

RESERVE BANK OF FIJI



**ADDRESS AT THE SOFT LAUNCH OF BRED BANK (FIJI) LIMITED
BY THE GOVERNOR OF THE RESERVE BANK OF FIJI
BARRY WHITESIDE
ON SATURDAY 03 NOVEMBER 2012**

The Deputy Chairman of BRED Bank (Fiji) Limited, Mr Darryl Constantin
Board Directors
Chief Executive Officer, Mr Satish Deb
Management and Staff of BRED Bank (Fiji) Limited
Distinguished Guests
Ladies and Gentlemen

Introductory Comments

Good Morning, Bonjour and Bula Vinaka to you all.

I wish to thank Satish for the kind invitation to officiate at this “soft” launch of BRED Bank (Fiji) Limited.

This is indeed another milestone in the history of our financial system. Today marks the entry of a new bank and, perhaps more significantly, not since Bank of Hawaii entered our financial system in 1993 have we had a bank start from ‘scratch’ and be challenged to build its operations from the ground up.

Before I turn to some background information about BRED Bank I would like to make some general comments about banking and our licensing framework.

Banking & Licensing

Entry into our banking system is quite deregulated. However, I must say that while anyone can apply to establish a bank in Fiji, they must meet our fairly comprehensive licensing requirements, which play an integral role in ensuring we are dealing with reputable, tried and proven players.

Historically, we have had banks withdraw from the country for various reasons. Some contend that this indicates that the country is sufficiently banked. The Reserve Bank of Fiji, however, does not presently have a policy on limiting the number of players in the industry. We do like to ensure that those institutions

RESERVE BANK OF FIJI



that do come in are strong and have the appropriate backing to take them forward.

May I add that the decision to commence full banking operations in a new jurisdiction is not a spur of the moment thing and is certainly not taken lightly. Banking is a relatively difficult and complex business to establish. Set up and operating costs are extremely high. Just look around you and take a guess at how much has been spent on this fit-out. A new institution trying to position itself in an already competitive market must be prepared to do more to secure a share of that market. There are strenuous compliance requirements set by the regulators that must first be met before the business can even think of taking in the first deposit, or giving out the first loan. These compliance measures have been further strengthened since the Global Financial Crisis (GFC). The new operators also know that the cost of failure and subsequent withdrawal is extremely high.

In Fiji, as you all know, we have well entrenched players, which will make a new entrant's task of generating adequate returns very challenging. But if a reputable entrant fronts up and meets the stipulated requirements, as BRED Bank has done, we will grant entry into our banking system. This is a deregulated market mechanism that promotes competition, productivity and efficiency.

Ladies and gentlemen, I am pleased to say that BRED Bank has checked all the boxes and met all our licensing requirements and worked tirelessly to set up their operations here in Suva.

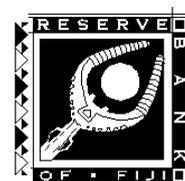
Now let me make some brief background comments on BRED Bank.

Background of BRED Bank (Fiji) Limited

BRED Bank (Fiji) Limited is locally incorporated and is a subsidiary of Compagnie Financiere de la BRED (in short, COFIBRED).

COFIBRED, in turn, is the wholly owned subsidiary and international investment arm of BRED Banque Populaire, the largest regional co-operative bank of the Banque Populaire Group of France. BRED Banque Populaire was formed 91 years ago and currently has a capital base of 432 million Euros (around FJD 987million).

RESERVE BANK OF FIJI



COFIBRED's banking subsidiaries are located in Eastern Africa, South East Asia, France, Switzerland, Turkey, Vanuatu, New Caledonia, Tahiti, French Polynesia and now in Fiji. COFIBRED is also expanding further into Asia and Africa. You can see that this is a truly international company.

We note that BRED Bank's entry into Fiji has been largely attributed to the positive experiences from representations in New Caledonia, Tahiti and Vanuatu, as well as investments in Australia. Our country was considered as having the required building blocks, ranging from local expertise to infrastructure and communication, which effectively facilitated this bank's entry into our market. BRED Bank viewed Fiji as having a relatively good developed market size, with appealing future economic prospects. The fact that we are being seen more and more as an economic and financial hub in our Pacific region is also extremely appealing.

Considering this vision of BRED Bank, let me make some comments on our economy and the near term outlook.

Fiji Economy and Outlook

Our Macroeconomic Policy Committee is currently reviewing the earlier forecast for 2012 GDP growth of 2.7 percent. This review takes into account the combined impact of ongoing buoyancy in domestic demand on the one hand and the possible deterioration in external demand from a global slowdown, on the other hand. However, I can say that the economic growth for this year is expected to be close to the earlier forecast.

Despite the increasing global uncertainty, our monetary policy objectives remain at comfortable levels. Inflation continues on a general downward trend registering 3.7 percent in September and is forecast to fall further to 3.5 percent by year-end, driven by lower prices for food and stability in oil prices.

Foreign reserves are currently around \$1.6 billion, sufficient to cover 5.0 months of retained imports of goods and non-factor services.

Turning to Fiji's financial system, I am pleased to confirm that this continues to be sound. Developments in the various sectors have been reflective of the growth in the total assets of our financial institutions. The key prudential indicators of our banking system also remain favorable. The satisfactory performance of the banking system is attributed to:

RESERVE BANK OF FIJI



- Strong levels of capital;
- Satisfactory asset quality;
- Adequate liquidity;
- Good management;
- Sound profitability; and
- Revived lending trends after a sustained period of benign growth

There has also been a rapid development of innovation in the domestic financial sector with growth in areas of mobile banking, electronic banking initiatives and ATM and EFTPOS interconnectivity, to name a few.

With such favorable indicators, the entrance of BRED Bank is considered timely, and it is expected that customers will benefit from healthy competition within the industry. BRED Bank is also optimistic that, with its co-operative style and approach, it will deliver a banking experience for Fiji that compares favorably with any other.

Overall Operations

With a capital injection of approximately \$40.0 million, Bred Bank opens its first branch at this MHCC complex, with plans to open other branches around Fiji. From our discussions it has been noted that the Bank also has plans to establish satellite branches in close proximity to large residential and industrial/commercial areas, as well as kiosks in shopping centers. One of the other key strengths of the institution is its 100 percent local Management and Staff.

Concluding Remarks

Ladies and gentlemen, investments like BRED Bank (Fiji) Limited serve to fuel and drive the increasing positive sentiment in our economy.

I would like to once again thank Satish for his kind invitation. I reiterate my appreciation to the Board, Management and Staff of BRED Bank for their support and cooperation.

Both prior to and since the date of the issuance of the licence, the institution has made tireless efforts in trying to meet all the conditions and here it is today, opening its doors to serve the people of Fiji. The Board, Management and Staff are commended for the work done in setting up a fully fledged commercial bank. A bank that will literally start from scratch.

RESERVE BANK OF FIJI



Official Opening

Ladies and Gentlemen, the opening of a new commercial bank in Fiji continues the new era in financial sector development in Fiji. The people of Fiji are the beneficiaries of this development and I understand that they are in for a real French banking experience.

I have much pleasure in welcoming BRED Bank (Fiji) Limited into Fiji's Financial System and wish the institution all the very best in its operations in Fiji.

Vinaka