



BSP Qtr.3/2016 Results Summary

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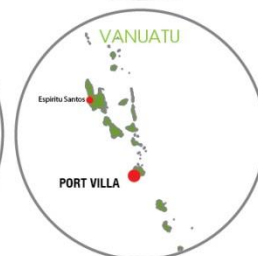
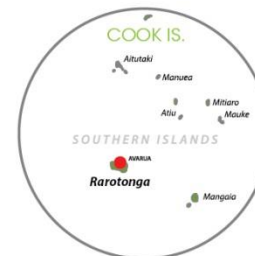
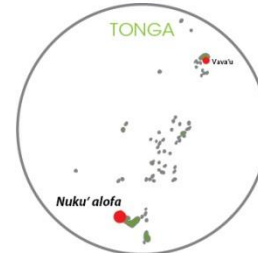
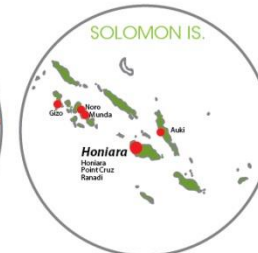
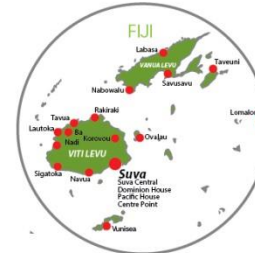


BSP's Geographical footprint today

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BSP LOCATIONS

KEY
Branches ●
Sub Branches ●
Agents ●

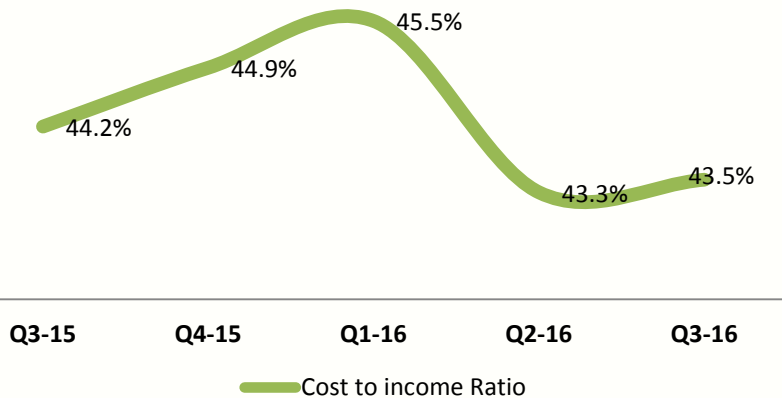


	PNG	Fiji	Solomon Is.	Samoa	Tonga	Cook Is.	Vanuatu	Total
Branches	44	17	8	3	2	1	2	77
Sub-Branches	44	6	0	1	0	1	0	52
ATMs	309	114	27	13	8	9	14	494
EFTPoS	7565	1790	235	250	279	369	331	10819
Agents	175	40	65	29	20	7	14	350

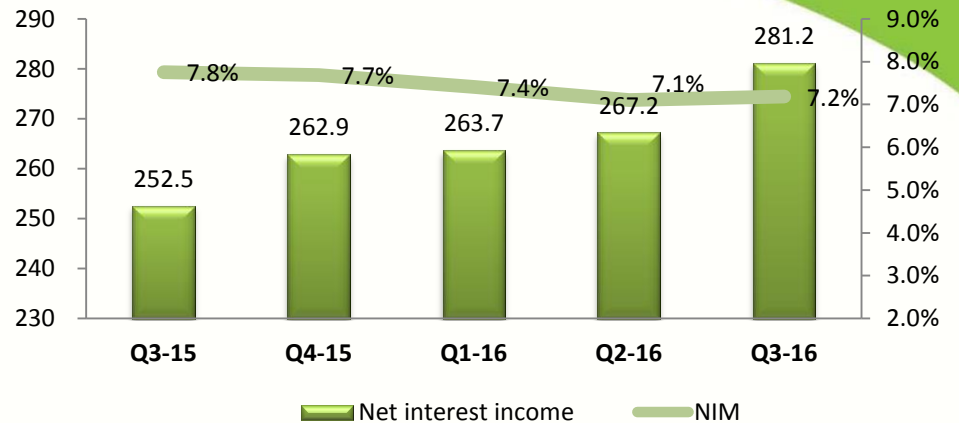
Financial Ratios



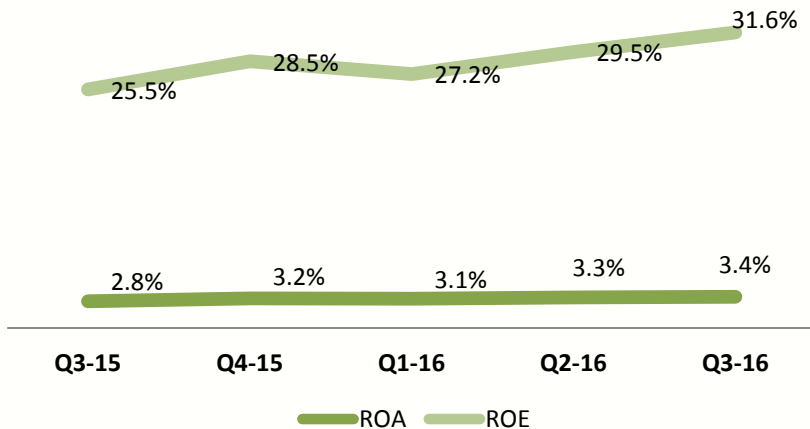
Cost to Income Ratio



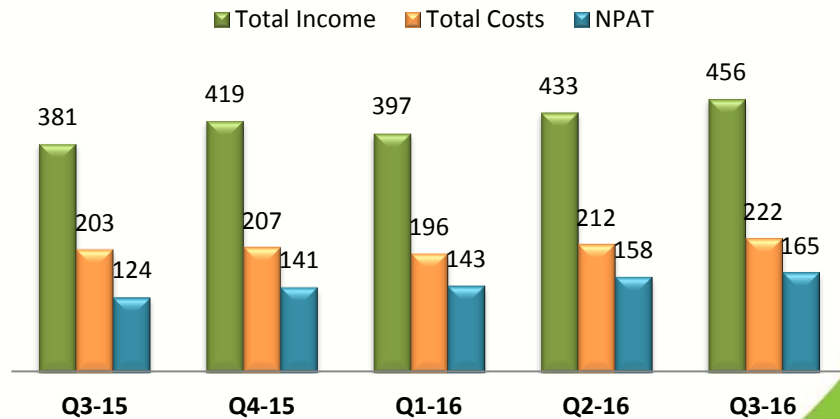
Net Interest Income (K'm) and NIM (annualised)



ROE and ROA (annualised)



Profitability (Km)



Profit and Loss (K'm)

Group NPAT in Q3'16 is up 5% (+K7.2m) to K165.3m from K158.07m (Q2'16).

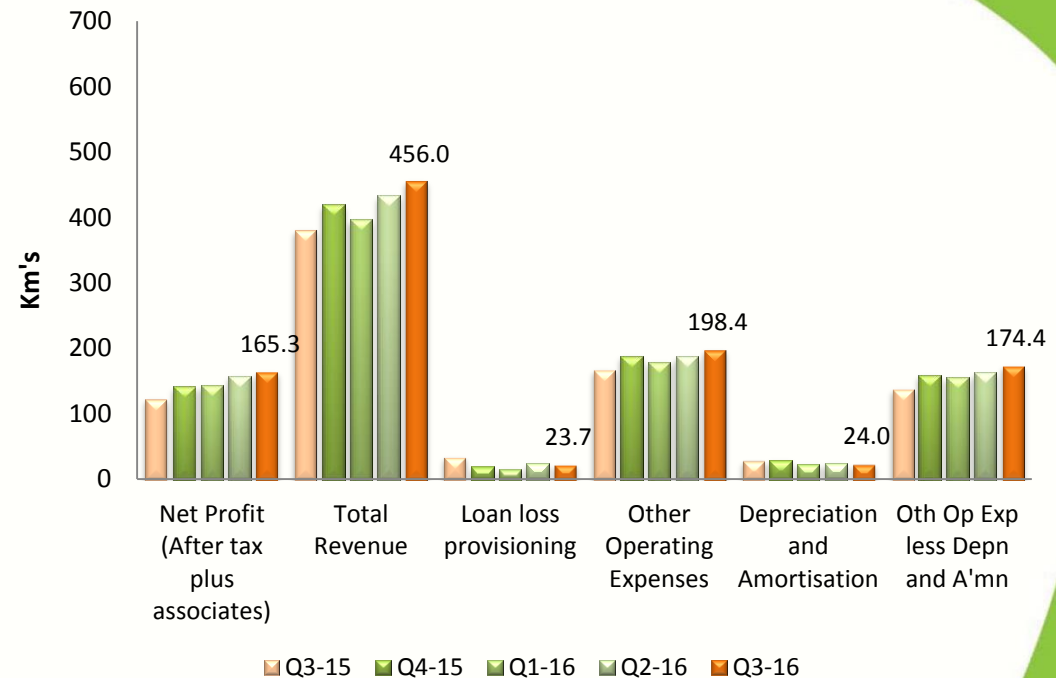
Total Revenue of K456m is up 5% in Q3'16 vs Q2'16. The increase includes the addition of Vanuatu to Group results in Q3'16. Net interest income increased by K14m. Fees contributed K3.2m, FX income K2.3m and other income K3.3m for a total K23m increase over the previous quarter's revenue.

Other Operating Expenses (less depreciation) are K174.4m for Q3'16 representing a 6.7% increase over the previous quarter. The increase includes the addition of Vanuatu to Group results in Q3'16. The Group continues to prudently manage Operating Expenses with BSP's Cost to Income ratio maintained at 43.5% (43.3% Q2'16).

Depreciation & amortisation charges reduced slightly by K0.3m in Q3'16, from K24.4m in the previous quarter.

Loan Loss provisioning expenses decreased by K0.7m to K23.7m this quarter compared to Q2'16.

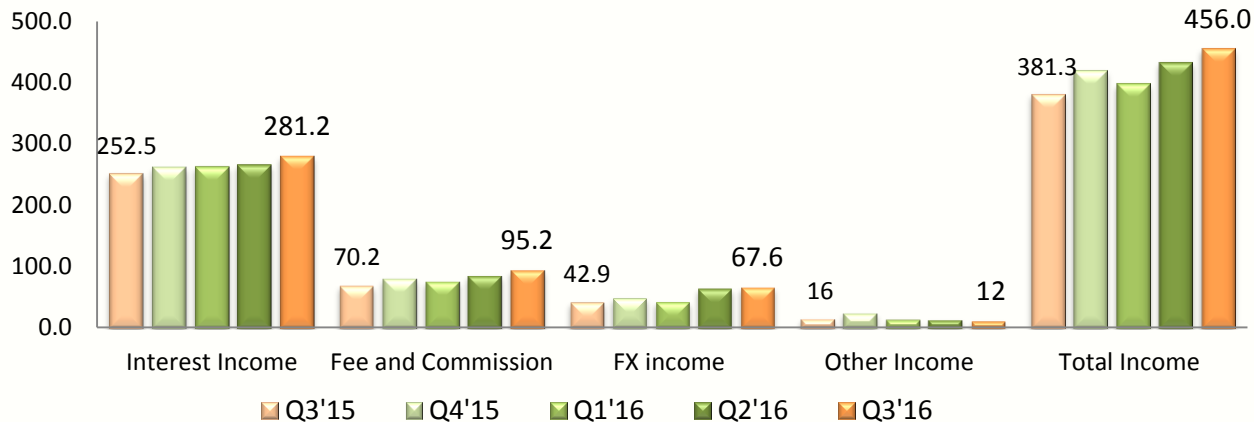
Profit and Loss



Total Income and Total Assets

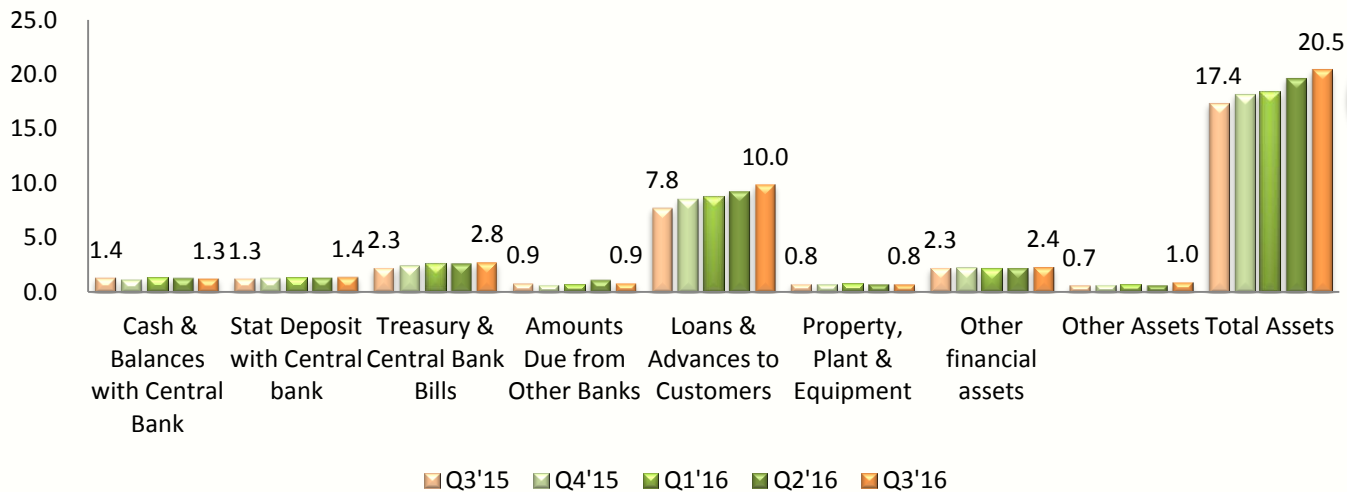
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Income Categories (K'm)



Total Income increases by 5% in Q3 over Q2

Asset Categories (K'bn)



Total Assets increases by 4% in Q3 over Q2

Balance Sheet (K'bn)

Total Assets increased by 4% (+K802m) to K20.5b at end of Q3'16, compared to K19.7b in Q2'16. The Q3'16 increase reflects the acquisition of Vanuatu assets, loan growth in the quarter of 3.8% in PNG, as well as some increases arising from fx translation of non-PNG businesses.

Assets grew in the quarter for BSP PNG and BSP Solomon Islands by K165m and K140m respectively. The acquisition of Vanuatu added K415m to group asset balances.

Other Interest Earning Assets (IEA) comprised of Investments as well as Amounts Due from Other Banks reduced marginally by 2% (-K97m) in Q2'16 to K6.0b in Q3'16.

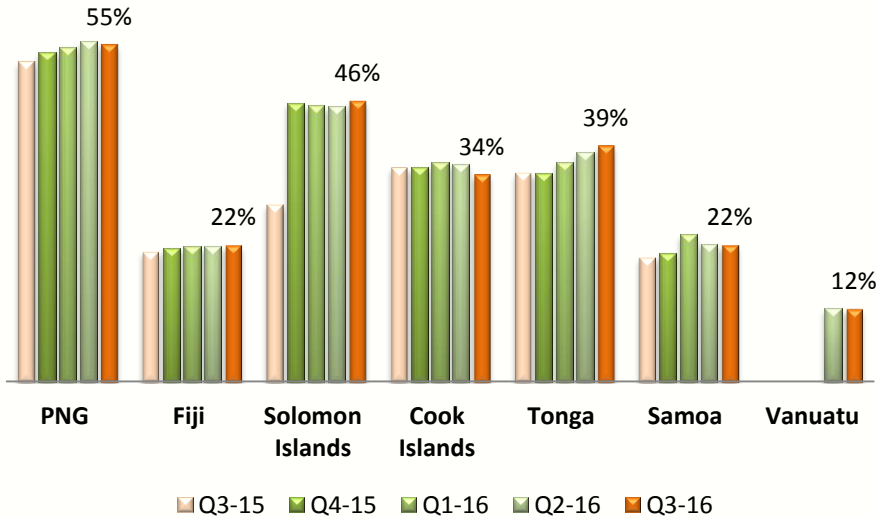
Total deposits increased by 4.3% (+K680m) to K16.3b at Q3'16. This includes K364m from the addition of Vanuatu deposits to the group. PNG deposits grew 2% (K232m) in the quarter, with the balance of the growth coming from non-PNG countries including increases arising from fx translation.

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Balance Sheet



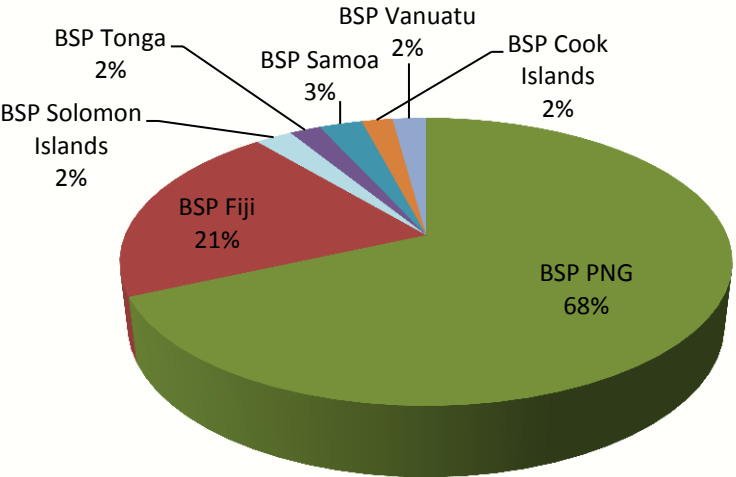
Market Share - Loans



Commentary

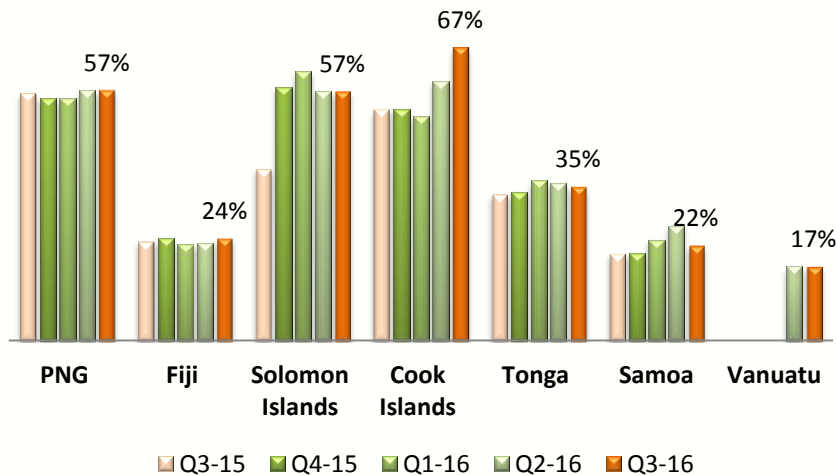
- BSP’s combined market share for loans stands at 38% in Q3’16, after the inclusion of BSP Vanuatu with its market share of 12%.
- PNG loans increased by K243m in the quarter and market share stands at 55.2% in Q3’16 compared to 55.7% in Q2’16.
- BSP Fiji maintained its market share at 22%, and similarly BSP’s operations in other jurisdictions maintained market share, on average.
- BSP’s loan portfolio remains predominantly based in PNG, with PNG accounting for 68% of the group’s loan balances.

Composition of Loan Portfolio



Market Share - Deposits

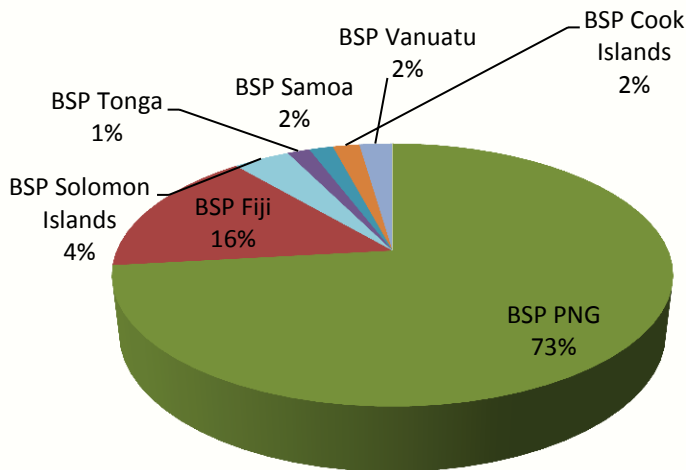
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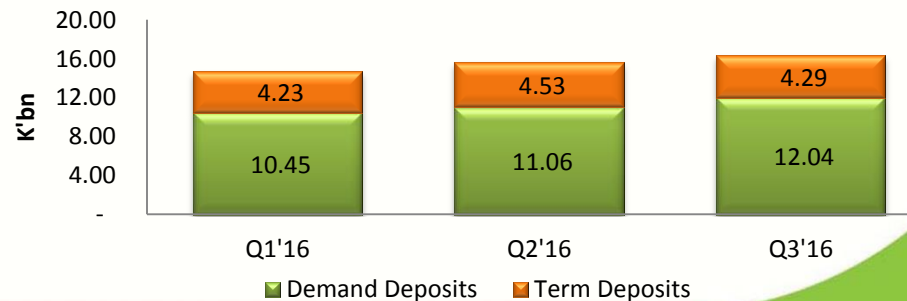
Commentary

- BSP's combined deposit market share stands at 44% in Q3'16, after the inclusion of BSP Vanuatu with its market share of 17%.
- BSP PNG deposits grew by 2% (K232m) in the quarter, and PNG market share moves to 57.3%, compared to 57.2% in Q2'16. Fiji market share is steady at 24%.
- The mix of group deposits changed slightly in Q3'16 with demand deposits increasing by K980m and term deposits reducing by K235m.

Composition of Deposit Portfolio



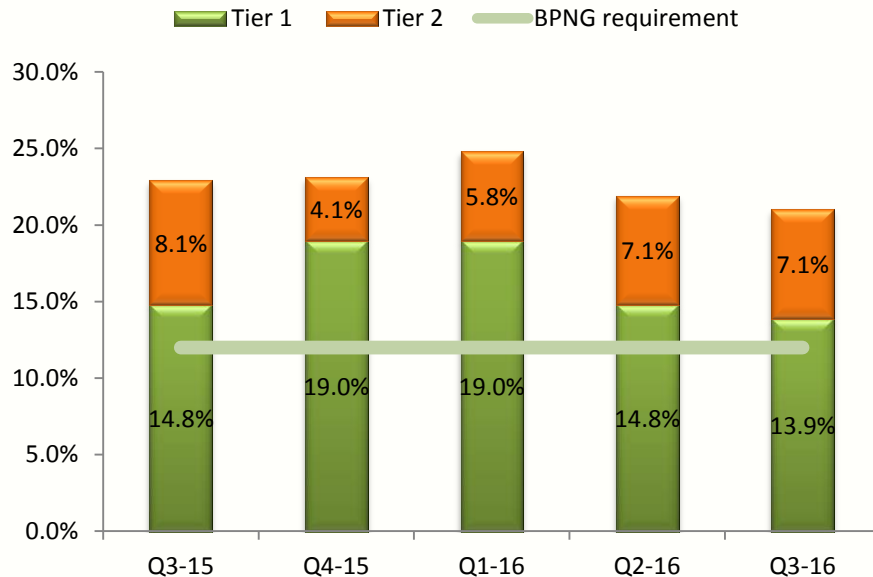
Deposits Mix



Financial Risk Management

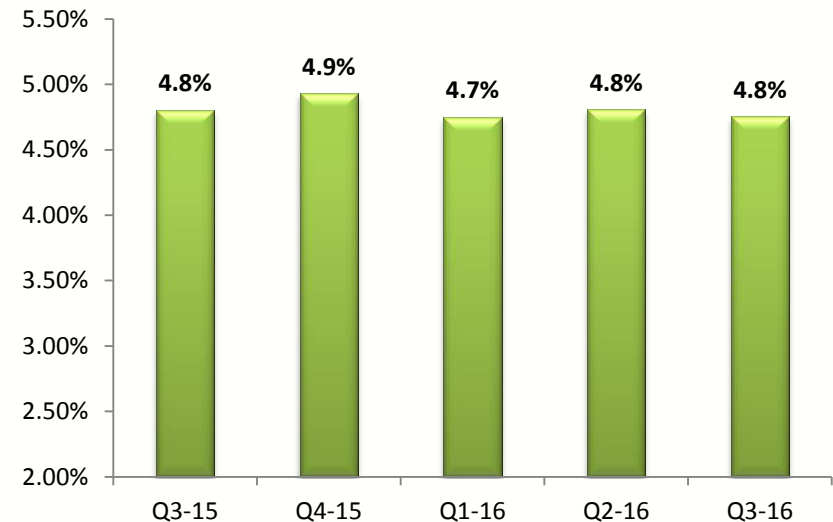
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Capital Adequacy



- Capital Adequacy ratio is at 21.0% in Q3'16, compared to 21.9% in Q2'16, still well in excess of the prudential requirement. The reduction of the capital ratio in Q3 reflects the interim dividend paid in October taken up in the calculations of the Q3'16 ratio.

Provisions to Loans



- BSP's Provisions to Loans ratio maintained at 4.8% in Q3'16.

Qtr.3-2016 Performance Summary

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Profit and Loss

- Q3'16 Net Profit After Tax of K165.3m up 5% (K7.2m) from the previous quarter
- Q3'16 revenue increased by 5% from Q2'16. This was driven by growth in the loan portfolio, as well as growth in FX income, Fee and other income, for a total increase of K23m.
- Operating expenses for Q3'16 increased by 4.5% over Q2'16, but expenses remain well managed with BSP's Cost to Income ratio maintained at 43.5%.
- This Q3'16 result also reflects the acquisition of BSP Vanuatu, and it's incremental impact on Group results compared to the previous quarter.

Balance Sheet

- Total Assets grew by 4% (K802m) to K20.5b at the end of Q3'16, with the inclusion of Vanuatu assets into the Group as well as organic loan growth in the loan portfolio
- Group loan market share stands at 38% whilst deposits market share is at 44%.
- BSP remains well-capitalised with capital adequacy at 21.0% in Q3'2016, well above BPNG requirements of 12%.

Other

- BSP's share price increases 12% in three months to K9.10 (30th Sep) from K8.10 (30th Jun)

Share Price

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Dividend Yield – 9.4% ...compares favourably to top performing banks in comparable markets

PE Ratio - 9.1 times

Thank You