

**SPEECH BY MR AUGUST LETLET, GOVERNOR OF THE RESERVE BANK OF VANUATU (RBV), ON
THE PRESENTATION OF 2024 GOVERNMENT DIVIDEND AT THE RBV 3RD ECONOMIC
SYMPOSIUM, LUGANVILLE, SANTO, SANMA PROVINCE, JULY 2, 2025**

Good morning to you all

I am indeed delighted to welcome you and express my sincere gratitude for accepting the Reserve Bank of Vanuatu's invitation to participate in this year's Economic Symposium. Engaging with our stakeholders remains a key priority for the RBV, fostering collaboration and enhance transparency and credibility.

Established by Parliament in 1980, the Reserve Bank of Vanuatu (RBV) initially implemented monetary policy reforms, introducing the Vatu and replacing the New Hebrides Franc and Australian dollar. Today, the RBV's roles have expanded to fulfill its core mandate of maintaining price stability and ensuring a robust and safe financial system that safeguards the financial well-being of Vanuatu.

I am pleased to report that price stability has been achieved, with average inflation reaching 1.2% in 2024. With confidence, I stand to announce that Vanuatu's banking system is very healthy. Vanuatu's banking sector accounts for over 80% of the financial sector assets, about 1.5 times the size of the economy – a very high level compared to peers. The system comprises two main sectors: a domestic-oriented banking sector and an offshore banking industry. The domestic sector includes five banks: one large state-owned bank, three subsidiaries of foreign banks, and one small domestic bank. The three largest banks dominate the sector, holding 83% of total assets, with the largest accounting for 41%.

The organization of this economic symposium themed "An Enabling Environment for Digital and Green Finance for Inclusive and Resilience Development," exemplifies RBV's evolving role in financial inclusion. As digital and green finance become increasingly important, we must consider how policymakers in Vanuatu can leverage these financial innovations to promote resilience, sustainable and inclusive economic development. We will discuss what enabling policies can inspire the deployment of these innovations and digital technology to deliver financial services effectively, at minimal cost, and promote financial inclusion during these two days.

Turning to RBV's financial performance, I am pleased to announce that RBV has continued to demonstrate strong financial performance in 2024, with results consistently exceeding expectations. This build upon the financial results of fiscal year 2023, wherein the RBV Board of Directors declared a net profit of VT1.9 billion and subsequently disbursed over VT 700 million as dividend payment to the National Government, in compliance section 7 of the RBV Act [CAP 125]. For financial year 2024, total revenue reached VT3.8 billion, an increase of 8.5% from the VT3.5 billion recorded in 2023. Prudent Expenditure Management was introduced in 2024 which resulted in expenditure contained at 8.6%, landing total expenditures at VT1.4 billion from the VT1.6 billion in 2023. These differences suggest that a net profit of VT2.3 billion in 2024 was generated; which was endorsed by the RBV Board on 17 June 2025—Historically, it is a 21.0 % increase and the highest on record!

For the year 2024, a distributed earning of VT800 million has been declared by RBV Board of Directors. Of this VT800 million, VT50 million each will be allocated to the National University of Vanuatu and another VT50 million will be allocated to VARTC, based on an MOU to be signed today; after consultation with the Government; the balance VT 700 million will be paid to the Vanuatu Government as Dividend. These payout highlights continued effective reserve management strategy executed by the RBV Board amid the global economic uncertainties, driven by unstable geopolitical tensions and trade uncertainties.

While profitability is not a primary mandate of RBV, a strong capital position is essential for maintaining RBV's core mandate of monetary and financial stability allowing an environment that is conducive to economic development. With this, the RBV Board has allocated over VT1.3 billion of RBV's 2024 Net

Profit to its Special Retained Earning Reserves in order to strengthen its Balance Sheet. Financially, the RBV balance sheet is much stronger, safer and liquid today than it was before.

Amidst prevailing global economic uncertainties, the RBV has a comprehensive five-year strategic plan, spanning July 2025 to July 2030, to guide its operational direction. The RBV remains steadfast in its commitment to price and financial system stability.

I thank the RBV Board and staff for their unwavering support without, which these excellent results would not have been achieved.

I thank you for your attention and look forward to your positive contribution and participation in the two days Symposium starting today and tomorrow.