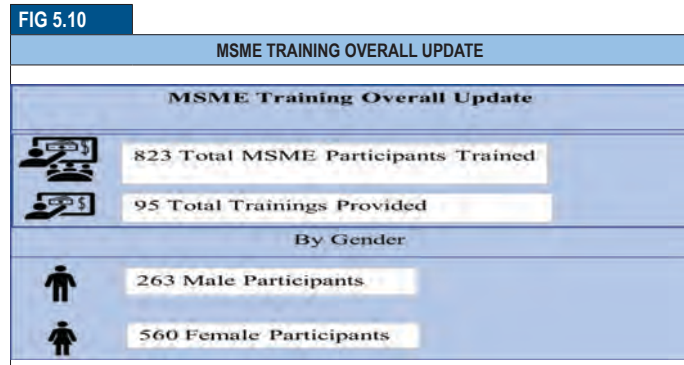
By locations, Honiara records the highest number of MSMEs accessing loans, followed by Guadalcanal and Malaita Provinces. However, Western Province demonstrates moderate uptake, whereas Isabel, Makira/ Ulawa, Temotu, and Renbel Provinces show minimal participation. This is due to the remoteness of the islands which resulted in limited access to financial services. Overall, all provinces have accessed the facility except for Central Islands Province.

### MSME Trainings

Training for MSMEs is conducted by several stakeholders, including the Solomon Islands Small Business Enterprises Centre (SISBEC), the Young Entrepreneur’s Council of Solomon Islands (YECSI), MCILI among others.

However, due to the challenge in data collection, the available dataset contains information only from SISBEC and YECSI, covering a total of 95 trainings delivered to 823 participants. Most participants were women, with 560 female participants compared to 263 male participants.

The trainings offered focused on various MSME management and bookkeeping skills. These included courses such as sales and marketing, basic practical



Source: CBSI

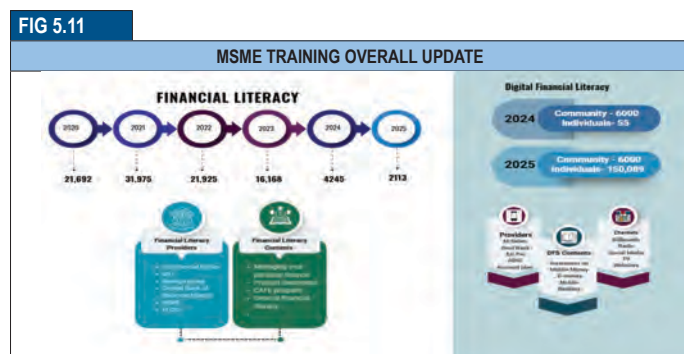
bookkeeping, Cash flow management, start your own business course, intermediate excel, and other related topics. Additional training sessions also covered food hygiene and financial literacy.

### Objective 3: Include women, youth and rural adults as fully engaged participants in the national financial sector.

The Consumer Empowerment Working Group (CEWG) members continued to progress the consumer empowerment initiatives in 2025. Some of the initiatives implemented include delivering of digital financial literacy, financial literacy programs, promoting savings groups and Consumer Awareness and Financial Empowerment Training of Trainers program.

### Digital Literacy and Financial Literacy

CBSI and its Stakeholders continued to deliver Digital Financial Literacy and Financial Literacy Programs aimed at strengthening the financial competence and resilience of women, youth, children, men and rural communities. The face-to-face mode of delivering financial literacy programs and trainings ensure that information is available to targeted communities with limited digital access to such programs. It enables consumers to be aware of their financial rights to make informed financial decisions and build confidence when accessing and using digital payments, financial products and services. Whilst, the Digital Financial Literacy activities were delivered via mass-media campaign (TV, Billboards, social media), community digital outreach programs including online platforms, targeting digitally



Source: CBSI

active individuals, youths and rural adults. The content coverage of Digital Financial Literacy includes the online security awareness, the benefits and knowledge on how to use digital financial services such as Ezi Pei, MobileCash, internet banking and mobile banking Apps. Digital Financial Literacy and Financial Literacy promote greater access and use of secure and affordable financial and digital services and build confidence that empowers Solomon Islanders to make informed financial decisions.

### Consumer Awareness and Financial Empowerment (CAFÉ) Financial Coaching Programme

The CAFÉ Financial Coaching Programme is an initiative under the NFIS3 and the National Women’s Financial Inclusion Policy. In 2025, CBSI with the support from Good Return Australia continued to rollout the CAFÉ Training of Trainers (TOT) program through partnership with Ministry of Women, Youth, Children and Family Affairs (MWYCFA) and Anglican Church of Melanesia (ACOM). The aim is to reach all Constituencies including Honiara within the 5-year period, however, only 28 constituencies received the TOT program in 2025. The CAFÉ TOT was delivered to Savings Groups within Honiara and in the provinces to become certified trainers to deliver the Financial Coaching Program “Make Money Work for a Better Future” to their respective groups

Savings Groups is a community-based organisation which contributes to empower women through savings, microloans and financial literacy. Savings groups focused primarily on low-income and less educated women, especially those in the rural areas who are excluded from the formal Financial Service Providers. As part of the efforts to empower women, CBSI and its stakeholders continue to provide financial literacy trainings, digital financial literacy and CAFÉ TOT to savings groups. Additionally, CBSI in collaboration with the Savings Groups Practitioners promotes consumer protection among savings groups members through the distributions of the Solomon Islands Savings Groups Members Rights. It is important for savings groups members to know their rights and responsibilities when joining a savings group, as well as how to use the complaint redress mechanism to resolve any grievances that might arise.

In terms of monitoring, CBSI continues to collate savings groups data from savings groups practitioners and individual savings groups. However, collection of accurate and consistent data remains a challenge mainly driven by remoteness, informal setting, limited digital connectivity and voluntary based leadership. Therefore, data compiled only represented those Savings Groups

FIG 5.12

NFIS 3 objective 3.3 Continue to deliver TOT Programme to reach all Constituencies by 2025: Financial Competency Implementation (Training of trainers – TOT) CBSI & Good Return

Province	Constituency	Partner	No. of Coaches	Total Participants	Females	Male
Honiara	3	MWYCFA	17	158	144	14
Guadalcanal	8		19	434	405	29
Central	2	ACOM	13	125	125	
Malaita	5		17			
Ysabel	3		15	30	21	9
Choisuel	3		20	10	10	
Western	4		20	147	139	8
<b>TOTAL</b>	<b>28</b>	<b>2</b>	<b>121</b>	<b>904</b>	<b>844</b>	<b>60</b>

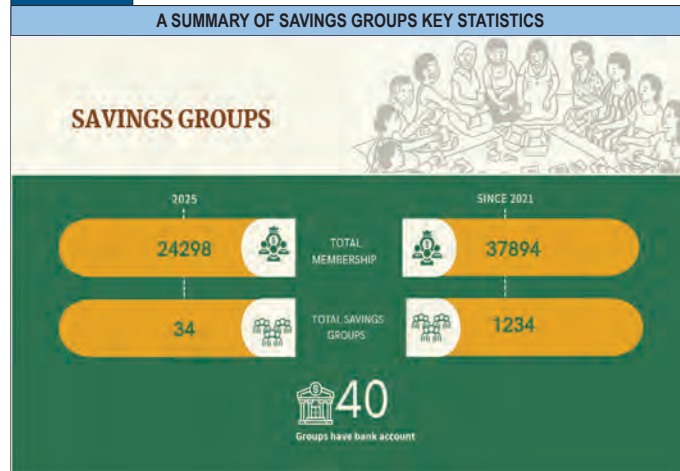
Source: CBSI

within their communities. These trainings continued to strengthen their household financial management skills, promote savings habits, and the use of practical money tools that are necessary to connect the knowledge and skills to actions and behaviours that will secure their financial future.

### Savings Groups

The NWFIP and NFIS3 placed greater emphasis on advancing financial inclusion in the Solomon Islands through initiatives that promote women’s economic empowerment.

FIG 5.13



Source: CBSI

that submitted their report to CBSI. These Savings Groups are MWYCFA, Western Province Savings groups, ACOM and West Areare Rokotanikeni Association (WARA) and its network including Kukum Campus Women’s Fellowship Savings group, West Wainoni and Ahetaha women’s Saving group.

### Strategic Objective 4: Build financial resilience in households and communities

#### youSave Scheme

During the year, the Solomon Islands National Provident Fund (SINPF) has tapped into two new initiatives, the enhancement of youSave deposit channel, and the

pilot of the climate risk parametric micro-insurance. The former focuses on enhancing the youSave deposit channel through the inclusion of the M-Selen Platform, as an alternate deposit channel for youSave members. Hence, youSave members can either deposit their savings through M-Selen or over the counter at any SINPF office. The use of such digital platform is convenient, real time and efficient especially for those youSave members in the rural areas. The latter involves a pilot of climate risk parametric micro-insurance called TrigaCash tailored to Solomon Islands context. UNCDF through the Pacific Islands Climate and Adaptation Program (PICAP) partnered with SINPF-youSave and Trans Pacific Assurance Limited (TPAL) to commence the piloting phase of TrigaCash in 2025. This project is significant and suitable for youSave members as majority of those vulnerable to adverse weather events and climate change are individuals and communities in the informal sector. (See details under TrigaCash parametric insurance).

In addition, SINPF-youSave partnered with UNCDF-PDEP, Australian Government, YABX and M-Selen to pilot the M-Fund (MobileFund) through the CBSI regulatory sandbox in 2024. MobileFund is an instant digital loan aimed at providing affordable digital micro-credit to the informal sector who are without collateral or credit history. The loan application process is simple and convenient in which M-Fund youSave members can submit their applications through their mobile phones. Moreover, the loan approval process is real time, and the disbursement of the loan was facilitated through the M-Selen platform to the applicant M-Selen account. Accessing such low-cost micro-loan will benefit those in the informal sector to thrive when doing business or to prepare for emergency. As of 2025, the total number of loans disbursed during the piloting phase was 718.

The youSave scheme was designed mainly for the informal sector including self-employed such as women, market vendors, youths, farmers or domestic workers to save for retirement. As of 2025, the total number of registered members reached 52,332 of which 54% are women and the total savings was 56.7m.

### TrigaCash Parametric Insurance

Parametric insurance is a microinsurance product aimed at providing financial protection to enhance resilience against adverse weather events or climate change risks for individuals such women, youths, disabilities, farmers, fisherman or market vendors. Based on the outcomes of the consultations with relevant stakeholders on the demand, readiness and design of the proposed micro-insurance product in Solomon Islands, a first-ever climate-risk parametric micro-insurance product called TrigaCash was launched in 2025. The TrigaCash is a weather-based index insurance designed mainly to protect Solomon Islanders including women, youths, farmers, small businesses and people with disabilities against excessive rainfall, cyclonic wind and drought. The Policyholders or the beneficiaries will receive payout

automatically based on verified weather data without submitting a disaster risk assessment report or claims. As of 2025, the total number of policyholders enrolled was 66 of which 39 are women.

This project was supported by UNCDF under PICAP who partnered with SINPF- youSave (beneficiaries), Trans Pacific Assurance Limited (insurer), M-Selen (digital payout platform) and World Vision (financial literacy and awareness provider). Currently, the TrigaCash was implemented under the regulatory sandbox with close supervision from the Central Bank of Solomon Islands before deployment in the market once the testing is successful. This initiative aligns with the Solomon Islands National Financial Inclusion Strategy (NFIS3) and the Solomon Islands National Disaster Risk Financing Roadmap (NDRF).

### Inclusive Green Finance Road Map for Solomon Islands

Inclusive Green Finance is a vital initiative that support low-income households, businesses and vulnerable group affected by climate change risks and financial exclusion. Inclusive Green Finance helps build resilience through the provision of climate-related financial products and services to vulnerable individuals, communities and MSMEs to mitigate the impact of climate change and encourage investment for green economy.

This year, the Central Bank of Solomon Islands in collaboration with Global Green Growth Institute (GGGI) conducted a diagnostic study to develop an Inclusive Green Finance Roadmap for Solomon Islands. The study involves wider stakeholders' consultation to gain insights on the status of initiatives related to climate change and the readiness of relevant institutions. The information gathered will inform the development of a practical action plan to assist in achieving the Inclusive Green Finance objectives. The consultation was conducted with relevant financial institutions, private organisations and government ministries.

The Inclusive Green Finance roadmap for Solomon Islands emerge from the Natadola roadmap to Inclusive Green Finance developed by the Pacific Islands Regional Initiatives (PIRI) with the support from the Alliance for Financial Inclusion (AFI). The aim of the Natadola roadmap is to promote sustainable and inclusive financial systems for the Pacific which aligns with the National Financial Inclusion Strategy 3 for Solomon Islands. Hence, CBSI as a member of PIRI under AFI partnered with GGGI to develop the first ever Inclusive Green Finance Roadmap for Solomon Islands.

### Strategic Objective 5: Build financial empowerment in ways that are motivating, actionable and relevant to daily life

As part of its consumer protection efforts, the CBSI has issued the Prudential Guideline No. 21 on Financial Consumer Protection. In strengthening financial

consumer protection, the team initiated a process to develop a cursory analysis on consumer complaints received from various channels and discuss with FSPs during bilateral visits. As part of its responsibilities, bilateral visits are a new priority focus that will assist the team to collaborate with FSPs including MNOs to better understand their operations, future developments, risks, and challenges relating to products and service offerings in the financial sector.

Under the PSA 2022, NPS regulations were developed, including provisions for e-money. However, a key policy requirement concerning the rights of mobile money customers and the responsibilities of mobile money providers, including their agent arrangements, needs to be considered based on the earlier E-money regulations drafted in 2020.

### **Objective 6: Develop and implement a data and measurement framework**

#### **Data and Measurement Working group**

The Data and Measurement Working Group (DMWG) was established with the aim of improving the collection and analysis of disaggregated financial inclusion data. This enhancement will assist CBSI and its stakeholders to accurately evaluate and monitor the reach and coverage of financial services, including the progress of implementing the National Financial Inclusion Strategy 3. The working group was guided by a yearly workplan with activities focusing on the new Financial Inclusion reporting templates, Geo-Spatial mapping project, and the National Financial Services Demand Side Survey. During the year, there are two working group meetings convened by the DMWG. DMWG consists of members from the Ministry of Finance and Treasury (IRD and SINSO), Financial Institutions, and E-money issuers.

#### **Implementation of the new Financial Inclusion Reporting template**

The first quarter of 2025 marked a significant milestone for NFIS3 with the implementation of enhanced disaggregated data reporting. Reporting institutions officially commenced submitting data using the new financial inclusion reporting templates, which were issued in 2024 alongside a comprehensive instruction manual, glossary, and policy on collation of disaggregated data. This represents progress towards the core objective of NFIS3: establishing a robust data framework to monitor the reach and coverage of financial services. Accordingly, the new reporting templates were developed based on the NFIS3 Measurement Framework incorporating key financial inclusion dimensions, access, usage, quality and consumer empowerment and protection.

To ensure the implementation of the new reporting templates is effective, CBSI conducted refresher training and information sessions for several reporting institutions in 2025. These sessions focused on the procedures for extracting and compiling disaggregated data, aiming

to increase accuracy and consistency of reported data. These standardized reporting templates facilitated the efficient consolidation of financial inclusion data and provided actionable insights for policy decisions.

#### **Geo-Spatial Mapping Project**

The Geo-Spatial Mapping project was implemented in collaboration with the United Nations Capital Development Fund (UNCDF), supported by financial institutions and mobile money providers. The project commenced geo-tagging in Honiara in 2024 and later expanded to nearby provinces including Western province, Malaita province, and Central province in the Russell Islands.

In 2025, CBSI geotagged few areas in Choiseul, Malaita, and Renbel Provinces. Over the five-year period, the project was implemented in only five provinces, focussing on access points located near provincial headquarters or urban areas.

By end of 2025, CBSI geotagged 1144 access points, 18% of the total access points (refer to table 1). These include but not limited to ATMs, Branches, EFTPOS terminals and merchant, e-money branches, and agents. Going forward, CBSI will continue to implement this geo-spatial mapping task.

As part of CBSI staff capacity building on GIS software, UNCDF GIS specialist conducted a refresher session on the application of QGIS software and Qfield App during the year. The session aimed to equip CBSI staff with the skills needed to assist with geo-tagging access points in the future.

#### **National Financial Services Demand Side Survey**

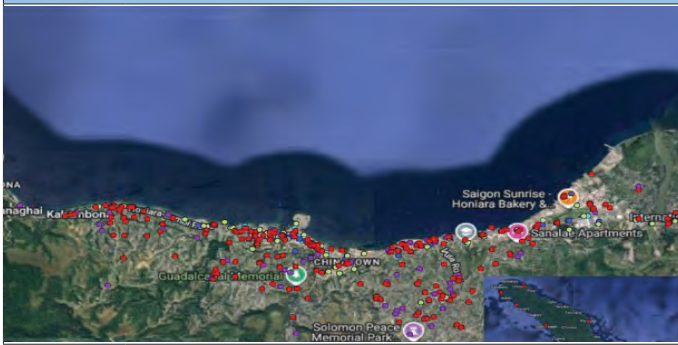
CBSI will be conducting its second Financial Services Demand Side Survey in 2026; however, the preparations for the survey commenced this year. CBSI organized several meetings with the Solomon Islands Statistics Office who will provide technical in terms of the sample size, Enumeration Areas, and Enumerators. The survey will be conducted across Solomon Islands with nationally representative sample size. The main aim of the survey is to understand the needs, preferences and satisfaction with regards to financial services and products from a customer perspective. The survey will also assist in monitoring the progress of the National Financial Inclusion Strategy 3, 2021-2025 and, insights gathered will also form the development of the next financial Inclusion strategy. Further, it is critical to evaluate and understand the reach of the financial sector particularly, the degree to which the vulnerable segments of Solomon Islands population are excluded from the financial system.

This survey coverage may include:

- Determine the progress from the last Demand Side Survey undertaken in 2015.
- Identify the needs of the adult population (includ-

FIG 5.14

NATIONAL FINANCIAL SERVICES DEMAND SIDE SURVEY



Source: CBSI

ing women and youth) regarding access and usage of financial services.

- Understand the types of basic financial services and the financial channels available, payment instruments and their usage.
- Understand the demand for financial services including green/climate financing
- Understand the main profiles of users and non-users of formal and informal financial services.
- Explore main barriers that prevent adults from ac-

cessing and using financial products and services

### Our Partners

The assistance from both the public and the private sectors, who are members of the National Financial Inclusion Taskforce and the four Working Groups: the Digital Finance Working Group, the MSME Working Group, the Consumer Empowerment Working Group and the Data and Measurement Working Group, contributed to the implementation of NFIS3.

The CBSI would also like to acknowledge the key development partners who supported CBSI NFIS3 implementation through technical assistance and funding. The partners are; the United Nations Capital Development Fund (UNCDF) with its funding partners, the Australian Government, European Union (EU), New Zealand Government, and United Nations Development Programme (UNDP). The Alliance for Financial Inclusion (AFI) continued its assistance through technical support on policy development and capacity building programs. The Good Return Australia continued to provide funding assistance for the implementation of the Financial Competency Training of Trainers Program. In addition, Global Green Growth Institute (GGGI) provided support to integrate climate and green financing initiatives into the financial sector.

## CHAPTER 6: COMBATING MONEY LAUNDERING AND FINANCIAL CRIMES

The Solomon Islands Financial Intelligence Unit (SIFIU) was established under the Money Laundering and Proceeds of Crime Amendment Act 2010 (MLPCAA 2010). Its vision is to ensure that the Solomon Islands is protected from money laundering, terrorism financing, and proliferation financing activities. The roles and functions of the Unit are set out in the MLPCAA 2010. SIFIU serves as a key national agency responsible for coordinating relevant stakeholders and ensuring that effective measures are in place to detect, deter, and respond to money laundering, terrorist financing, and other serious financial crimes.

The Unit increased its staffing from twelve to thirteen (13) officers during the second half of the year. This total includes two (2) officers on secondment arrangements; one (1) from the Ministry of Police, National Security and Correctional Services, and one (1) from the Customs Division within the Ministry of Finance and Treasury.

In terms of reporting arrangements, the Unit reports to the Governor on operational and administrative matters, while policy issues are referred to the Anti-Money Laundering Commission (AMLC). The establishment and mandate of the AMLC are set out in section 11(1) of the MLPCAA 2010. The Attorney General of Solomon Islands serves as Chair of the Commission. Since the establishment of the Solomon Islands AML Regime in 2006, the Unit has continued to diligently discharge its mandate to combat money laundering, terrorism financing, and other financial crimes.

Money Laundering, Terrorism Financing, and Proliferation Financing are global challenges confronting countries worldwide, and Solomon Islands is not immune to these threats. To address these risks, the country has established mechanisms and controls designed to safeguard the integrity of its financial system and prevent misuse by criminals. In response to vulnerabilities and gaps identified in the Solomon Islands (AML) National Risk Assessment Report (NRA) 2017 and the Solomon Islands Mutual Evaluation Report 2019, control measures have been strengthened to enhance the effectiveness of the AML framework. The Unit remains vigilant in carrying out its mandate to protect the financial system from abuse and ensure its continued integrity.

### Membership in International Anti-Money Laundering Bodies

Membership in international and regional anti-money laundering bodies provides important support to the work of the Solomon Islands Financial Intelligence Unit (SIFIU).

SIFIU is a member of the Asia Pacific Group (APG) on Money Laundering and the Egmont Group of Financial Intelligence Units. Through these memberships, SIFIU and the Anti-Money Laundering Commission (AMLC)

are committed to upholding international AML/CFT standards and fulfilling their respective obligations under these frameworks.

Participation in these organizations also enables Solomon Islands to remain aligned with global best practices, strengthen cooperation with international partners, and enhance national efforts to address threats and vulnerabilities associated with money laundering, terrorism financing, and proliferation financing.

Funding for the operation of the SIFIU in 2025 came from the SI Government and the Central Bank of Solomon Islands, totaling \$6.8 million, \$1.3 million from the Government and \$5.6 million from the CBSI. The Unit also had a brought forward amount of about \$102 thousand from 2024. Apart from funding contributions that go toward meeting the salaries and other benefits of twelve (13) officers, the CBSI also supported the Unit through subsidising most of its vital expenditure heads, such as office equipment, IT services, and uniforms.

### Solomon Islands Post Mutual Evaluation

Solomon Islands has begun addressing the technical deficiencies identified in the 2019 Mutual Evaluation Report. As part of the post-evaluation process, the Solomon Islands Financial Intelligence Unit (SIFIU) hosted technical advisors from international partners in 2025 to support national efforts in strengthening the AML/CFT framework. Advisors from the Global Initiative Against Transnational Organized Crime, through the United Nations Development Programme (UNDP), provided assistance on priority areas, particularly the role of Financial Intelligence Units in combating transnational organized crime, corruption, and other financial crimes.

In addition, technical advisors from the Australian Attorney-General's Department (AGD) visited Honiara in May 2025 and conducted bilateral consultations with key stakeholders, followed by a workshop on the proposed Targeted Financial Sanctions (TFS) regime and the roles and responsibilities of relevant agencies, particularly law enforcement.

To further address the identified gaps, the Solomon Islands National AML Strategic Plan was developed to guide key priorities and implementation timelines over the next four years, leading up to the next Mutual Evaluation in 2030. Continued commitment to these priorities will be critical to strengthening the country's AML/CFT framework.

SIFIU maintained its relationships with key Agencies through AML Consultations and Supervision

The Solomon Islands Financial Intelligence Unit (SIFIU) continued to strengthen its professional partnerships with key stakeholders throughout the year. In addition to its core function of providing financial intelligence

to relevant agencies, the Unit conducted fourteen (14) bilateral consultations with reporting entities and other law enforcement agencies (LEAs).

In terms of AML supervision, the Unit carried out two (2) onsite inspections during the year. These included follow-up inspections of a Money Value Transfer Service Provider and a joint onsite inspection of a financial institution conducted in collaboration with officers from the Financial and Analysis Supervision Unit (FASU). While the inherent risk levels associated with these entities were generally high, reasonable controls and measures were in place to mitigate them.

### Advocating Against Money Laundering and Other Serious Financial Crimes

The Unit remains committed to advocating against money laundering and other serious financial crimes, including financial scams and pyramid schemes. During the year, the Unit responded to numerous public enquiries relating to fraudulent financial schemes and purported lottery winnings. The Central Bank of Solomon Islands (CBSI) and SIFIU also continued to warn the public about various scams, including email and social media scams, as well as other “fast money” schemes that emerged during and after the COVID-19 pandemic.

In 2025, SIFIU also conducted public awareness activities on scams, pyramid schemes, false money-making schemes, and key red flags associated with such activities. These awareness sessions were delivered to high schools and members of the public in Choiseul and Isabel Provinces, as well as in Honiara during the National Trade Fair. These outreach efforts aimed to improve public understanding and strengthen vigilance against financial fraud and related criminal activities.

### Review of the legal framework

In 2025, SIFIU continued to progress the review of its legal framework, particularly the Money Laundering and Proceeds of Crime Act (MLPCA), to address the evolving landscape of money laundering and other financial crimes and to ensure alignment with current international best practices. The review of the MLPCA was undertaken by SIFIU in collaboration with the Ministry of Justice and Legal Affairs (MJLA). The review process was endorsed by Cabinet in August 2023. The endorsement enabled SIFIU and MJLA to proceed with the preparation of drafting instructions, development of the draft Bill, and stakeholder engagement.

By the end of 2025, SIFIU had convened meetings with key stakeholders to discuss the draft Bill and the proposed way forward. The next step will be to submit the draft Bill to Cabinet for consideration. Subject to Cabinet's endorsement, broader stakeholder consultations on the proposed amendments are expected to commence in the 2nd half of 2026.

### The number of reports received from the reporting agencies

In 2025, total STRs received by SIFIU were 196 compared to 96 STRs received in 2024, an increase of 104 percent. Total CTRs and EFTRs received in 2025 were not available at the time this report was compiled. The New Database system could not provide the required information because it was in the data ingestion stage. In terms of the BCRs, a total of 125 reports were received for 2025, 35 were for Incoming Passengers, and 90 were for Outbound passengers. For Case Dissemination Reports, a total of 10 cases were disseminated to relevant competent authorities in 2025 for further investigations.

Table: 6.1 below shows the type and number of reports received by SIFIU in 2025 compared to the previous year, 2024.

TABLE: 6.1

TYPE OF REPORTS	RECEIVED	
	2025	2024
Suspicious Transaction Reports (STRs)	196	96
Cash Transaction Reports (CTRs)	N/A	N/A
Electronic Funds Transfer Reports (EFTRs)	N/A	N/A
Border Currency Reports (BCRs)	125	69
Case Dissemination Reports (CDRs)	13	10

Source: SIFIU

### Trainings/Workshops/Meetings Attended By SIFIU

Table: 6.2 below shows the number of trainings, courses, and workshops attended by SIFIU in 2025.

TABLE: 6.2

Date	Particular of Event	Facilitator	Delivery Mode
24-26/02/2025	Enhancing the use of Intelligence tools in equipping prosecutors for combating Corruption and Money Laundering	UNDP	In Person - Honiara
3-7/03/2025	Strengthening the Effectiveness of AML/CFT Frameworks	STI/IMF	In Person - Singapore
17-20/03/2025	Foundations of Records Management & Developing an Information Management Strategy	Ken Knowledge	In Person - Suva, Fiji
15-17/04/2025	Atrocity Prevention and the Responsibility to Protect	MSG & APR2P Centre	In Person - Honiara
14-18/07/2025	KPIs Reporting and AI Prompt Smarter-Work Faster Workshop	Ken Knowledge	In Person - Suva, Fiji
25-29/08/2025	APG Annual Plenary	APG	In Person - Tokyo, Japan
28-30/10/2025	Pacific Financial Intelligence Community (PFIC) Plenary	AUSTRAC	In Person - Nadi, Fiji
10-12/11/2025	2025 APG Typologies	APG	In Person - Bangkok, Thailand
15-19/12/2025	Key Performance Indicator Professional (KPI-P)	Informa Connect Academy	In Person - Sydney Australia

Source: SIFIU

### Local Trainings and Workshops Conducted By SIFIU

The unit, along with its partners, also conducted training/workshops for local stakeholders in the country.



Table: 6.3 shows Local Trainings and Workshops Conducted by SIFIU in 2025.

DATE	PARTICULARS OF EVENT	PARTICIPANTS	FACILITATOR	NUMBER OF PARTICIPANTS
22/05/2025	Targeted Financial Sanction	Law Enforcement Agencies	SIFIU & AGD	35
8/05/2025	Money Laundering	SINU Students – SINU Lecture Theater	SIFIU	40 - 50
15/07/2025	Training on how to fill and report on the STR Reporting Template	Reporting Officers of Reporting Entities - Virtual	SIFIU	25

Source: SIFIU

### Awareness Outreach Program SIFIU Participated in 2025

The unit, along with CBSI, conducted five awareness outreach program in 2025 for local stakeholders, schools, and the general public. (Table: 6.4)

Table: 6.4 shows the Awareness and Outreach Programs SIFIU and CBSI conducted in 2025:

DATE	PARTICULARS OF EVENT	PARTICIPANTS	FACILITATOR	NUMBER OF PARTICIPANTS
24/04/2025	Scam and Emerging Trends	ANZ Staff – ANZ Haus, Ranadi	SIFIU	20 - 30
30/04/2025	Scam and Emerging Trends	ANZ Staff – ANZ Branch, Hyundai Mall	SIFIU	15 - 20
2-8/07/2025	Awareness with CBSI at the Independence Trade Fair	General Public	SIFIU	500+
15-19/09/2025	Awareness Program to Choiseul Province	Public and Secondary Schools in South Choiseul Province	SIFIU	200+
6-10/10/2025	Awareness Program in Isabel Province	Secondary Schools in Isabel Province	SIFIU	200+

Source: SIFIU

### AML/CFT Onsite Inspections Conducted by SIFIU in 2025

SIFIU conducted three on-site inspections in 2025: two for Casinos and one for a Financial Institution.

Table: 6.5 shows the number and details of onsite inspections SIFIU has conducted in 2025:

DATE	PARTICULAR OF EVENT	ENTITY INSPECTED
12/03/2025	FEXCO Follow-Up AML/CFT Onsite Inspection	FEXCO
11/07/2025	BSP Follow-Up AML/CFT Onsite Inspection.	BSP

Source: SIFIU

**CHAPTER 7: CALENDAR OF EVENTS**

<b>MONTHS</b>	<b>EVENTS</b>
<b>JANUARY</b>	<ul style="list-style-type: none"> <li>• IFC Regional Head Mission</li> <li>• First Special MPC Meeting</li> </ul>
<b>FEBRUARY</b>	<ul style="list-style-type: none"> <li>• MPC meeting to deliberate on the Monetary Policy Stance for March 2025</li> </ul>
<b>MARCH</b>	<ul style="list-style-type: none"> <li>• CBSI Board Meeting in Honiara approved the Monetary Policy Stance for March 2025.</li> </ul>
<b>APRIL</b>	<ul style="list-style-type: none"> <li>• CBSI Board Meeting in Honiara approved the Policy rate; Monetary Policy Formulation and Decision-Making Process; and the 2024 Financial Statements.</li> <li>• Special CBSI Board Meeting in Honiara approved the HQ Project Design Variation, Controller of Insurance Directive No.1 on Minimum Requirement on Offshore placement of Insurance; and the internal Rules on Conflict of Interest and Fiduciary Obligation.</li> </ul>
<b>MAY</b>	<ul style="list-style-type: none"> <li>• Board HQ Project Subcommittee Meeting</li> </ul>
<b>JUNE</b>	<ul style="list-style-type: none"> <li>• CBSI Board Meeting in Honiara approved the Organisation performance report, and the Swift Migration to Alliance Cloud.</li> <li>• Refresher training to MPC members on Macroeconomic linkages and FPAS/QPM framework.</li> </ul>
<b>JULY</b>	<ul style="list-style-type: none"> <li>• CBSI Special Board Meeting in Honiara approved the Exchange Rate Review, and the Guideline on Banking License Application.</li> <li>• CBSI Board Meeting in Honiara.</li> <li>• IMF's Monetary and Capital Markets (MCM) Department held a virtual TA mission to support the modernization of the Bank's monetary policy operations framework and development of a liquidity management and forecasting framework</li> </ul>
<b>AUGUST</b>	<ul style="list-style-type: none"> <li>• MPC meeting to deliberate on the Monetary Policy Stance for September 2025.</li> <li>• IMF's MCM Department conducted an in-country TA mission to further support the Bank's efforts to modernize its monetary policy operations framework.</li> <li>• CBSI Board Meeting in Honiara approved the Mid-Year Budget Review and the 1H25 Performance Report, Rules on Donation, the Revised Risk Management Policy, and the Monetary Policy Stance September 2025.</li> </ul>
<b>SEPTEMBER</b>	<ul style="list-style-type: none"> <li>• CBSI Board Meeting in Honiara approved the Prudential Standard No.8 on Disclosure of Interest Rates, Fees and Charges.</li> </ul>
<b>OCTOBER</b>	<ul style="list-style-type: none"> <li>• Re-Appointment of Governor Dr. Luke Forau (PhD) for a term of six years.</li> <li>• Re-Appointment of Mr. Bob Pollard as CBSI Board Member for a term of five years.</li> <li>• CBSI formally signed up and onboarded (WB RAMP) World Bank Reserve Advisory and Management on the Technical Advisory Services agreement program for 3 years.</li> <li>• Co-organized the 2nd joint workshop with the Asian Development Bank (ADB) and APAEA.</li> </ul>
<b>NOVEMBER</b>	<ul style="list-style-type: none"> <li>• CBSI Successful completion of SWIFT migration to the SWIFT ISO 2022 standard.</li> <li>• CBSI migrated to cloud and adoption of SWIFT Alliance Cloud, a cloud base environment.</li> <li>• Annual stakeholder consultation meetings in Auki, Munda, Noro and Gizo.</li> <li>• CBSI Appeared before the Parliamentary Accounts Committee (PAC) on the 2026 Supplementary Appropriation Budget</li> </ul>
<b>DECEMBER</b>	<ul style="list-style-type: none"> <li>• CBSI Board Meeting in Buala, Isabel Province approved the Workplan and Budget for 2026, the recognition of seignorage income of 2025 and onwards, increase Authorized paid-up capital, and the Business Continuity Management System Policy.</li> </ul>



CENTRAL BANK OF SOLOMON ISLANDS

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DIRECTORS' REPORT

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## DIRECTORS' REPORT

In accordance with a resolution of the Board of Directors, the Directors herewith submit the statement of financial position of the Central Bank of Solomon Islands ("the Bank") as at 31st December 2025 and the related statements of profit and loss and other comprehensive income, changes in equity and cash flows for the year, and the report as follows:

### Directors

The Directors in office during the financial year and at the date of this report were:

- Luke Forau (Chairman and Governor)
- Raynold Moveni (Deputy Governor)
- Mckinnie Dentana (Permanent Secretary of Finance)
- Sonia Marahare (Board Secretary and Chief Manager Risk Management and Corporate Communication)
- David K C Quan (Non-executive director)
- Rodney Rutepitu (Non-executive director)
- Bob Pollard (Non-executive director)
- Kathleen Matautia (Non-executive director)
- Jeremy Bartlett (Non-executive director)
- Hellen Beck (Non-executive director)

### State of affairs

In the opinion of the Directors:

- There was no significant change in the state of affairs of the Bank during the financial year under review not otherwise disclosed in this report of the financial statements.
- The accompanying statement of financial position gives a true and fair view of the state of affairs of the Bank as at 31st December 2025 and the accompanying statement of profit and loss and other comprehensive income, statement of changes in equity, and statement of cash flows give a true and fair view of the results of the Bank for the year ended.

### Principal activities

For the benefit of the people of Solomon Islands, the roles of the Central Bank of Solomon Islands, as defined in the Central Bank of Solomon Islands Act, 2012, as amended, are:

- (a) to achieve and to maintain domestic price stability;
- (b) to foster and to maintain a stable financial system;
- (c) to support the general economic policies of the government to grow the economy.

### Operation results

The Bank incurred a net operating loss of \$14.44 million for the year ended 31st December 2025 (2024: net loss of \$75.81million). Excluding unrealised foreign currency loss of \$106.14 million and loss on fair value of gold of \$1.49 million, the Bank had an operating profit excluding those items of \$93.18 million.

### Reserves

The Board approved the following transfers within reserves: \$106.14 million of currency revaluation loss to the Foreign Exchange Revaluation Reserve, and a loss of \$1.49 million to the Gold Revaluation Reserve.

### Provisions

There were no other material movements in provisions during the year apart from the normal amounts set aside for such items as depreciation and employee entitlements

### Going concern

The Board believed that the Bank will be able to continue to operate for the next 12 months from the date of this report.

Considering the financial buffers in the General Reserve and the Paid-up Capital.

### Assets

The Directors took reasonable steps before the Bank's financial statements were issued to ascertain that the assets of the Bank were reported in the accounting records at a value equal to or below the value that would be expected to be realised in the ordinary course of business.

At the date of this report, the Directors were not aware of any circumstances which would make the values of the assets in the financial statements misleading.

### Significant events during the year

In 2025, global economic conditions were shaped by heightened US trade tariffs, which increased uncertainty in international markets and weakened investor confidence. This uncertainty prompted a stronger shift toward safe-haven assets, especially gold, pushing its price higher toward end of the year. Global disinflation led major central banks, including the US Fed, to lower their interest rates, thus limiting CBSI's ability to generate higher interest income from its foreign investment portfolio. Domestically, the Solomon Islands experienced an improvement in economic activity, supported by stronger export performance in the second half of the year and this led to a stronger exchange rate. Collectively, these global and domestic developments influenced CBSI's financial position in investment returns and revaluations.

### Directors' benefit

Other than directors' remuneration and benefits disclosed in the financial statements, no director has received or benefited from anything over and above, either directly or indirectly through any entity that he/she is a member of or with substantial financial interest.

### Unusual transactions

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Bank, the results or cash flows of those operations, or the state of affairs of the Bank in future financial years.

### Events after balance date

There are no events or transactions of a material unusual nature, in the opinion of the directors of the Bank, likely to affect the operations of the Bank significantly, and the results of the operations, or the state of affairs of the Bank in the future financial years.

### Other circumstances

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements which render amounts stated in the financial statements misleading.

Dated at Honiara on 29th April 2026



**Luke Forau**  
Chairman of the Board and Governor



**David KC Quan**  
Director

## STATEMENT BY DIRECTORS

In the opinion of the Directors:

- a) the accompanying statement of comprehensive income is drawn up to give a true and fair view of the results of the Bank for the year ended 31 December 2025
- b) the accompanying statement of financial position is drawn up to give a true and fair view of the state of affairs of the Bank as at 31 December 2025
- c) the accompanying statement of changes in equity is drawn up to give a true and fair view of the changes in equity of the Bank for the year ended 31 December 2025
- d) the accompanying statement of cash flows is drawn up to give a true and fair view of the cash flows of the Bank for the year ended 31 December 2025
- e) at the date of this statement there are reasonable grounds to believe the Bank will be able to pay its debts when they fall due
- f) all related party transactions have been adequately recorded in the books of the Bank
- g) the financial statements have been properly prepared in accordance with International Financial Reporting Accounting Standards ("IFRS") and the CBSI Act 2012 as amended.

For and on behalf of the Board of Directors by authority of a resolution of the Directors dated on 29th April 2026.



**Luke Forau**  
Chairman of the Board and Governor



**David KC Quan**  
Director

## INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF CENTRAL BANK OF SOLOMON ISLANDS

### SOLOMON ISLANDS OFFICE OF THE AUDITOR-GENERAL



### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

I have audited the accompanying financial statements of Central Bank of Solomon Islands which comprise the Statement of Financial position as at 31st December 2025, and the Statements of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes, comprising material accounting policies and other explanatory information as set out in notes 1 to 30.

In my opinion the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31st December 2025, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

#### Basis for opinion

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAI). My responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Other Information

Management is responsible for the other information. The other information comprises the information included in the Directors' report, but does not include the financial statements and my auditors' report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to

report that fact. I have nothing to report in this regard.

#### Responsibilities of management and those charged with governance for the Financial Statements

Directors and management are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and with the requirements of the Central bank of Solomon Islands Act, 2012, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards of Supreme Audit Institutions (ISSAI) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISSAI, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstate-

ment of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements

represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charge with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

### Report on Other Legal and Regulatory Requirements

In accordance with Section 54(3) of the Central Bank of Solomon Islands Act, 2012, unrealized revaluation losses must be transferred to the respective unrealized revaluation reserve accounts until those accounts reach a zero balance. Once this occurs, such losses should be covered first by the current year's profit, then by the general reserve account, and finally by the capital reserve account. The Bank has not adhered to this requirement. The prescribed order for recognizing and allocating unrealized revaluation losses was not followed, leading to noncompliance with the Act.

In my opinion the financial statements have been prepared in accordance with the requirements of Central Bank of Solomon Islands Act, 2012 in all material respects except for the above, and;

- i. I have been given all information, explanations and assistance necessary for the conduct of the audit; and
- ii. The Bank has kept financial records sufficient to enable the financial statements to be prepared and audited.
- iii. The audited financial statements submitted to the Minister within four months of the financial year to which the financial statements relate.



**David Teika Dennis**  
Auditor General

Office of the Auditor General  
Honiara, Solomon Islands  
29th April 2026

**STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2025**

	Notes	2025 \$'000	2024 \$'000
<b>Income</b>			
Net interest income	3(a)	210,985	201,974
Fees and commission income	3(b)	24,268	21,914
Net change in fair value on gold (unrealised)		(1,496)	9,190
Other income	3(c)	21,057	12,192
<b>Total operating income</b>		<b>254,814</b>	<b>245,270</b>
<b>Expenses</b>			
Interest expense	3(d)	12,404	19,245
Fees and commission expenses		114	575
Administration expenses	3(e)	110,532	108,607
Other expenses	3(f)	40,071	25,745
Impairment allowance on financial instruments		-	58
Net unrealised foreign exchange revaluation losses		106,140	183,951
<b>Total expenses</b>		<b>269,261</b>	<b>338,181</b>
<b>Net loss</b>		<b>(14,447)</b>	<b>(92,911)</b>
<b>Other comprehensive income</b>			
<b>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods</b>			
Net change in revaluation (property, plant and equipment)		-	17,099
<b>Total comprehensive loss</b>		<b>(14,447)</b>	<b>(75,812)</b>

The statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 60 to 79.

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2025**

	Notes	2025 \$'000	2024 \$'000
<b>Foreign currency assets</b>			
Cash and cash equivalents	20	820,740	1,532,051
Fixed income securities	4	5,765,705	4,221,431
Unallocated gold	5	-	44,364
International Monetary Fund related assets	6(a)	281,919	231,233
<b>Total foreign currency assets</b>		<b>6,868,364</b>	<b>6,029,079</b>
<b>Local currency assets</b>			
Cash on hand	20	2,229	789
Accrued interest		-	154
Loans and advances	7	259,488	273,918
Currency inventory	8	24,288	26,002
Property, plant and equipment	12	252,663	249,950
Intangibles	9	-	8
Other assets	10	28,423	26,010
Right-of-use asset	11(a)	2,011	1,075
<b>Total local currency assets</b>		<b>569,102</b>	<b>577,906</b>
<b>Total assets</b>		<b>7,437,466</b>	<b>6,606,985</b>
<b>Foreign currency liabilities</b>			
International Monetary Fund related liabilities	6(b)	599,298	647,575
Demand deposits - FC	13(a)	106,109	27,334
<b>Total foreign currency liabilities</b>		<b>705,407</b>	<b>674,909</b>
<b>Local currency liabilities</b>			
Demand deposits - LC	13(b)	4,289,466	3,695,819
Currency in circulation	14	1,713,487	1,491,809
Fixed deposits	15	226,699	226,708
SIG monetary operations account	16	5,737	12,921
Employee entitlements	17	56,165	50,666
Other liabilities	18	6,973	7,196
Lease liabilities	11(b)	2,219	1,197
<b>Total local liabilities</b>		<b>6,300,746</b>	<b>5,486,316</b>
<b>Total liabilities</b>		<b>7,006,153</b>	<b>6,161,225</b>
<b>Net assets</b>		<b>431,313</b>	<b>445,760</b>
<b>Capital and reserves</b>			
Paid up capital	21	50,000	50,000
General reserve	22 (a)	162,769	162,769
Foreign exchange revaluation reserve	22(b)	(340,740)	(234,600)
Asset revaluation reserve	22(c)	177,282	177,282
Gold revaluation reserve	22(d)	(1,858)	(362)
Capital asset reserve	22(e)	383,860	290,671
<b>Total capital and reserves</b>		<b>431,313</b>	<b>445,760</b>

The statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 60 to 79.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2025**

	Issued and paid up capital (Note 22) \$'000	Gold revaluation reserve (Note 22) \$'000	General reserve (Note 22) \$'000	Foreign exchange revaluation reserve (Note 22) \$'000	Asset revaluation reserve (Note 22) \$'000	Capital assets reserve (Note 22) \$'000	Total
<b>Balance as at 1 January 2024</b>	50,000	(9,552)	162,769	(50,649)	160,183	218,821	531,572
Loss for the period	-	-	-	-	-	(92,911)	(92,911)
Other comprehensive income	-	-	-	-	17,099	-	17,099
<b>Total comprehensive income for the year:</b>	-	-	-	-	17,099	(92,911)	(75,812)
Transfer net foreign exchange loss (section 53 (2))	-	-	-	(183,951)	-	183,951	-
Transfer to gold revaluation reserve(section 53 (2))	-	9,190	-	-	-	(9,190)	-
Dividend paid to Solomon Islands Government	-	-	-	-	-	(10,000)	(10,000)
<b>Balance as at 31 December 2024</b>	50,000	(362)	162,769	(234,600)	177,282	290,671	445,760
Loss for the period	-	-	-	-	-	(14,447)	(14,447)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year:	-	-	-	-	-	(14,447)	(14,447)
Transfer net foreign exchange loss (section 53 (2))	-	-	-	(106,140)	-	106,140	-
Transfer to gold revaluation reserve(section 53 (2))	-	(1,496)	-	-	-	1,496	-
<b>Balance as at 31 December 2025</b>	<b>50,000</b>	<b>(1,858)</b>	<b>162,769</b>	<b>(340,740)</b>	<b>177,282</b>	<b>383,860</b>	<b>431,313</b>

The statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 60 to 79.

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

	Note	2025 \$'000	2024 \$'000
<b>Operating Activities</b>			
Interest received		211,139	196,525
Cash received from other income		42,925	34,224
Interest paid		(12,720)	(19,459)
Cash paid to suppliers and employees		(135,022)	(201,291)
Net movement in International Monetary Fund accounts		(98,964)	135,349
Net movement in change in fair value of Gold		(1,496)	9,190
Net movement in other receivables		-	59,984
Net movement in loans and advances		14,430	18,382
Net movement in currency in circulation		221,678	60,113
Net movement in demand deposits		672,422	377,693
Net movement in fixed deposits received		44,355	(289,661)
Solomon Islands government monetary operations		(7,184)	7,948
Interest payment on lease liabilities		316	(214)
<b>Cash flows from operating activities</b>		<b>951,879</b>	<b>388,783</b>
<b>Investing activities</b>			
Acquisition of property, plant and equipment		-	-
Proceeds from sale of premises, plant and equipment		11	44
Net movement in gold		-	44,364
Net movement in fixed income security		(1,544,274)	718,763
Cash flows (used in)/ from investing activities		(1,553,901)	755,501
<b>Financing activities</b>			
Repayment of leases		(1,709)	(1,941)
<b>Cash flows used in financing activities</b>		<b>(1,709)</b>	<b>(1,941)</b>
Net effect of exchange rates		(106,140)	(183,951)
<b>Net (decrease)/increase in cash</b>		<b>(709,871)</b>	<b>958,392</b>
Cash at the beginning of the financial year		1,532,958	574,566
<b>Cash and cash equivalents of the financial year</b>	20	<b>823,087</b>	<b>1,532,958</b>

The statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 60 to 79.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

### 1. Reporting entity

The Central Bank of Solomon Islands ("the Bank") operates under the CBSI Act 2012 as amended. The Bank is an independent legal entity wholly owned by, and reporting to, the Government of the Solomon Islands. The Bank's primary objectives as defined in the Central Bank of Solomon Islands Act 2012 as amended; Section 8 are:

- (a) to achieve and to maintain domestic price stability.
- (b) to foster and to maintain a stable financial system.
- (c) to support the general economic policies of the government to grow the economy.

The Bank's principal place of operation is located at Mud Alley Street, Honiara, Solomon Islands. The financial statements were authorised for issue by the Board of Directors on 29th April 2026.

### 2. Basis of preparation

#### a. Statement of compliance

The financial statements of the Bank have been prepared in accordance with IFRS accounting standards as issued by the International Accounting Standards Board (IASB) and the relevant provisions of the CBSI Act, 2012 as amended.

#### b. Presentation of financial statements

The financial statements have been prepared on the historical cost basis. These accounting policies adopted in the preparation and presentation of these financial statements are consistent with those applied in the prior year. Cash and cash equivalents, loans and advances, fixed income securities and financial liabilities are measured at amortised cost, while marketable securities and gold holdings are measured at fair value through profit or loss.

The Bank presents its statement of financial position in order of liquidity, reflecting management's intention and the Bank's perceived ability to recover or settle the majority of assets and liabilities represented by the corresponding financial statement line items. An analysis of amounts expected to be recovered or settled within 12 months after the reporting date, and more than 12 months after the reporting date, is presented in Note 23.

#### c. Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Bank's financial statements are disclosed below. The Bank intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. These amendments are not expected to have a material impact on the Bank.

The Bank applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1st January 2025 (unless otherwise stated). The Bank has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

#### d. Going concern basis of accounting

The financial statements have been prepared on a going concern basis. At 31st December 2025 the Bank had a net asset of \$431 million (2024: \$445 million).

#### e. Functional and presentation currency

The financial statements are presented in Solomon Islands dollars, which is the Bank's functional currency. All financial information presented in Solomon Islands dollars has been rounded to the nearest thousand except when otherwise indicated.

#### f. Accounting estimates and judgements

The preparation of the financial statements in conformity with IFRS accounting standards requires management to make estimates and assumptions and to exercise judgement in applying the Bank's accounting policies. These estimates, assumptions and judgements affect the reported amounts of assets, liabilities, income and expenses and the related disclosures in the financial statements.

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

While these estimates and assumptions are based on management's best knowledge of current events and actions, actual results may differ. It is reasonably possible that outcomes within the next financial year could differ from those assumptions and that such differences may require a material adjustment to the carrying amounts of the related assets or liabilities.

Information about the key judgements, estimates and assumptions involving material uncertainty, or having a significant risk of causing a material adjustment within the next financial year, is set out below:

##### i. Judgements

For the purposes of these financial statements prepared in accordance with IFRS accounting standards, judgement refers to the application of informed and objective decision-making in identifying, evaluating and selecting between reasonable alternatives, having regard to all relevant facts and circumstances and the principles prescribed by IFRS accounting standards.

In applying the Bank's accounting policies, management has exercised judgement in a number of areas. The more significant judgements are set out below:

##### 1. Classification of financial assets

The classification of financial assets requires management to assess the business model within which the assets are held and to

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

determine whether the contractual cash flows of the financial assets represent solely payments of principal and interest on the principal amount outstanding. These assessments require judgement having regard to the Bank's operational objectives, the manner in which the assets are managed and the contractual characteristics of the relevant instruments.

### 2. Impairment of financial assets measured as at amortised cost

The impairment assessment of financial assets requires management to exercise judgement in determining whether credit risk has increased significantly since initial recognition. Judgement is also required in establishing the methodology for incorporating forward-looking information into the measurement of expected credit losses, and in the selection, application and approval of models used to estimate expected credit losses. Refer to Note 2(j).

### ii. Key assumptions and other sources of estimation uncertainty

The preparation of the financial statements requires management to make assumptions and estimates that affect the reported amounts recognised in the financial statements. Certain amounts are particularly sensitive to changes in assumptions and estimates and may change materially in the next financial year if the underlying assumptions differ from actual outcomes. The significant areas of estimation uncertainty are set out below.

#### 1. Fair values of financial instruments

A portion of the Bank's financial instruments may not be quoted in an active market. In such cases, fair values are determined using valuation techniques based on observable market data where available, including market prices, benchmark yield curves, dealer quotations and other relevant pricing inputs.

Where fair values are estimated using valuation techniques derived from market yield curves or other observable inputs, the resulting measurements are generally classified within Level 2 of the fair value hierarchy. However, the fair values determined using such techniques may differ from the price that would be realised in an actual arm's length transaction at the reporting date. Refer to Notes 2(j), (m), note 4 and note 5

#### 2. Fair value of land and buildings

Where land and buildings are carried at fair value or revalued amounts, the valuation is determined by qualified property valuation experts using recognised valuation techniques consistent with IFRS 13 Fair Value Measurement. Land and buildings measured at fair value are classified Level 3 of the fair value hierarchy.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Other significant areas of estimation include the estimation of factors that go into the determination of any impairment allowances for financial assets, and in the determination of certain employee entitlements.

### g. Finance income and finance costs

The Bank's finance income and finance costs include:

- interest income;
- interest expense;
- the foreign currency gain or loss on financial assets and financial liabilities; and
- impairment losses (and reversals) on investments in debt securities carried at amortized cost.

Interest income or expense is recognized using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortized cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Interest income and expense presented in the statement of profit or loss and other comprehensive income include interest on financial assets and financial liabilities measured at amortized cost calculated on an effective interest basis.

### h. Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer. The Bank recognizes revenue when it transfers control over a good or service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

Products and services	Nature, timing of satisfaction of performance obligations and significant payment terms	Basis of revenue recognition
Sale of numismatic coins/ royalties on numismatic	Sales relate to numismatic coins issued to customers. The performance obligation is satisfied when control of the numismatic coins passes to the customer, being the point at which the customer receives the coins. Payment is generally due at the time of sale or in accordance with agreed sales terms.	Revenue is recognised when control of the numismatic coins is transferred to the customer. This income is accounted for under IFRS 15 as revenue from the sale of goods.
Dealing profit - fees and commissions	Fee and commission income relates primarily to commissions earned from foreign exchange dealing transactions undertaken on behalf of the Solomon Islands Government, recognised at the point the transaction is executed.	Fees and commissions are recognised when the related dealing service has been provided, being the point at which the transaction is executed. This income is accounted for under IFRS 15 where it represents consideration for services provided to customers. To the extent that income includes trading spreads or gains arising from financial instrument positions, such amounts are recognised separately in accordance with the applicable accounting policy for financial instruments and are not treated as revenue from contracts with customers.

**i. Income tax**

The Bank is exempted from income tax under the Income Tax (Central Bank of Solomon Islands Exemption) Order of 21st June 1976 as provided for under Section 16 (2) of the Income Tax Act (CAP 123).

**j. Financial assets and financial liabilities**

The Bank measures and classifies its financial assets into three categories: amortised cost, fair value through other comprehensive income and fair value through profit or loss.

**Valuation of financial instruments**

All financial instruments are initially recognized at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the market at measurement date. The fair value of a financial instrument on initial recognition is the transaction price or the fair value of the consideration given or received. The fair value of financial instruments is measured on an individual basis.

**Valuation of financial instruments**

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) - debt instruments; FVOCI - equity instruments; or FVTPL.

Financial assets are not reclassified subsequently to their initial recognition unless the Bank changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

**i. Financial assets measured at amortised costs**

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The financial assets that are measured at amortised costs include cash and cash equivalents, fixed income securities, loans and advances.

**ii. Financial assets measured at fair value through other comprehensive income**

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at FVOCI are included in the impairment calculations and impairment is recognised in profit or loss.

**iii. Financial assets measured at fair value through profit and loss**

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Bank may irrevocably designate a financial asset that otherwise meet the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Marketable securities disclosed in Note 4(c) are financial assets classified and measured in accordance with this policy. Interest income on financial assets measured as at FVTPL is presented as "interest income" (see Note 3(a)) while other fair value gains/losses are presented under "other income" (other fair value gains) or "other expenses" (other fair value losses).

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

### Derecognition

#### Financial assets

The Bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Bank may enter into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

#### Financial liabilities

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Bank also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

#### Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Bank currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

### Impairment

The Bank recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

The Bank measures loss allowances at an amount equal to the lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and Bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bank's historical experience and information credit assessment and including forward-looking information.

The Bank assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Bank considers a financial asset to be in default when; the borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realising security (if any is held); or the financial asset is more than 90 days past due.

The Bank considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Bank considers this to be Baa3 or higher per rating agency Moody's or BBB- or higher per rating agency Standards & Poor's (S&P).

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Bank is exposed to credit risk.

#### Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive); and
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

**ECLs are discounted at the effective interest rate of the financial asset.**

#### Credit-impaired financial assets

At each reporting date, the Bank assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a receivable by the Bank on terms that the Bank would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisations; or
- the disappearance of an active market for a security because of financial difficulties.

### **Presentation of allowance for ECL in the statement of financial position**

Loss allowances for ECL for financial assets measured at amortised cost are presented in the statement of financial position as a deduction from the gross carrying amount of the assets.

### **Write-off**

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Bank determines that the counter-party does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

### **Amortised cost measurement**

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

### **Fair value measurement**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

The Bank measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and present actual and regularly occurring market transactions on an arm's length basis. Where quoted prices in an active market are not available, the Bank determines fair value using appropriate valuation techniques. These valuation techniques maximised the use of observable market inputs where available and minimised the use of unobservable inputs, and may include the use of recent arm's-length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow models, or other valuation models that are consistent with accepted market practices.

### **k. Cash and cash equivalents**

Cash and cash equivalents include notes and coins held by the Bank, tellers' cash, current accounts with a maturity of three months or less from the acquisition date and other short term highly liquid term deposits.

Cash and cash equivalents are carried at amortised costs in the statement of financial position.

### **l. Fixed income securities**

Fixed income securities are non-derivative assets with fixed or determinable payment and fixed maturity. The Bank intends to hold these to maturity. Fixed income securities include fixed term deposits, short term commercial papers and bonds.

Fixed income securities are carried at amortised costs using the effective interest method less any impairment losses.

### **m. Gold holdings and fair value measurement**

Gold holdings are measured in Solomon Islands Dollars (SBD) using exchange rates prevailing at the end of the reporting period. In alignment with the requirements of IFRS 9 - Financial Instruments, the Bank classified its gold holdings as financial assets measured at fair value through profit or loss (FVPL). This reflects the Bank's business model of active trading in unallocated gold.

All gains and losses-whether realised or unrealized-arising from changes in the fair value of gold holdings are recognised directly in the statement of profit and loss.

The Bank recognised a net loss of \$1.4 million (unrealised) for the current financial year 2025 (2024: net gain of \$9.1 million), which has been included in the net profit reported for the year.

### **n. Loans and advances**

Loans and advances are financial assets measured at amortised cost. They are held within a business model whose objective is to collect contractual cash flows, and their contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These balances include loans to the Solomon Islands Government, and staff.

Loans and advances are initially recognised at fair value plus directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method, less any expected credit loss allowance recognised in accordance with IFRS 9.

### **o. Currency inventory**

Currency inventory is recognised in the statement of financial position at cost. Currency inventory relates to the cost of materials used in the production of notes and coins. This is expensed when the notes and coins are issued into circulation.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

### p. Currency in circulation

Currency issued by the Bank represents a claim on the Bank in favour of the holder. Currency in circulation comprises notes and coins issued by the Bank and the liability for currency in circulation is recorded at face value in the statement of financial position.

### q. Property, plant and equipment

#### Recognition and measurement

Certain items of property, plant and equipment are initially measured at cost less accumulated depreciation and any accumulated impairment losses. Land and buildings are initially recognised at cost less accumulated depreciation and subsequently accounted for at fair value.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Any gain or loss on disposal of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the asset at the time of disposal) is recognised within other income in profit or loss.

#### Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits of the expenditure will flow to the Bank. Ongoing repairs and maintenance are expensed as incurred.

#### Depreciation

Items of property, plant and equipment are depreciated from the date they are available for use. Depreciation is charged on a straight-line basis over the estimated useful lives of the assets. The rates of depreciation used are based on the following estimated useful lives:

Buildings	10 - 55 years
Computers	3 years
Furniture, plant and equipment	3 - 5 years
Motor vehicles	4 years

#### Periodic revaluation

The Board has determined that, except for land and buildings, all other fixed assets of the Bank are measured on a historical cost basis. Subject to Board approval, land and buildings are measured at fair value based on periodic valuations undertaken by external independent valuers at least every three years, less subsequent depreciation in respect of buildings. Any revaluation surplus arising on such valuation is recognised in the asset revaluation reserve. At each reporting date, the Board reviews its assessment of the fair value of each property with reference to the most recent independent valuation.

### r. Leases, right-of-use asset and lease liability

#### Bank as Lessee

Right-of-use assets and lease liabilities arising from lease contracts are initially measured on a present value basis. Lease liabilities include the present value of all fixed payments (less any lease incentives receivable), variable lease payments that are based on an index or rate, any amounts expected to be paid under residual value guarantees, the exercise price of any purchase options that are reasonably certain to be exercised and any payments for terminating a lease if the lease term reflects the exercise of that termination option. The lease payments are discounted using the discount rate implicit in the lease, if that rate can be determined, or the Bank's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to interest expense so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Payments associated with short term leases of 12 months or less and leases of low value assets are recognised as an expense on a straight line basis. Variable lease payments that are not based on an index or rate are recognised as an expense as incurred.

Right-of-use assets are initially measured at cost, comprising the amount on initial recognition of the lease liability plus any lease payments made before commencement of the lease, any initial direct costs and the estimated costs of any restoration required upon completion of the lease contract.

Right-of-use assets are subsequently measured at cost less depreciation and any impairment. Right-of-use assets are depreciated on a straight-line basis over the shorter of the term of the lease and the asset's useful life, unless there is a purchase option which is reasonably certain of being exercised, in which case the asset will be depreciated over its useful life.

Lease liabilities include the net present value of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payment that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments to penalties for terminating the lease, if the lease term reflects the lessee exercising that option. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

#### a. Demand deposits

Demand deposits represent funds placed with the Bank by financial institutions and other organisations. Demand deposits are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method. These deposits are at call.

#### b. Employee entitlements

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

### Short-term employee benefits

Short-term employee benefits comprising of accrued wages and salaries, annual leave and entitlement to Solomon Islands National Provident Fund are measured on an undiscounted basis and are expensed as the related service is provided.

Liabilities recognised in respect of short-term employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

### Long-term employee benefits

Long-term employee benefits comprise of long service leave, gratuity and early retirement benefits.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made resulting from employee's service provided to balance date, based on staff turnover history and is discounted using the rates attaching to the external bonds portfolio.

### c. Impairment of non-financial assets

The carrying amounts of the Bank's non-financial assets are reviewed at balance date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

### d. Comparative figures

Where necessary, comparative figures have been changed to conform to changes in presentation in the current year.

## 3. Income and Expenses

	2025 \$'000	2024 \$'000
<b>(a) Interest income</b>		
Overseas investments	199,282	188,700
Local investments	11,703	13,274
	<u>210,985</u>	<u>201,974</u>
<b>(b) Fees and commission income</b>		
Foreign dealings	22,359	19,997
Local dealings	1,909	1,917
	<u>24,268</u>	<u>21,914</u>
<b>(c) Other income</b>		
Gain on disposal of fixed assets	648	160
Rent received	69	78
Sale of numismatic coins	34	149
Royalties on numismatics	12	56
Net change in fair value on gold (realised)	19,671	11,202
Sundry income	623	547
	<u>21,057</u>	<u>12,192</u>
<b>(d) Interest expense</b>		
Foreign liabilities	10,220	16,967
Local liabilities	1,875	2,064
Interest on lease liability - IFRS 16	309	214
	<u>12,404</u>	<u>19,245</u>
<b>(e) Administration expenses</b>		
Staff costs	97,381	88,652
Telecommunication	5,099	5,329
Utilities	2,789	2,821
Repairs and maintenance	2,753	1,680
Insurance	840	733
Consumables	234	154

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

Stationery, printing and postage	923	1,316
Other administration expenses	513	7,922
	<u>110,532</u>	<u>108,607</u>
<b>(f) Other expenses</b>		
Board of directors remuneration and expenses	1,234	1,501
Currency expenses	18,848	11,099
Depreciation and amortisation	6,924	5,507
Depreciation charge on right-of-use asset	1,795	1,731
Auditors remuneration	600	600
Investment expense - CAIM	1,197	-
Other operating expenses	9,473	5,307
	<u>40,071</u>	<u>25,745</u>
	<u>2025</u>	<u>2024</u>
	<u>\$'000</u>	<u>\$'000</u>

#### 4. Fixed income securities

<b>(a) Fixed term deposits</b>	1,868,441	873,831
Short term commercial paper	52,570	100,866
Bonds	3,356,137	2,778,957
Accrued interest	46,497	35,146
	<u>5,323,645</u>	<u>3,788,800</u>
Expected credit losses	(1,261)	(1,261)
	<u>5,322,384</u>	<u>3,787,539</u>
Securities at fair value through profit or loss*	443,321	433,892
	<u>5,765,705</u>	<u>4,221,431</u>
<b>(b) Investment in AUD bond</b>	799,077	846,181
Investment in US treasury bill	2,557,060	1,932,776
	<u>3,356,137</u>	<u>2,778,957</u>

\* The Bank holds a portfolio of securities managed by an external fund manager, (CAIM). The investment portfolio is actively managed daily and is subject to frequent buying and selling of securities. Based on the Bank's business model for managing these assets and the manner in which performance is evaluated, the CAIM investment portfolio is classified as financial assets measured at fair value through profit or loss (FVTPL) in accordance with IFRS 9 Financial Instruments. Accordingly, all gains and losses, whether realised or unrealised, arising from the CAIM investment portfolio are recognised directly in the Statement of profit and loss, the period in which they arise.

	<u>2025</u>	<u>2024</u>
	<u>\$'000</u>	<u>\$'000</u>
<b>5. Unallocated gold</b>		
Unallocated gold - at fair value		44,364
		<u>44,364</u>

Gold is valued at the market price ruling at period end. Revaluation gains and losses on gold due to change in fair value are taken into profit and loss. The Bank has classified this a financial asset under IFRS 9.

	<u>2025</u>	<u>2024</u>
	<u>\$'000</u>	<u>\$'000</u>
<b>6. International Monetary Fund</b>		
<b>(a) IMF related assets</b>		
IMF quota	i 231,858	230,471
Holdings of special drawing rights	ii 50,061	762
<b>(b) IMF related liabilities</b>	281,919	231,233
Standby credit facility	69,855	77,939

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
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Allocation of special drawing rights	iii	332,674	330,683
Securities	iv	196,769	238,952
		<u>599,298</u>	<u>647,575</u>
Total net liability		<u>317,379</u>	<u>416,342</u>

**i. IMF quota**

The IMF quota represents the Bank's capital subscription to the International Monetary Fund and forms the basis of its financial relationship with the IMF. The quota gives rise to a reserve tranche position, which represents an unconditional and interest-earning claim on the IMF and is recognised as a foreign currency reserve asset. The Bank transacts with the IMF on its own account and on behalf of the Government in accordance with the IMF Articles of Agreement.

**ii. Holding of special drawing rights (SDRs)**

Holdings of Special Drawing Rights (SDRs) represent potential claims on the freely usable currencies of International Monetary Fund (IMF) members. SDR holders may exchange their SDRs for freely usable currencies through IMF-arranged mechanisms, including the designation of members with strong external positions and voluntary trading arrangements between participating members.

The value of SDR holdings as reserve assets is underpinned by the commitment of IMF member countries to hold and accept SDRs and to honour obligations arising from participation in the SDR system. The amount disclosed represents the total SDR holdings of the Bank as at the reporting date.

**iii. Allocation of special drawing rights**

Special Drawing Rights (SDRs) are international reserve assets created by the International Monetary Fund (IMF) to supplement existing official reserve assets, such as gold, foreign exchange reserves, and reserve positions with the IMF. SDRs are allocated to IMF member countries in proportion to their IMF quotas and are recorded within the IMF's Special Drawing Rights Department.

At the termination or liquidation of the IMF's Special Drawing Rights Department, IMF members are required to settle an amount equal to their net cumulative SDR allocation, together with any other amounts due as a result of their participation in the SDR system.

**iv Securities**

These are securities issued for the settlement of quota, held by IMF as collateral for IMF facilities.

**Reserve tranche position**

The Reserve Tranche Position represents the Bank's claim on the IMF arising from financial transactions with the IMF. The Reserve Tranche Position is calculated as the difference between the member country's position with the IMF and the IMF's holdings of the domestic currency. As at the reporting date, the Bank's Reserve Tranche Position amounted to approximately SDR 3.1 million (SBD 35.1 million).

	2025 \$'000	2024 \$'000
<b>7. Loans and advances</b>		
<b>Loans and advances</b>	46	46
Development bonds	27	27
Treasury bills	202	30
SIG temporary advance	20,000	-
Covid bonds*	210,000	250,000
Other securities	683	-
	<u>230,958</u>	<u>250,103</u>
Expected credit losses	<u>(1,365)</u>	<u>(1,365)</u>
	229,593	248,738
<b>Staff loans</b>		
Staff housing loans	27,209	22,726
Management car loans	2,084	1,811
Staff personal loans	1,389	1,422
Staff special loans	-	8
	<u>30,682</u>	<u>25,967</u>
Expected credit losses	<u>(787)</u>	<u>(787)</u>
	29,895	25,180

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

	2025 \$'000	2024 \$'000
<b>Total loans and advances</b>	<b>259,488</b>	<b>273,918</b>
* The Bank purchased the Solomon Islands Government COVID-19 bond from the Solomon Islands National Provident Fund and Solomon Power Limited between December 2020 and October 2021. These Solomon Islands Government COVID-19 bonds have a term of 10 years term with interest rates ranging between four percent (4%) to five percent (5%).		
<b>8 Currency inventory</b>		
Notes	17,898	19,098
Coins	6,390	6,904
	<u>24,288</u>	<u>26,002</u>
<b>9 Intangibles</b>		
Computer software		
Cost	8	16
Amortisation - current year	(8)	(8)
	<u>-</u>	<u>8</u>
<b>10 Other assets</b>		
Commercial bank clearing	14,280	20,332
Deposits and prepayments	14,143	5,678
	<u>28,423</u>	<u>26,010</u>
<b>11 Right-of-use asset and lease liability</b>		
(a) <b>Right-of-use asset</b>		
Balance at 1 January	1,075	2,806
Additions	2,731	-
Depreciation	(1,795)	(1,731)
	<u>2,011</u>	<u>1,075</u>
(b) <b>Lease liability</b>		
Balance as at 1 January 2024	1,197	2,924
Additional	2,731	-
Less: Lease payments	(2,025)	(1,941)
Add: Interest expense	316	214
<b>Balance as at 31 December 2025</b>	<u>2,219</u>	<u>1,197</u>
<b>Disclosed</b>		
Current liability	1,706	1,197
Non-current liability	513	-
(c) <b>Amounts recognised in the statement of profit or loss and other comprehensive income:</b>		
Depreciation charge on right-of-use assets	1,795	1,731
Interest expense (included in finance cost)	316	214
<b>Expenses relating to variable lease payments not included in lease liabilities (included in other expenses)</b>		
(d) <b>Amounts recognised in statement of cash flow- financing</b>		
Principal elements of lease payments	2,025	1,941
Interest elements of lease payments	(316)	(214)
Total cash outflow of leases	<u>1,709</u>	<u>1,727</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
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**12 Property, plant and equipment**

	Land and buildings	Plant, equipment and furniture	Motor vehicle	Computer	Work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cost/ valuation</b>						
Balance at 1 January 2024	205,747	7,400	2,728	6,612	23,249	245,736
Acquisitions	-	1,210	1,433	1,960	3,067	7,670
Transfers	(7,752)	(76)	-	-	-	(7,828)
Revaluation	17,099	-	-	-	-	17,099
Disposals	-	(686)	(1,354)	(3,372)	-	(5,412)
<b>Balance at 31 December 2024</b>	<b>215,094</b>	<b>7,848</b>	<b>2,807</b>	<b>5,200</b>	<b>26,316</b>	<b>257,265</b>
Acquisitions	-	1,004	1,628	1,816	5,190	9,638
Disposals	-	(278)	(296)	(667)	-	(1,241)
<b>Balance at 31 December 2025</b>	<b>215,094</b>	<b>8,574</b>	<b>4,139</b>	<b>6,349</b>	<b>31,506</b>	<b>265,662</b>
Balance at 31 December 2025	215,094	8,574	4,139	6,349	31,506	265,662
<b>Accumulated depreciation</b>						
Balance at 1 January 2024	5,315	3,859	1,763	4,067	-	15,004
Depreciation charge for the year	2,437	906	573	1,575	-	5,491
Transfers	(7,752)	(18)	-	-	-	(7,770)
Disposals	-	(684)	(1,354)	(3,372)	-	(5,410)
<b>Balance at 31 December 2024</b>	<b>-</b>	<b>4,063</b>	<b>982</b>	<b>2,270</b>	<b>-</b>	<b>7,315</b>
Depreciation charge for the year	2,823	1,228	904	1,961	-	6,916
Disposals	-	(279)	(297)	(656)	-	(1,232)
<b>Balance at 31 December 2025</b>	<b>2,823</b>	<b>5,012</b>	<b>1,589</b>	<b>3,575</b>	<b>-</b>	<b>12,999</b>
Carrying amount						
At 1 January 2024	200,432	3,541	965	2,545	23,249	230,732
At 31 December 2024	215,094	3,785	1,825	2,930	26,316	249,950
<b>At 31 December 2025</b>	<b>212,271</b>	<b>3,562</b>	<b>2,550</b>	<b>2,774</b>	<b>31,506</b>	<b>252,663</b>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

	2025 \$'000	2024 \$'000
<b>13 Demand deposits</b>		
(a) <b>Foreign currency demand deposits</b>		
Demand deposits - FC	106,109	27,334
Demand deposits from international organisations such as Asian Development Bank, European Development Bank (EDB), International Fund for Agricultural Development (IFAD) and International Development Association.		
(b) <b>Local currency demand deposits</b>		
Commercial banks	3,537,276	2,954,034
Solomon Islands Government	408,091	356,119
Other financial corporations	13,462	7,824
Reserve accounts- Commercial banks	330,637	377,842
	<u>4,289,466</u>	<u>3,695,819</u>
<b>14 Currency in circulation</b>		
Notes	1,661,706	1,445,027
Coins	51,781	46,782
	<u>1,713,487</u>	<u>1,491,809</u>
<b>15 Fixed deposits</b>		
Bokolo bills	226,699	226,708
	<u>226,699</u>	<u>226,708</u>
Bokolo bills are short term discount securities issued and backed by the Central Bank of Solomon Islands. The instrument is used by the Bank for its monetary operations.		
<b>16 SIG monetary operations account</b>	5,737	12,921
SIG monetary operations account	<u>5,737</u>	<u>12,921</u>
<b>17 Employee entitlements</b>		
Gratuity	6,615	4,932
Long service leave	1,918	1,508
Early retirement benefit	47,632	44,227
	<u>56,165</u>	<u>50,666</u>
<b>18 Other liabilities</b>		
Unpresented bank cheques	866	1,073
Other liabilities	6,107	6,123
	<u>6,973</u>	<u>7,196</u>
<b>19 Determination of distributable profits</b>		
Profits of the Bank are determined and dealt with in accordance with Section 54 and 55 of the Central Bank of Solomon Islands Act, 2012 as follows:		
(a) Section 54(2)(a) states that unrealised revaluation gains shall be deducted from the net profits and shall not be available to be distributed but allocated to the respective unrealised revaluation reserve account;		
(b) The realised gains from previous years shall be deducted from the appropriate revaluation reserve account and adding to the distributable earnings as determined in section 54(2)(a).		
Net profit distribution according to CBSI Act 2012		
Net operating loss	(14,447)	(92,911)
Transfer net foreign exchange loss (section 53 (2))	106,140	183,951
Transfer to gold revaluation reserve(section 53 (2))	1,496	(9,190)
Net Profit to be recorded in general reserve	<u>93,189</u>	<u>81,850</u>
Section 55(3) of the Central Bank of Solomon Islands Act, 2012 states that distributable earnings shall first be charged to the general reserve account and subsequently applied to authorised capital.		

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
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	2025 \$'000	2024 \$'000
<b>20 Cash and cash equivalents</b>		
Cash and cash equivalents included in the statement of cash flows comprise of the following:		
Cash on hand - local currency	2,229	789
Cash and cash equivalents	729,329	798,973
Short term deposits with maturities up to 3 months	91,529	733,196
Total	823,087	1,532,958
Expected credit losses	(118)	(118)
	822,969	1,532,840

## 21 Share capital

Section 6(1) of the CBSI Act, states that the authorised and paid up capital of the bank shall be an amount equivalent to \$50 million dollars (2018: \$20 million). The capital is fully subscribed by the Government of Solomon Islands.

<b>Balance at the beginning of the year</b>	50,000	50,000
Transfer from General Reserve according to Section 6(1) of CBSI Act, 2012	-	-
<b>Balance at the end of the year</b>	50,000	50,000

## 22 Reserves

Under Section 53(2) of the CBSI Act 2012, the Bank shall maintain the following reserves. Their purpose and methods of operations as follows:

### (a) General reserve

The general reserve was established under Section 53(1) as a reserve for the purposes of covering profit or losses sustained by the Bank.

### (b) Foreign exchange asset revaluation reserve

Unrealised gains and losses on revaluation of foreign exchange balances are recognised in the profit or loss and are transferred to the foreign exchange asset revaluation reserve at the end of the accounting period in accordance with section 54(2)(a).

### (c) Asset revaluation reserve

The asset revaluation reserve reflects the impact of changes in the market value of property.

### (d) Gold revaluation reserve

Gold is accounted for as at fair value through profit and loss, measured at current quoted market prices. All gains and losses arising from revaluation are recognised in the profit and loss statement. At every reporting date, unrealised gains/losses are transferred from Capital assets reserve to Gold revaluation reserve.

### Capital asset reserve

### (e) The capital asset reserve is used to strengthen the Bank's equity position in relation to future major capital investment in buildings and equipment.

## 23 Financial risk management policies

### (a) Introduction and overview

The structure of the Bank's statement of financial position is primarily determined by the nature of its statutory functions. IFRS 7 Financial Instrument Disclosures requires disclosure of information relating to financial instruments, their significance, performance, accounting policy, terms and conditions, fair values and the Bank's policies for controlling risks and exposures relating to the financial instruments.

The Bank's risk management framework differs from the risk management framework for most other financial institutions. The main financial risks that the Bank faces include;

- Liquidity risk
- Credit risk
- Market risk
- Operational risk

Information about the Bank's exposure to each of the above risks, the Bank's objectives, policies and procedures for measuring and managing risk are presented below.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

### Risk management framework

Like most central banks, the nature of the Bank's operations creates exposures to a range of operational and reputational risks. The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework.

The Bank's management seeks to ensure that strong and effective risk management and control systems are in place for assessing, monitoring and managing risk exposure. The Board of Directors and management are responsible for managing and monitoring the business strategy, risks and performance of the Bank.

Internal audit forms part of the Bank's risk management framework. This function reports to the Governor and the Board Audit Committee on internal audit and related issues. All areas in the Bank are subject to periodic internal audit review.

The Bank is subject to an annual audit by an external auditor. Auditing arrangements are overseen by an Audit Committee of the Board to monitor the financial reporting and audit functions within the Bank and the committee reviews the internal audit functions as well. The committee reports to the Board of Directors on its activities.

The overall risk management framework is designed to strongly encourage the sound and prudent management of the Bank's risk. The Bank seeks to ensure the risk management framework is consistent with financial market best practice.

The risk tables in this note are based on the Bank's portfolio as reported in its statement of financial position.

### (b) Liquidity risk

Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

#### Management of liquidity risk

To limit the liquidity risk, the Bank maintains an adequate level of reserves and taking into consideration the transaction demand on foreign exchange, ensures that an acceptable amount is maintained in current accounts at all times. The Bank invests in high quality instruments, including commercial paper and debt issued by Governments and Super nationals, all of which are easily converted to cash (refer to maturity analysis on liquidity).

The maturity analysis' noted below includes all financial and non-financial assets and liabilities as at the respective reporting dates.

Maturity analysis as at 31 December 2025	On Demand \$'000	0-3 Months \$'000	3-6 Months \$'000	6-12 Months \$'000	Over 1 year \$'000	IMF related* \$'000	Total \$'000
<b>Foreign currency financial assets</b>							
Cash at bank	729,329	91,529	-	-	-	-	820,858
Fixed term deposit/Income securities	-	46,497	332,819	1,588,192	-	-	1,967,508
International monetary fund							
- IMF quota	-	-	-	-	-	231,858	231,858
- Holdings of special drawing rights	-	-	-	-	-	50,061	50,061
Bonds	-	-	-	3,356,137	-	-	3,356,137
Securities at fair value through profit or loss	-	-	443,321	-	-	-	443,321
	<b>729,329</b>	<b>138,026</b>	<b>776,140</b>	<b>4,944,329</b>	<b>-</b>	<b>281,919</b>	<b>6,869,744</b>
<b>Local currency financial assets</b>							
Cash on hand	2,229	-	-	-	-	-	2,229
Loans and advances	-	-	-	-	261,640	-	261,640
Other Assets	-	14,280	-	-	-	-	14,280
	<b>2,229</b>	<b>14,280</b>	<b>-</b>	<b>-</b>	<b>261,640</b>	<b>-</b>	<b>278,149</b>
<b>Total financial assets</b>	<b>731,558</b>	<b>152,306</b>	<b>776,140</b>	<b>4,944,329</b>	<b>261,640</b>	<b>281,919</b>	<b>7,147,894</b>
<b>Foreign currency financial liabilities</b>							
Demand deposits	106,109	-	-	-	-	-	106,109
IMF special drawing rights allocation							
-Standby credit facility	-	-	-	-	-	69,855	69,855
-Allocation of special drawing rights	-	-	-	-	-	332,674	332,674
-Securities	-	-	-	-	-	196,769	196,769
	<b>106,109</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>599,298</b>	<b>705,407</b>
<b>Local currency financial liabilities</b>							
Demand deposits	4,289,466	-	-	-	-	-	4,289,466

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
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SIG monetary operations account	-	5,737	-	-	-	-	5,737
Fixed deposits	-	226,699	-	-	-	-	226,699
Lease liabilities	-	-	-	-	2,219	-	2,219
	<b>4,289,466</b>	<b>232,436</b>	<b>-</b>	<b>-</b>	<b>2,219</b>	<b>-</b>	<b>4,524,121</b>
<b>Total financial liabilities</b>	<b>4,395,575</b>	<b>232,436</b>	<b>-</b>	<b>-</b>	<b>2,219</b>	<b>599,298</b>	<b>5,229,528</b>
<b>Net liquidity gap</b>	<b>(3,664,017)</b>	<b>(80,130)</b>	<b>776,140</b>	<b>4,944,329</b>	<b>259,421</b>	<b>(317,379)</b>	<b>1,918,366</b>

Maturity analysis as at 31 December 2024	On Demand \$'000	0-3 Months \$'000	3-6 Months \$'000	6-12 Months \$'000	Over 1 year \$'000	IMF related* \$'000	Total \$'000
<b>Foreign currency financial assets</b>							
Cash at bank	798,973	733,196	-	-	-	-	1,532,169
Fixed term deposit/Income securities	-	35,146	974,697	-	-	-	1,009,843
<b>International monetary fund</b>							
- IMF quota	-	-	-	-	-	230,471	230,471
- Holdings of special drawing rights	-	-	-	-	-	762	762
Unallocated gold	44,364.00	-	-	-	-	-	44,364
Bonds	-	-	-	-	2,778,957	-	2,778,957
Securities at fair value through profit or loss	-	-	433,892	-	-	-	433,892
	<b>574,079</b>	<b>26,713</b>	<b>652,975</b>	<b>1,214,520</b>	<b>3,049,846</b>	<b>231,233</b>	<b>6,030,458</b>
<b>Local currency financial assets</b>							
Cash on hand	789	-	-	-	-	-	789
Accrued interest local	-	154	-	-	-	-	154
Loans and advances	-	-	-	-	276,070	-	276,070
Other Assets	-	20,332	-	-	-	-	20,332
	<b>789</b>	<b>20,486</b>	<b>-</b>	<b>-</b>	<b>276,070</b>	<b>-</b>	<b>297,345</b>
<b>Total financial assets</b>	<b>574,868</b>	<b>47,199</b>	<b>652,975</b>	<b>1,214,520</b>	<b>3,325,916</b>	<b>231,233</b>	<b>6,327,803</b>
<b>Foreign currency financial liabilities</b>							
Demand deposits	27,334	-	-	-	-	-	27,334
<b>IMF special drawing rights allocation</b>							
-Standby credit facility	-	-	-	-	-	77,939	77,939
-Allocation of special drawing rights	-	-	-	-	-	330,683	330,683
-Securities	-	-	-	-	-	238,952	238,952
	<b>27,334</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>647,575</b>	<b>674,909</b>
<b>Local currency financial liabilities</b>							
Demand deposits	3,695,819	-	-	-	-	-	3,695,819
SIG monetary operations account	-	12,921	-	-	-	-	12,921
Fixed deposits	-	226,708	-	-	-	-	226,708
Lease liabilities	-	-	-	-	1,197	-	1,197
	<b>3,695,819</b>	<b>239,629</b>	<b>-</b>	<b>-</b>	<b>1,197</b>	<b>-</b>	<b>3,936,645</b>
<b>Total financial liabilities</b>	<b>3,723,153</b>	<b>239,629</b>	<b>-</b>	<b>-</b>	<b>1,197</b>	<b>647,575</b>	<b>4,611,554</b>
<b>Net liquidity gap</b>	<b>(3,148,285)</b>	<b>(192,430)</b>	<b>652,975</b>	<b>1,214,520</b>	<b>3,324,719</b>	<b>(416,342)</b>	<b>1,716,249</b>

\* At the termination or liquidation of the IMF's Special Drawing Rights Department, IMF members are required to settle an amount equal to their net cumulative SDR allocation, together with any other amounts due as a result of their participation in the SDR system. The Bank considers that the IMF-related assets and liabilities (other than the standby credit facility) have an indeterminate maturity date. The standby credit facility has a contractual maturity of 10 years and is repayable in annual instalments of SDR 693,000. In respect of the standby credit facility, gross undiscounted amounts due within 12 months is SDR 0.7 million (2024: SDR 0.7 million); gross undiscounted amounts due after 12 months is SDR 69.1 million (2024: SDR 77.2 million).

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**d) Market risk**

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Bank's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return on risk.

**Interest rate risk management**

The principal risk to which trading portfolios are exposed is the risk of loss from fluctuations in future cash flows or fair value of financial instruments because of a change in market interest rates. The Bank limits interest rate risk by modified duration targets. The duration of the portfolio is re-balanced regularly to maintain the targeted duration. Operations are largely money market focused.

The Bank's exposure to foreign exchange risk, based on carrying amounts, was as follows:

Carrying amount	2025 \$'000	2024 \$'000
All amounts are expressed in SBD'000		
<b>Fixed rate instruments</b>		
Cash and cash equivalents (Financial assets)	820,858	1,532,169
Fixed income securities (Financial assets)	5,323,645	3,788,800
Loans and advances (Financial assets)	261,640	276,070
Demand deposits (Financial liabilities)	(4,289,466)	(3,695,819)
Fixed deposits (Financial liabilities)	(226,699)	(226,708)
Lease liabilities (Financial liabilities)	(2,219)	(1,197)
	<b>1,887,759</b>	<b>1,673,315</b>
<b>Variable rate instruments</b>		
International Monetary Fund (Financial liabilities)	281,919	231,233
Securities at fair value through profit or loss*	443,321	433,892
	<b>1,007,159</b>	<b>896,357</b>

**Fair value sensitivity analysis for fixed instruments**

The Bank does not account for any fixed rate financial assets and liabilities at fair value through profit or loss.

**Cash flow sensitivity analysis for variable rate instruments**

A change of 100 basis points (bps) in interest rates at the reporting date would have increased (decreased) equity and the profit or loss by amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	2025 \$'000	2024 \$'000
Variable rate instruments	10,072	8,964

**Foreign exchange risk management**

Exchange rate risk relates to the risk of loss of foreign reserves arising from changes in the exchange rates against the Solomon Islands dollar. The Bank has adopted a currency risk management policy, which maintains the Solomon Islands dollar value of the foreign reserves and manages the fluctuations in the revaluation reserve account. While the effect of fluctuations in foreign exchange are recorded in profit or loss, foreign exchange fluctuations are not included as part of profit distribution but transferred to the revaluation reserve for monitoring purposes.

In accordance with the Central Bank of Solomon Islands Act., 2012, the task of maintaining the safety and liquidity of foreign reserve assets, as well as the returns from reserves asset management, are achieved through diversification of investment by entering into transactions in international capital and money markets. Analysis of risks is the process of managing the currency reserves by comparing factual risk levels with set limits.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
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## 23 Financial risk management policies (continued)

## d) Market risk (continued)

**Concentration of foreign exchange**

The Bank's net holdings of foreign exchange (excluding its holding of Special Drawing Rights) were distributed as follows as at year end:

Concentration by currency	2025 \$'000	%	2025 \$'000	%
USD	4,156,363	66.45%	3,187,529	57.81%
AUD	1,485,531	23.75%	1,642,039	29.78%
EUR	76,370	1.22%	17,683	0.32%
SDR	-	0.00%	-	0.00%
NZD	273,201	4.37%	328,844	5.96%
SGD	60,729	0.97%	95,238	1.73%
GBP	116,288	1.86%	172,379	3.13%
JPY	31,083	0.50%	-	0.00%
CNY	55,005	0.88%	70,061	1.27%
	6,254,570	100.00%	5,513,773	100.00%

The following significant exchange rates were used at year end to convert foreign currency balances to the Solomon Island dollar equivalent.

Reporting date spot date	2025	2024
USD	0.123	0.118
AUD	0.184	0.191
EUR	0.104	0.113
SDR	0.090	0.090
NZD	0.212	0.209
SGD	0.158	0.160
GBP	0.091	0.094
JPY	19.180	18.490
CNY	0.861	0.860
FJD	0.279	0.267

**Sensitivity analysis**

A weakening of the Solomon dollar as at 31 December 2025, as indicated below, against the USD, AUD, EUR, SDR, NZD, SGD, GBP, JPY and CNY would have decreased equity and the statement of profit or loss and other comprehensive income by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2025.

Effect in SBD (Mn) 31 December 2025	Strengthening/ (Weakening) Statement of profit or loss and other comprehensive income	
USD	+/-2%	(84,619)
AUD	+/-2%	(26,864)
EUR	+/-2%	(1,497)
SDR	+/-2%	1,914
NZD	+/-2%	(5,357)
SGD	+/-2%	(1,191)
GBP	+/-2%	(2,280)
JPY	+/-2%	(609)
CNY	+/-2%	(1,079)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
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Effect in SBD (Mn) 31 Dec 2024	Strengthening/(Weakening) Statement of profit or loss and other comprehensive income
USD	+/-2% (134,447)
AUD	+/-2% (47,765)
EUR	+/-2% (3,287)
SDR	+/-2% 8,258
NZD	+/-2% (18,777)
SGD	+/-2% (7,122)
GBP	+/-2% (19,772)
JPY	+/-2% (860)
CNY	+/-2% (1,189)

**d) Market risk**

The Bank's exposure to foreign exchange risk, based on carrying amounts, was as follows:

**Foreign currency risk as at 31 December 2025**

Foreign currency financial assets	AUD (SBD) (000's)	NZD (SBD) (000's)	USD (SBD) (000's)	EUR (SBD) (000's)	GBP (SBD) (000's)	SGD (SBD) (000's)	CNY (SBD) (000's)	JPY (SBD) (000's)	SDR (SBD) (000's)	OTHERS (SBD) (000's)	Total (SBD) (000's)
Cash and cash equivalents	143,409	12,042	509,069	3,285	15,743	-	8,789	31,083	-	3,988	727,408
Fixed term deposits	417,489	258,293	1,058,787	72,761	99,095	60,049	46,066	-	-	-	2,012,540
Bonds and treasuries	799,078	-	2,557,059	-	-	-	-	-	-	-	3,356,137
Securities at fair value through profit or loss	222,085	-	-	-	-	-	-	-	221,236	-	443,321
Accrued interest	9,579	2,866	31,448	324	1,450	680	150	-	-	-	46,497
IMF related assets	-	-	-	-	-	-	-	-	281,919	-	281,919
<b>Total</b>	<b>1,591,640</b>	<b>273,201</b>	<b>4,156,363</b>	<b>76,370</b>	<b>116,288</b>	<b>60,729</b>	<b>55,005</b>	<b>31,083</b>	<b>503,155</b>	<b>3,988</b>	<b>6,867,822</b>
<b>Foreign currency financial liabilities</b>											
Demand deposits	106,109	-	-	-	-	-	-	-	-	-	106,109
Loans from IMF	-	-	-	-	-	-	-	-	-	-	-
IMF related liabilities	-	-	-	-	-	-	-	-	599,298	-	599,298
<b>Total</b>	<b>106,109</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>599,298</b>	<b>-</b>	<b>705,407</b>
<b>Net foreign currency asset</b>	<b>1,485,531</b>	<b>273,201</b>	<b>4,156,363</b>	<b>76,370</b>	<b>116,288</b>	<b>60,729</b>	<b>55,005</b>	<b>31,083</b>	<b>(96,143)</b>	<b>3,988</b>	<b>6,162,416</b>

**Foreign currency risk as at 31 December 2024**

Foreign currency financial assets	AUD (SBD) (000's)	NZD (SBD) (000's)	USD (SBD) (000's)	EUR (SBD) (000's)	GBP (SBD) (000's)	SGD (SBD) (000's)	CNY (SBD) (000's)	JPY (SBD) (000's)	SDR (SBD) (000's)	OTHERS (SBD) (000's)	Total (SBD) (000's)
Cash and cash equivalents	393,829	178,853	752,255	17,539	93,787	58,111	37,677	-	-	-	1,532,051
Fixed term deposits	420,052	147,467	260,771	72	77,365	36,850	32,120	-	-	-	974,697
Bonds and treasuries	846,181	-	1,888,860	-	-	-	-	-	-	-	2,735,041
Securities at fair value through profit or loss	-	-	219,807	-	-	-	-	-	214,085	-	433,892
Accrued interest	9,311	2,524	21,472	72	1,227	277	264	-	-	-	35,147
IMF related assets	-	-	-	-	-	-	-	-	231,233	-	231,233
Gold investment	-	-	44,364	-	-	-	-	-	-	-	44,364
Short term commercial papers	1,669,373	328,844	3,187,529	17,683	172,379	95,238	70,061	-	445,318	-	5,986,425
<b>Foreign currency financial liabilities</b>											
Demand deposits	27,334	-	-	-	-	-	-	-	-	-	27,334
Loans from IMF	-	-	-	-	-	-	-	-	77,940	-	77,940

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

IMF related liabilities	-	-	-	-	-	-	-	-	647,575	-	647,575
Securities	-	-	-	-	-	-	-	-	-	-	-
Capital subscription	-	-	-	-	-	-	-	-	-	-	-
Total	27,334	-	-	-	-	-	-	-	725,515	-	752,849
<b>Net foreign currency asset</b>	<b>1,642,039</b>	<b>328,844</b>	<b>3,187,529</b>	<b>17,683</b>	<b>172,379</b>	<b>95,238</b>	<b>70,061</b>	<b>-</b>	<b>(280,197)</b>	<b>-</b>	<b>5,233,576</b>

Other pricing risk

The Bank holds gold which is subject to market pricing risk. During the year the gold reserves were disposed.

### e) Operational risk management

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Bank's processes, personnel, technology and infrastructure and from external factors other than liquidity, credit and market risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risk arises from all of the Bank's operations. Managing operational risk in the Bank is an integral part of day-to-day operations and oversight. This includes adherence to Bank wide corporate policies. There is also an active internal audit function carried out on a quarterly basis. Operating loss is the risk of loss from breakdown of internal controls at the Bank. Operational risk relating to the activities of foreign currency reserves management is controlled by a number of internal instructions, and there is clear segregation of front office and back-office activity. The latter is one of the mechanisms for managing operational risk.

## 24 Classification of financial instruments

The carrying amounts of the Bank's financial assets and liabilities approximate their fair values at the reporting date as a result of their short term nature and/or the use of market based interest rates.

## 25 Related parties

The Bank has related party relationships with the Board of Directors, the Executive Management and the Solomon Islands Government. The Board of Directors during the year were:

Luke Forau	Chairman and Governor
Raynold Moveni	Deputy Governor and Deputy Chairman of the Board)
Mckinnie Dentana	Ex-Officio Member - Permanent Secretary of the Ministry of Finance & Treasury
Sonia Marahare	Board Secretary
David K C Quan	Non-Executive Member
Rodney Rutepitu	Non-Executive Member
Bob Pollard	Non-Executive Member
Kathleen Matautia	Non-Executive Member
Jeremy Barlett	Non-Executive Member
Helen Beck	Non-Executive Member

### Directors' fees and emoluments

Amounts paid to directors during the year are disclosed in Note 3 (f).

Related party disclosures require the disclosure of information relating to aggregate compensation of key management personnel. The key management personnel of the Bank are members of the Board and senior staff who have responsibility for planning, directing, and controlling the activities of the Bank. Fees of the non-executive members of the Board are determined by the Minister of Finance. The contracts of the Governor and Deputy Governor are subject to mid-term review by the Minister of Finance and annually in accordance with Bank policy. The Board of Directors determines the remuneration of the Chief Managers.

During the year the following persons were the executives identified as key management personnel, with the greatest authority and responsibility for planning and controlling the activities of the Bank:

Luke Forau	Governor
Raynold Moveni	Deputy Governor
Jimmy Sendersley	Director SIFIU
Michael Kikiolo	Management Advisor Policy
Marlon Houkarawa	Management Advisor Operations
Sonia Marahare	Chief Manager Risk Management Unit
Ali Homelo	Chief Manager Financial Markets and Exchange control
Joe Vasuni	Chief Manager Currency Banking, and Payment
Louisa Baragamu	Chief Manager Economics Research and Statistics
John Bosco Chief	Manager Human Resource and Corporate Services
Emmanuel Gela	Chief Manager Finance and Accounts
Daniel Haridi	Chief Manager National Payment System
Edward Manedika	Chief Manager Information Technology
Samuel Wariunima	Chief Manager Financial Market Supervision

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

The remuneration of the Bank's key management personnel, included in 'personal expenses' was as follows;	<b>2025</b>	<b>2024</b>
	<b>\$'000</b>	<b>\$'000</b>
Short-term employee benefits	11,665	5,198
Long-term benefits	-	725
	<b>11,665</b>	<b>5,923</b>
Short-term benefits include cash salary, and in the case of staff, annual leave, motor vehicle benefits, health benefits and the fringe benefits of tax paid or payable on these benefits.		
As at 31 December 2025 loans by the Bank to key management personnel were as follows:	<b>2025</b>	<b>2024</b>
	<b>\$'000</b>	<b>\$'000</b>
Housing loan	1,307	2,233
Personal loan	130	141
Management car loan	327	590
Staff Special loan	-	8
	<b>1,764</b>	<b>2,972</b>

### 26. Transactions with the Solomon Islands Government

During the financial year, the Bank conducted a range of transactions with the Solomon Islands Government, which included providing banking services, facilitating foreign exchange transactions, handling registry operations, and purchasing Government securities. The interest received from government securities was \$10.6 million this period. During the previous financial year, the Bank declared a dividend of \$10.0 million to Solomon Islands Government, which was a non-cash transaction (i.e. credited to the SIG monetary operations account).

### 27. Commitments and contingent liabilities

In 2007 the Solomon Islands Government (SIG) introduced and provided \$10 million for the establishment of the Small Business Finance Guarantee Scheme to be administered by CBSI. As at 31st December 2025, a total of 10 loans (2024: 35) were approved for nominations under the Scheme, with a total value of \$2.9 million (2024: \$8.4 million). The total guarantee committed in 2025 is \$1.7 million (2024: \$5.2 million).

The Bank's new headquarters office building had commenced in 2019. The accumulated cost at the end of 2025 is \$30.9 million. (2024: \$26.9 million).

### 28. Significant events during the year

In 2025, global economic conditions were shaped by heightened US trade tariffs, which increased uncertainty in international markets and weakened investor confidence. This uncertainty prompted a stronger shift toward safe-haven assets, especially gold, pushing its price higher toward end of the year.

Global disinflation led major central banks, including the US Fed, to lower their interest rates thus limiting CBSI's ability to generate higher interest income from its foreign investment portfolio.

Domestically, the Solomon Islands experienced an improvement in economic activity, supported by stronger export performance in the second half of the year and this led to stronger exchange rate. Collectively, these global and domestic developments influenced CBSI's financial position in investment returns and revaluations.

### 29. Events subsequent to balance date

There are no events or transaction of a material unusual nature, in the opinion of the directors of the Bank, likely to affect significantly the operations of the Bank, and the results of the operations, or the state of affairs of the Bank in the future financial years.

### 30. Capital management

The capital management policy of the Bank is governed by Section 6 of the Central Bank of Solomon Islands Act 2012 (as amended). The authorised and paid-up capital is an amount of \$50 million and is non-transferable and cannot be reduced under any circumstances. In accordance with Section 56 of the Act, should the Bank's assets fall below the total of its monetary liabilities, resulting in a capital shortfall, the Bank is required to seek a capital contribution from the Government through a formal request to the Minister of Finance.

