Analyst Pack

2009 Results
Table of contents
Summary
Summary

• As at 31 December 2009, the BSP Group held total assets of K9.4 billion. The compounded annual growth rate of total assets in the Group has been 34% since 2005

• The group reported earnings were K257.7 million for the year ended 31 December 2009

• In October 2009 BSP agreed to buy National Bank of Fiji Limited, Colonial Fiji Limited and associated companies from Commonwealth Bank Australia; ownership changed hands on 1 December 2009. The price was a fraction over net assets

• The purchase is a key step in BSP’s strategy to be the leading bank in the South Pacific

• National Bank of Fiji Limited trades as BSP Colonial National Bank (BSP CNB) and enjoys a market share of around 20% of the Fiji banking sector

• BSP CNB held more than K790 million and BSP Colonial Fiji Life (BSPCFL) over K516 million in total assets at 30 June 2009

• The acquisition of the Colonial businesses in Fiji added about K1.3 billion of assets to the Group

• BSP currently holds in excess of 50% of the market share of both deposits and loans in PNG and 30% of the market in the Solomon Islands
### Income Statement - for BSP Group for the Year Ended 31 December 2009

All amounts are expressed in K’000

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
<th>2007</th>
<th>2009 vs. 2008 %</th>
<th>2008 vs. 2007 %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td>582,862</td>
<td>435,974</td>
<td>313,152</td>
<td>33.7</td>
<td>39.2</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(108,893)</td>
<td>(58,874)</td>
<td>(36,280)</td>
<td>85.0</td>
<td>62.3</td>
</tr>
<tr>
<td>Net interest income</td>
<td>473,969</td>
<td>377,100</td>
<td>276,872</td>
<td>25.7</td>
<td>36.2</td>
</tr>
<tr>
<td><strong>Other income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lending fee income</td>
<td>38,941</td>
<td>33,444</td>
<td>28,776</td>
<td>16.4</td>
<td>16.2</td>
</tr>
<tr>
<td>Foreign exchange income</td>
<td>104,338</td>
<td>127,074</td>
<td>116,235</td>
<td>(17.9)</td>
<td>9.3</td>
</tr>
<tr>
<td>Non-lending fee income</td>
<td>69,868</td>
<td>53,865</td>
<td>39,244</td>
<td>29.7</td>
<td>37.3</td>
</tr>
<tr>
<td>Other income</td>
<td>38,596</td>
<td>29,445</td>
<td>18,255</td>
<td>31.1</td>
<td>61.3</td>
</tr>
<tr>
<td>Total other income</td>
<td>251,743</td>
<td>243,828</td>
<td>202,510</td>
<td>3.2</td>
<td>20.4</td>
</tr>
<tr>
<td><strong>Income net of interest expense</strong></td>
<td>725,712</td>
<td>620,928</td>
<td>479,382</td>
<td>16.9</td>
<td>29.5</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staff</td>
<td>(125,816)</td>
<td>(109,529)</td>
<td>(79,624)</td>
<td>14.9</td>
<td>37.6</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>(209,330)</td>
<td>(120,070)</td>
<td>(109,247)</td>
<td>74.3</td>
<td>9.9</td>
</tr>
<tr>
<td>Bad and doubtful debts (expense)/recovery</td>
<td>(15,020)</td>
<td>(11,353)</td>
<td>4,345</td>
<td>32.3</td>
<td>(361.3)</td>
</tr>
<tr>
<td><strong>Operating profit/(loss)</strong></td>
<td>375,546</td>
<td>379,976</td>
<td>294,856</td>
<td>(1.2)</td>
<td>28.9</td>
</tr>
<tr>
<td>Other losses</td>
<td>2,597</td>
<td>(51,178)</td>
<td>(11,285)</td>
<td>(105.1)</td>
<td>353.5</td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td>378,143</td>
<td>328,798</td>
<td>283,571</td>
<td>15.0</td>
<td>15.9</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>(121,025)</td>
<td>(100,464)</td>
<td>(92,499)</td>
<td>20.5</td>
<td>8.6</td>
</tr>
<tr>
<td><strong>Operating profit after tax from ordinary activities</strong></td>
<td>257,118</td>
<td>228,334</td>
<td>191,072</td>
<td>12.6</td>
<td>19.5</td>
</tr>
</tbody>
</table>
### Balance Sheet – BSP Group
for the Year Ended 31 December 2009

**All amounts are expressed in K’000**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and balances with central bank</td>
<td>996,393</td>
<td>434,627</td>
<td>440,761</td>
<td>129.3</td>
<td>(1.4)</td>
</tr>
<tr>
<td>Treasury &amp; central bank bills</td>
<td>2,325,713</td>
<td>1,833,910</td>
<td>1,564,128</td>
<td>26.8</td>
<td>17.3</td>
</tr>
<tr>
<td>Amounts due from other banks</td>
<td>191,888</td>
<td>283,978</td>
<td>537,535</td>
<td>(32.4)</td>
<td>(47.2)</td>
</tr>
<tr>
<td>Loans and advances to customers</td>
<td>3,638,562</td>
<td>2,343,844</td>
<td>1,550,271</td>
<td>55.2</td>
<td>51.2</td>
</tr>
<tr>
<td>Properties held for sale</td>
<td>9,011</td>
<td>-</td>
<td>2,617</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>282,246</td>
<td>175,443</td>
<td>170,672</td>
<td>60.9</td>
<td>2.8</td>
</tr>
<tr>
<td>Assets subject to operating lease</td>
<td>86,024</td>
<td>94,568</td>
<td>91,397</td>
<td>(9.0)</td>
<td>3.5</td>
</tr>
<tr>
<td>Investment securities</td>
<td>1,512,569</td>
<td>1,529,146</td>
<td>1,355,211</td>
<td>(1.1)</td>
<td>12.8</td>
</tr>
<tr>
<td>Investment in associates</td>
<td>47,733</td>
<td>1,826</td>
<td>2121</td>
<td>2,514.1</td>
<td>(13.9)</td>
</tr>
<tr>
<td>Goodwill</td>
<td>21,333</td>
<td>-</td>
<td>-</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Investment properties</td>
<td>70,990</td>
<td>-</td>
<td>-</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Deferred tax asset</td>
<td>52,603</td>
<td>27,146</td>
<td>21,603</td>
<td>93.8</td>
<td>25.7</td>
</tr>
<tr>
<td>Other assets</td>
<td>162,756</td>
<td>83,380</td>
<td>83,233</td>
<td>95.2</td>
<td>0.2</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>9,397,821</td>
<td>6,807,868</td>
<td>5,819,549</td>
<td>38.0</td>
<td>17.0</td>
</tr>
</tbody>
</table>
### Balance Sheet - BSP Group
for the Year Ended 31 December 2009

*All amounts are expressed in K’000*

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Amounts due to other banks</td>
<td>26,594</td>
<td>11,416</td>
<td>5,704</td>
<td>132.9</td>
<td>100.1</td>
</tr>
<tr>
<td>Subordinated debt securities</td>
<td>75,525</td>
<td>_</td>
<td>_</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Amounts due to customers</td>
<td>7,493,779</td>
<td>5,782,020</td>
<td>5,055,917</td>
<td>29.6</td>
<td>14.4</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>670,955</td>
<td>105,544</td>
<td>78,537</td>
<td>535.7</td>
<td>34.4</td>
</tr>
<tr>
<td>Provision for income tax</td>
<td>109,691</td>
<td>68,416</td>
<td>68,164</td>
<td>60.3</td>
<td>0.4</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>31,881</td>
<td>17,094</td>
<td>16,238</td>
<td>86.5</td>
<td>5.3</td>
</tr>
<tr>
<td>Other provisions</td>
<td>55,299</td>
<td>79,124</td>
<td>23,289</td>
<td>(30.1)</td>
<td>239.7</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>8,463,724</td>
<td>6,063,614</td>
<td>5,247,849</td>
<td>39.6</td>
<td>15.5</td>
</tr>
</tbody>
</table>

| **Shareholders Equity**        |          |          |          |                      |                      |
| Ordinary shares                | 318,014  | 318,014  | 271,536  | 0.0                  | 17.1                 |
| Retained earnings              | 553,912  | 394,367  | 264,855  | 40.5                 | 48.9                 |
| Other reserves                 | 62,171   | 31,873   | 35,309   | 95.1                 | (9.7)                |
| **Total shareholder’s equity** | 934,097  | 744,254  | 571,700  | 25.5                 | 30.2                 |

| **Total equity and liabilities** | 9,397,821 | 6,807,868 | 5,819,549 | 38.0 | 17.0 |
### Statement of Changes in Shareholder Equity – Group for the Year Ended 31 December 2009

- **All amounts are expressed in K'000**

<table>
<thead>
<tr>
<th></th>
<th>Share Capital</th>
<th>Reserves</th>
<th>Retained Earnings / (Accumulated Losses)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance as at 1 January 2009</strong></td>
<td>318,014</td>
<td>31,873</td>
<td>394,367</td>
<td>744,254</td>
</tr>
<tr>
<td>Final dividend paid for 2008</td>
<td>-</td>
<td>-</td>
<td>(100,305)</td>
<td>(100,305)</td>
</tr>
<tr>
<td>Deferred income 2009 (IFRS)</td>
<td>-</td>
<td>-</td>
<td>2,732</td>
<td>2,732</td>
</tr>
<tr>
<td>Net Profit</td>
<td>-</td>
<td>-</td>
<td>257,118</td>
<td>257,118</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>-</td>
<td>30,298</td>
<td>-</td>
<td>30,298</td>
</tr>
<tr>
<td><strong>Balance at 31 December 2009</strong></td>
<td>318,014</td>
<td>62,171</td>
<td>553,912</td>
<td>934,097</td>
</tr>
</tbody>
</table>
Cash Flow Statement – BSP Group
for the Year Ended 31 December 2009

All amounts are expressed in K’000

<table>
<thead>
<tr>
<th>2009</th>
<th>2008</th>
<th>2007</th>
<th>2009 vs. 2008 %</th>
<th>2008 vs. 2007 %</th>
</tr>
</thead>
</table>

### Cash Flow From Operating Activities

<table>
<thead>
<tr>
<th>Activity</th>
<th>2009</th>
<th>2008</th>
<th>2007</th>
<th>%</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest received</td>
<td>584,859</td>
<td>428,409</td>
<td>313,338</td>
<td>36.5</td>
<td>36.7</td>
</tr>
<tr>
<td>Fees and other income</td>
<td>249,399</td>
<td>244,319</td>
<td>203,142</td>
<td>2.1</td>
<td>20.3</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(116,142)</td>
<td>(52,645)</td>
<td>(34,541)</td>
<td>120.6</td>
<td>52.4</td>
</tr>
<tr>
<td>Amounts paid to suppliers and employees</td>
<td>(327,522)</td>
<td>(234,383)</td>
<td>(171,592)</td>
<td>39.7</td>
<td>36.6</td>
</tr>
<tr>
<td><strong>Operating cash flow before changes in operating assets</strong></td>
<td>390,594</td>
<td>385,700</td>
<td>310,347</td>
<td>1.3</td>
<td>24.3</td>
</tr>
<tr>
<td>Decrease/(increase) in loans</td>
<td>(535,954)</td>
<td>(783,161)</td>
<td>(382,674)</td>
<td>(31.6)</td>
<td>104.7</td>
</tr>
<tr>
<td>Decrease/(Increase) in bills receivable and other assets</td>
<td>28,679</td>
<td>19,356</td>
<td>14,839</td>
<td>48.2</td>
<td>30.4</td>
</tr>
<tr>
<td>(Decrease)/Increase in deposits</td>
<td>920,295</td>
<td>728,423</td>
<td>1,282,300</td>
<td>26.3</td>
<td>(43.2)</td>
</tr>
<tr>
<td>(Decrease)/increase in bills payable and other liabilities</td>
<td>(126,547)</td>
<td>4,251</td>
<td>32,568</td>
<td>(3076.9)</td>
<td>(86.9)</td>
</tr>
<tr>
<td><strong>Net cash flow from operations before income tax</strong></td>
<td>677,067</td>
<td>354,569</td>
<td>1,257,380</td>
<td>91.0</td>
<td>(71.8)</td>
</tr>
<tr>
<td>Income tax paid</td>
<td>(101,403)</td>
<td>(102,370)</td>
<td>(78,240)</td>
<td>(0.9)</td>
<td>30.8</td>
</tr>
<tr>
<td><strong>Net cash flow from operating activities</strong></td>
<td>575,664</td>
<td>252,199</td>
<td>1,179,140</td>
<td>128.3</td>
<td>(78.6)</td>
</tr>
</tbody>
</table>

### Cash Flow from Investing Activities

<table>
<thead>
<tr>
<th>Activity</th>
<th>2009</th>
<th>2008</th>
<th>2007</th>
<th>%</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decrease/(increase) in Government securities</td>
<td>(281,094)</td>
<td>(443,717)</td>
<td>(542,610)</td>
<td>(36.7)</td>
<td>(18.2)</td>
</tr>
<tr>
<td>Expenditure on property plant and equipment</td>
<td>(32,747)</td>
<td>(28,124)</td>
<td>(42,835)</td>
<td>16.4</td>
<td>(34.3)</td>
</tr>
<tr>
<td>Proceeds from disposal of property plant and equipment</td>
<td>2,472</td>
<td>7,552</td>
<td>1,946</td>
<td>(67.3)</td>
<td>288.1</td>
</tr>
<tr>
<td>Movement in share trading activities</td>
<td>3,575</td>
<td>2,985</td>
<td>(4,756)</td>
<td>19.8</td>
<td>162.8</td>
</tr>
<tr>
<td>Additional funding in associate</td>
<td>(800)</td>
<td>(883)</td>
<td>-</td>
<td>(9.4)</td>
<td>N/A</td>
</tr>
<tr>
<td>Net cash flow on acquisition of subsidiary</td>
<td>8,622</td>
<td>-</td>
<td>-</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Net cash flow from investing activities</strong></td>
<td>(299,972)</td>
<td>(462,187)</td>
<td>(588,255)</td>
<td>(35.1)</td>
<td>(21.4)</td>
</tr>
</tbody>
</table>

### Cash Flow from Financing Activities

<table>
<thead>
<tr>
<th>Activity</th>
<th>2009</th>
<th>2008</th>
<th>2007</th>
<th>%</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issue of share capital</td>
<td>-</td>
<td>46,478</td>
<td>35,898</td>
<td>(100.0)</td>
<td>29.5</td>
</tr>
<tr>
<td>Proceeds from subordinated debt securities</td>
<td>75,525</td>
<td>-</td>
<td>-</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Repayment of borrowings</td>
<td>-</td>
<td>2,183</td>
<td>844</td>
<td>(100.0)</td>
<td>158.6</td>
</tr>
<tr>
<td>Client Management Trust</td>
<td>(6,745)</td>
<td>937</td>
<td>5,480</td>
<td>(820.0)</td>
<td>(82.9)</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(100,305)</td>
<td>(99,509)</td>
<td>(71,219)</td>
<td>0.8</td>
<td>39.7</td>
</tr>
<tr>
<td><strong>Net cash flow from financing activities</strong></td>
<td>(31,525)</td>
<td>(49,911)</td>
<td>(28,997)</td>
<td>(36.8)</td>
<td>72.1</td>
</tr>
<tr>
<td><strong>Net increase/(decrease) in cash and cash equivalents</strong></td>
<td>244,167</td>
<td>(259,899)</td>
<td>561,888</td>
<td>(193.9)</td>
<td>(146.3)</td>
</tr>
<tr>
<td>Effect of exchange rate movements on cash and cash equivalents</td>
<td>(3,135)</td>
<td>(5,504)</td>
<td>374</td>
<td>(43.0)</td>
<td>(1571.7)</td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of the year – subsidiary</td>
<td>213,466</td>
<td>-</td>
<td>-</td>
<td>N/A</td>
<td>0.0</td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of the year</td>
<td>707,189</td>
<td>972,592</td>
<td>410,330</td>
<td>(27.3)</td>
<td>137.0</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at the end of the year</strong></td>
<td>1,161,687</td>
<td>707,189</td>
<td>972,592</td>
<td>64.3</td>
<td>(27.3)</td>
</tr>
</tbody>
</table>
### Income tax expense – BSP Group

*All amounts are expressed in K’000*

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
<th>2007</th>
<th>2009 vs. 2008 %</th>
<th>2008 vs. 2007 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current tax</td>
<td>128,170</td>
<td>104,441</td>
<td>93,805</td>
<td>22.7</td>
<td>11.3</td>
</tr>
<tr>
<td>Deferred tax</td>
<td>(13,463)</td>
<td>(4,998)</td>
<td>(4,031)</td>
<td>169.4</td>
<td>24.0</td>
</tr>
<tr>
<td>Current year</td>
<td>114,707</td>
<td>99,443</td>
<td>89,774</td>
<td>15.4</td>
<td>10.8</td>
</tr>
<tr>
<td>Prior year adjustments</td>
<td>6,318</td>
<td>1,021</td>
<td>2,725</td>
<td>518.8</td>
<td>(62.5)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>121,025</strong></td>
<td><strong>100,464</strong></td>
<td><strong>92,499</strong></td>
<td><strong>20.5</strong></td>
<td><strong>8.61</strong></td>
</tr>
<tr>
<td>Tax calculated at 30% of profit before tax</td>
<td>113,052</td>
<td>98,639</td>
<td>85,999</td>
<td>14.6</td>
<td>14.7</td>
</tr>
<tr>
<td>Expense not deductible for tax</td>
<td>2,050</td>
<td>1,283</td>
<td>3,968</td>
<td>59.8</td>
<td>(67.7)</td>
</tr>
<tr>
<td>Deductible expenses not recognised for accounting purposes</td>
<td>(1,049)</td>
<td>(479)</td>
<td>(193)</td>
<td>119</td>
<td>148.2</td>
</tr>
<tr>
<td>Prior year under provision</td>
<td>6,318</td>
<td>1,021</td>
<td>2,725</td>
<td>518.8</td>
<td>(62.5)</td>
</tr>
<tr>
<td>Net tax impact from acquisition of subsidiary</td>
<td>654</td>
<td>-</td>
<td>-</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>121,025</strong></td>
<td><strong>100,464</strong></td>
<td><strong>92,499</strong></td>
<td><strong>20.5</strong></td>
<td><strong>8.6</strong></td>
</tr>
</tbody>
</table>
Key ratios and statistics
### Loans and deposits

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Deposits</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deposits - excluding Colonial</td>
<td>K million</td>
<td>6,760</td>
<td>5,782</td>
<td>5,056</td>
<td>3,774</td>
<td>2,543</td>
</tr>
<tr>
<td>Deposits - Colonial</td>
<td>K million</td>
<td>734</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BSP Group total deposits</td>
<td>K million</td>
<td>7,494</td>
<td>5,782</td>
<td>5,056</td>
<td>3,774</td>
<td>2,543</td>
</tr>
<tr>
<td>Deposit growth rate from previous year</td>
<td>%</td>
<td>30.0</td>
<td>14.4</td>
<td>34.0</td>
<td>48.4</td>
<td></td>
</tr>
<tr>
<td>Deposit growth rate from previous year excluding Colonial</td>
<td>%</td>
<td>17.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net Loans and Advances</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net loans and advances - excluding Colonial</td>
<td>K million</td>
<td>2,860</td>
<td>2,344</td>
<td>1,550</td>
<td>1,163</td>
<td>874</td>
</tr>
<tr>
<td>Net loans and advances - Colonial</td>
<td>K million</td>
<td>779</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BSP Group net loans and advances</td>
<td>K million</td>
<td>3,639</td>
<td>2,344</td>
<td>1,550</td>
<td>1,163</td>
<td>874</td>
</tr>
<tr>
<td>Net loans and advances growth rate</td>
<td>%</td>
<td>55.2</td>
<td>51.2</td>
<td>33.3</td>
<td>33.2</td>
<td></td>
</tr>
<tr>
<td>Net loans and advances growth rate excluding Colonial</td>
<td>%</td>
<td>22.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Loans to Deposits ratio</strong></td>
<td>%</td>
<td>48.6</td>
<td>40.5</td>
<td>30.7</td>
<td>30.8</td>
<td>34.4</td>
</tr>
</tbody>
</table>
## Profitability ratios

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost to income ratio</td>
<td>%</td>
<td>42.9</td>
<td>37.0</td>
<td>39.4</td>
<td>51.9</td>
</tr>
<tr>
<td>Net interest margin*</td>
<td>%</td>
<td>7.7</td>
<td>7.4</td>
<td>6.9</td>
<td>7.1</td>
</tr>
<tr>
<td>Net interest spread*</td>
<td>%</td>
<td>7.8</td>
<td>7.5</td>
<td>7.0</td>
<td>7.2</td>
</tr>
</tbody>
</table>

*Net interest margin and net interest spread exclude Fiji Colonial
Performance ratios

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings per share (basic and diluted)</td>
<td>toea</td>
<td>5.6</td>
<td>5.0</td>
<td>4.2</td>
<td>2.5</td>
</tr>
<tr>
<td>Return on shareholder’s equity</td>
<td>%</td>
<td>30.6</td>
<td>34.7</td>
<td>39.5</td>
<td>31.7</td>
</tr>
<tr>
<td>Return on assets</td>
<td>%</td>
<td>3.2</td>
<td>3.6</td>
<td>3.8</td>
<td>3.1</td>
</tr>
</tbody>
</table>

Earnings Per Share and Return On Equity

- **Earnings per share (toea per share)**
- **Return on equity (%)**
## Capital and Liquidity Ratios

<table>
<thead>
<tr>
<th></th>
<th>Unit</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 1 capital before YTD profits</td>
<td>K'000</td>
<td>598,310</td>
<td>479,999</td>
<td>334,129</td>
<td>239,771</td>
<td>183,612</td>
</tr>
<tr>
<td>Tier 1 capital after YTD profits</td>
<td>K'000</td>
<td>855,428</td>
<td>708,333</td>
<td>534,201</td>
<td>351,387</td>
<td>282,837</td>
</tr>
<tr>
<td>Tier 1 capital adequacy ratio before YTD profits</td>
<td>%</td>
<td>12.6</td>
<td>14.2</td>
<td>17</td>
<td>15.6</td>
<td>17.7</td>
</tr>
<tr>
<td>Capital adequacy ratio</td>
<td>%</td>
<td>22.1</td>
<td>22.8</td>
<td>29</td>
<td>25.9</td>
<td>29.4</td>
</tr>
</tbody>
</table>

### Tier 1 Capital and Total Capital Adequacy

- **Tier 1 capital adequacy**
- **BPNG min requirement**
- **Total Capital Adequacy**

![Graph showing Tier 1 Capital and Total Capital Adequacy over years 2005 to 2009](#)
### Capital and liquidity ratios

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Liquid asset ratio</td>
<td>%</td>
<td>50.1</td>
<td>47.5</td>
<td>50.3</td>
<td>51.4</td>
<td>56.2</td>
</tr>
<tr>
<td>Leverage ratio</td>
<td>%</td>
<td>9.1</td>
<td>10.4</td>
<td>9.2</td>
<td>7.5</td>
<td>9.6</td>
</tr>
<tr>
<td>Debt to assets ratio</td>
<td>%</td>
<td>90.1</td>
<td>89.1</td>
<td>90.2</td>
<td>90.9</td>
<td>89.6</td>
</tr>
</tbody>
</table>

#### Liquid asset ratio

![Liquid asset ratio chart](image-url)

#### Leverage ratio

![Leverage ratio chart](image-url)
## Shareholder summary

<table>
<thead>
<tr>
<th></th>
<th>Unit</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividend per ordinary share</td>
<td>toea</td>
<td>2.2</td>
<td>2.2</td>
<td>1.6</td>
<td>1.4</td>
<td>1.0</td>
</tr>
<tr>
<td>Dividend payout ratio</td>
<td>%</td>
<td>39.3</td>
<td>44.0</td>
<td>37.8</td>
<td>55.1</td>
<td>43.9</td>
</tr>
<tr>
<td>Number of shares at end of period (adjusted)</td>
<td>billion</td>
<td>4.56</td>
<td>4.56</td>
<td>4.52</td>
<td>4.39</td>
<td>4.36</td>
</tr>
<tr>
<td>Share price at end of period</td>
<td>Kina</td>
<td>0.85</td>
<td>0.98</td>
<td>0.73</td>
<td>0.4</td>
<td>0.32</td>
</tr>
</tbody>
</table>

### Share Price and Market Capitalisation

![Graph showing Share Price and Market Capitalisation](image-url)
## Shareholder summary

<table>
<thead>
<tr>
<th>Unit</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price to Earnings</td>
<td>Multiple</td>
<td>15.2</td>
<td>19.6</td>
<td>17.2</td>
<td>15.8</td>
</tr>
<tr>
<td>Price to Book Value</td>
<td>Multiple</td>
<td>4.1</td>
<td>6.0</td>
<td>5.7</td>
<td>4.4</td>
</tr>
</tbody>
</table>

### Price to Earning and Price to Book Value

- **Price to Earnings**
  - 2005: 15.0
  - 2006: 19.0
  - 2007: 17.0
  - 2008: 15.0
  - 2009: 14.0

- **Price to Book Value**
  - 2005: 4.5
  - 2006: 6.0
  - 2007: 5.7
  - 2008: 4.4
  - 2009: 4.5

### Charts

- **Multiple**
  - **Red** Line: Price to Earnings
  - **Green** Line: Price to Book Value
## Asset quality

### Provisions for impairment

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Millions of Kina</td>
<td>129.8</td>
<td>50.5</td>
<td>41.2</td>
<td>33.2</td>
<td>29.5</td>
</tr>
</tbody>
</table>

### Loan provisions to gross loans

<table>
<thead>
<tr>
<th>%</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3.4</td>
<td>2.1</td>
<td>2.6</td>
<td>2.8</td>
<td>3.3</td>
</tr>
</tbody>
</table>

### Net bad debts (expense)/recovered

| Millions of Kina   | (15.0) | (11.4) | 4.3   | 1.3   | 4.0   |

### Loan provisions to gross loans

**Total**

<table>
<thead>
<tr>
<th>Year</th>
<th>BSP PNG</th>
<th>Colonial Fiji effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>3.3%</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>2.8%</td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>2.6%</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>2.1%</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>2.9%</td>
<td>0.5%</td>
</tr>
</tbody>
</table>
All amounts are expressed in K'000

<table>
<thead>
<tr>
<th>Economic Sector Risk Concentrations</th>
<th>2009</th>
<th>%</th>
<th>2008</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commerce, finance and other business</td>
<td>1,855,439</td>
<td>51</td>
<td>1,166,424</td>
<td>49</td>
</tr>
<tr>
<td>Private households</td>
<td>463,963</td>
<td>13</td>
<td>409,463</td>
<td>17</td>
</tr>
<tr>
<td>Government and Public Authorities</td>
<td>8,214</td>
<td>0.2</td>
<td>5,795</td>
<td>1</td>
</tr>
<tr>
<td>Agriculture</td>
<td>260,051</td>
<td>7</td>
<td>256,940</td>
<td>11</td>
</tr>
<tr>
<td>Transport and communication</td>
<td>276,230</td>
<td>8</td>
<td>123,546</td>
<td>6</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>397,624</td>
<td>11</td>
<td>174,607</td>
<td>7</td>
</tr>
<tr>
<td>Construction</td>
<td>377,041</td>
<td>10</td>
<td>207,069</td>
<td>9</td>
</tr>
<tr>
<td>Net loan portfolio balance</td>
<td>3,638,562</td>
<td>100</td>
<td>2,343,844</td>
<td>100</td>
</tr>
</tbody>
</table>

Economic Sector Risk Concentrations

- Construction
- Manufacturing
- Transport and communication
- Agriculture
- Government and Public Authorities
- Private households
- Commerce, finance and other business