



Investor Presentation Q3-18 Results

Robin Fleming – Group Chief Executive Officer

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WE ARE **BSP**



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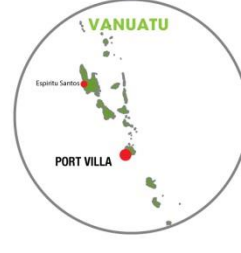
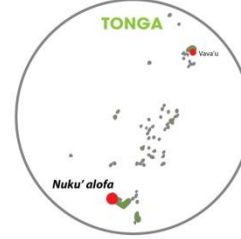
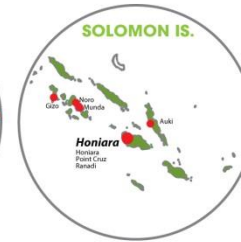
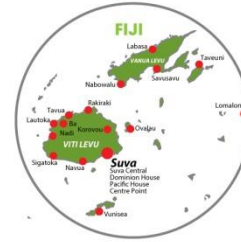
Markets where BSP operates

BSP is the leading financial services provider in the markets we operate

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BSP PNG Geographical Footprint

KEY
Branches ●
Sub Branches ●



1
Loan market share in 4 x countries

1
Deposit market share in 4 x countries

POMSOX
Market cap of **K4.7b**
[30 Sep 2018]

BSP's growing service offering

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In line with BSP's geographical and income diversification strategy, BSP has expanded its product / service offering into both existing and new markets.

Papua New Guinea



Bank

Finance

Life

BSP
Capital

Fiji



Bank

Finance

Life

Solomon Islands



Bank

Finance

Samoa



Bank

Cook Islands



Bank

Vanuatu



Bank

Tonga



Bank

Cambodia



Finance

KEY

 New operations in 2017/2018













BSP'S TOP 10 SHAREHOLDERS

Rank	Name	% Held
1	Kumul Consolidated Holdings	18.0%
2	Nambawan Super Ltd	12.3%
3	Petroleum Resources Kutubu Ltd	9.9%
4	National Superannuation Fund Ltd	9.7%
5	Credit Corporation (PNG) Ltd	7.1%
6	Motor Vehicles Insurance Ltd	6.7%
7	PNG Sustainable Development Program Ltd	6.2%
8	Fiji National Provident Fund	4.1%
9	Teachers Savings & Loan Society Ltd.	3.3%
10	Comrade Trustees Services	3.1%

Continued investment to improve service

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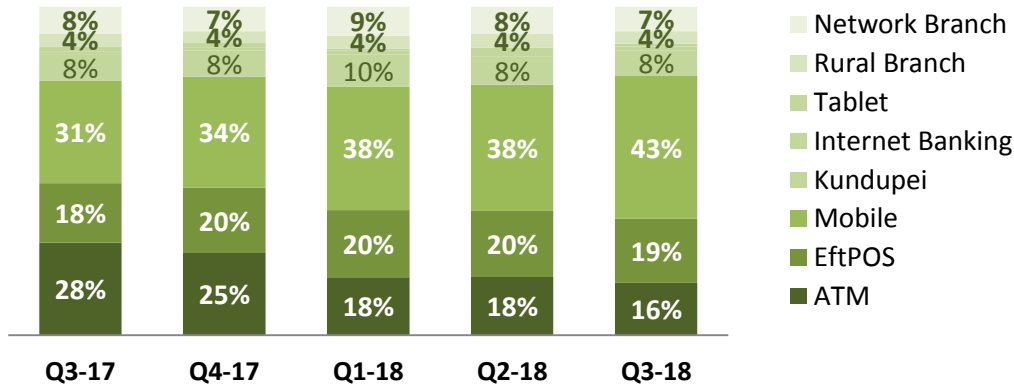
Our Digital Strategy continues to deliver enhanced coverage and banking services throughout the pacific region ... 2 x new ATMs in Cook Is, 4 x new ATMs in Vanuatu in Q3-18

	Total							
 Branches	83	46	17	8	3	2	3	4
 Sub Branches	48	46	0	0	2	0	0	0
 ATMs	528	317	116	30	21	9	23	12
 EFTPOS	12,818	9,040	1,824	371	400	379	413	391
 Agent	567	371	43	63	36	9	23	22

Channels [Q3-18]

Mobile banking is our leading [43%] channel, with branches representing only 12% of total transactions in Q3-18 ... continued our digital strategy with ongoing investment in EFTPOS, internet banking, cards and mobile banking.

QUARTERLY CHANNEL TREND



Digital Enhancements

- Q3 -18 - Migrated mobile banking customers to new USSD platform
- Q3-18 - Launched Origin Solar pay-as-you-go services via USSD MB
- Q3-18 - TISA debit card acquiring on BSP ATM and Eftpos
- Q4-18 - Airline Ticket payment service via USSD MB
- Q4-18 - Installation of PoS Integration with Retailers accounting systems
- Q4-18 - Migration of mobile banking application to new vendor
- Q4-18 - Roll out of Union Pay chip card acquiring

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Financials

Profit and Loss [Q3-18]

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BSP's Q3-18 NPAT grew by 17.7% year on year despite a slight drop of 1.6% from Q2-18

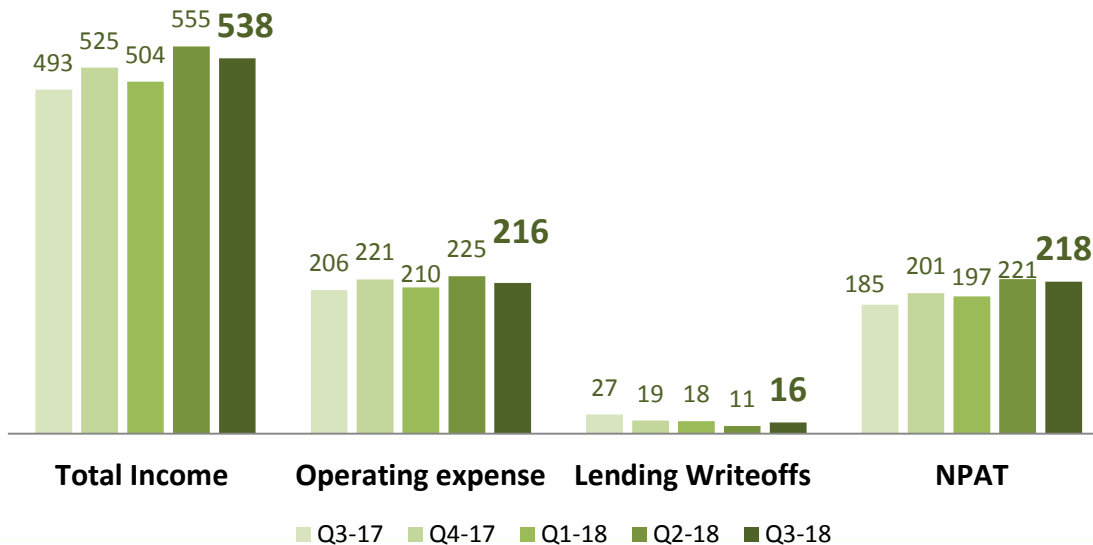
	Total Income	Operating costs	Lending Write-offs	NPAT
PCP	(3.1%) ↓	(4.3%) ↓	42.6% ↑	(1.6%) ↓
YOY	9.1%	4.8%	(42.3%)	17.7%

Highlights

- Q3-18 Operating income is 3% lower than Q2-18, mainly from the Aircraft insurance claim proceeds of K19.2m that was captured in Q2-18.
- Total operating cost decreased by 4.3% in Q3-18 ... due to the corresponding loss on fixed assets (mentioned above) of K13.6m booked in Q2. This was partly offset by increases in Core Banking depreciation and amortization of hardware and software.
- Cost-to-income ratio improved to 40.1% in Q3-18

BSP GROUP QUARTERLY P&L [Km]

Key:
PQ = prior quarter
YOY = year on year



Balance sheet [Q3-18]

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Our balance sheet continues to strengthen with increase in loans despite a slight reduction in deposits by 1.8%. Total assets remains at K23bn as at Q3-18

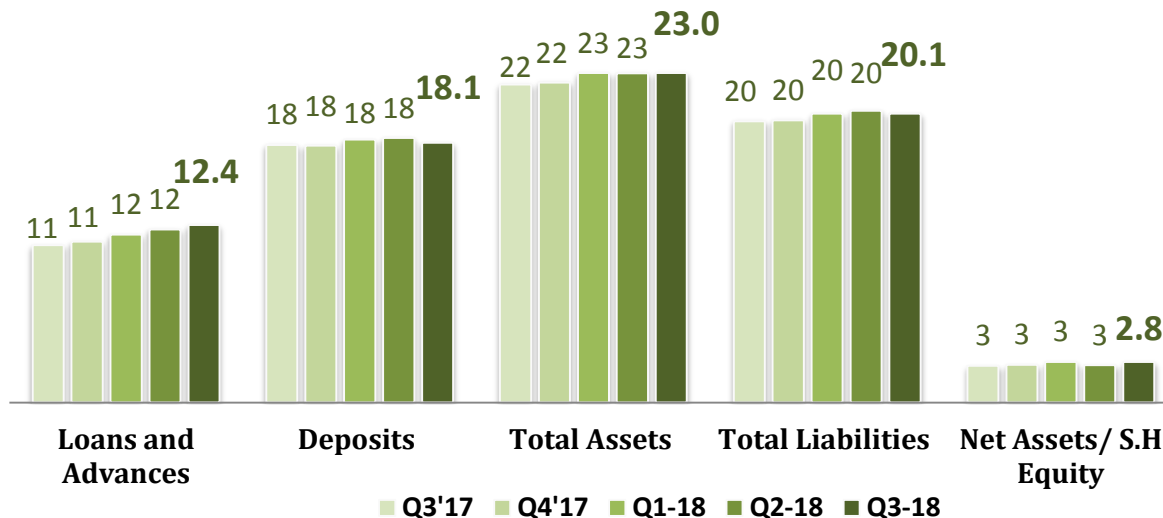
	Loans and advances	Deposits	Total Assets	Total Liabilities	Net assets / SH equity
PQ	2.5%	(1.8)%	0.1%	(1.0%)	5.9%
YOY	12.8%	0.9%	3.6%	2.6%	8.5%

Highlights

- Total loans increased by K300m in Q3-18 [PNG +K122m, Fiji K103m, Samoa K37m and other NPC/subs +K38m]
- PNG SBU Loan movements – Corporate +K81m, Retail +K52m
- Total deposits decreased by K326m in Q3-18 ... PNG (K373m), Fiji +K34m, Samoa (K12m), other NPC/subs +K26m
- FX translation in Q3 increased; loans – K23m and Deposits +K28m due to the Kina weakening against currencies of BSP offshore assets

BSP GROUP QUARTERLY BALANCE SHEET

[Kb]



Key:

PQ = prior quarter
YOY = year on year

Group key ratios [Q3-18]

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All key ratios maintain favorable trends.

COST TO INCOME TREND



Q3-17 Q4-17 Q1-18 Q2-18 Q3-18

— Cost to income Ratio

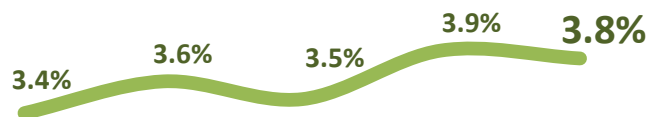
ROE [annualised]



Q3-17 Q4-17 Q1-18 Q2-18 Q3-18

— ROE

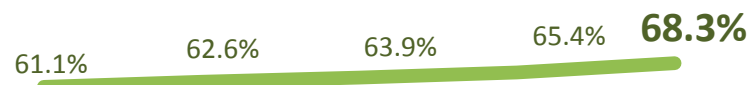
ROA [annualised]



Q3-17 Q4-17 Q1-18 Q2-18 Q3-18

— ROA

LOAN TO DEPOSIT RATIO



Q3-17 Q4-17 Q1-18 Q2-18 Q3-18

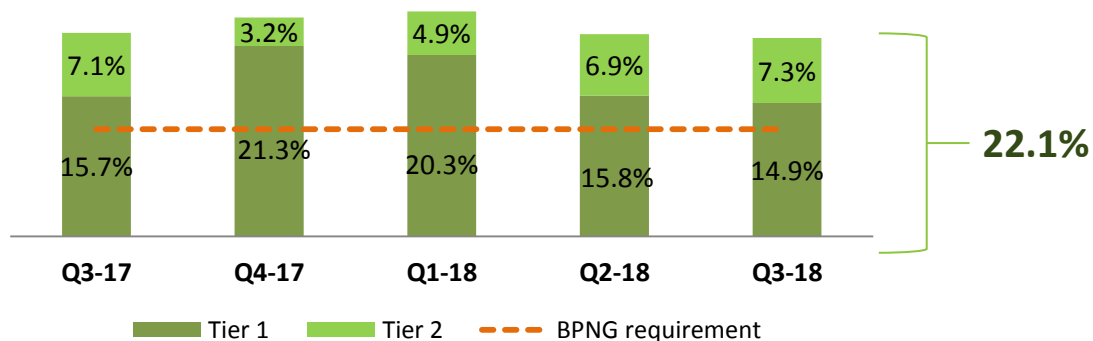
— Loan to deposits

Group key risk ratios [Q3-18]

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Our risk ratios remain stable and asset quality remains sound

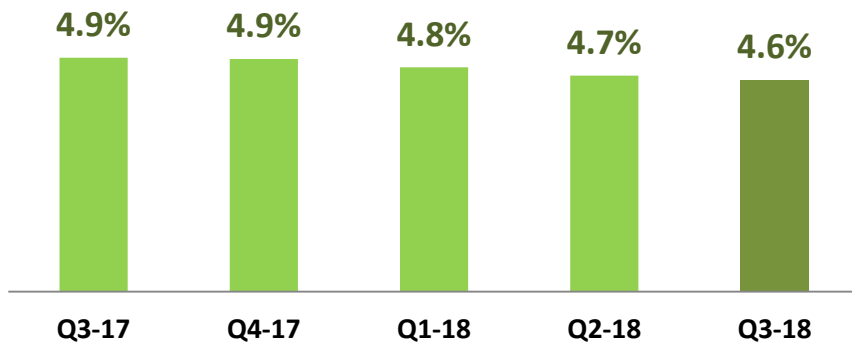
CAPITAL ADEQUACY



Highlights

- Capital Adequacy ratio declined slightly to 22.1% in Q3-18 ... remaining well in excess of the 12% prudential requirement.
- BSP's Provisions to Loans ratio in Q3-18 remains relatively stable consistent with IFRS 9 models.

PROVISIONS TO LOANS

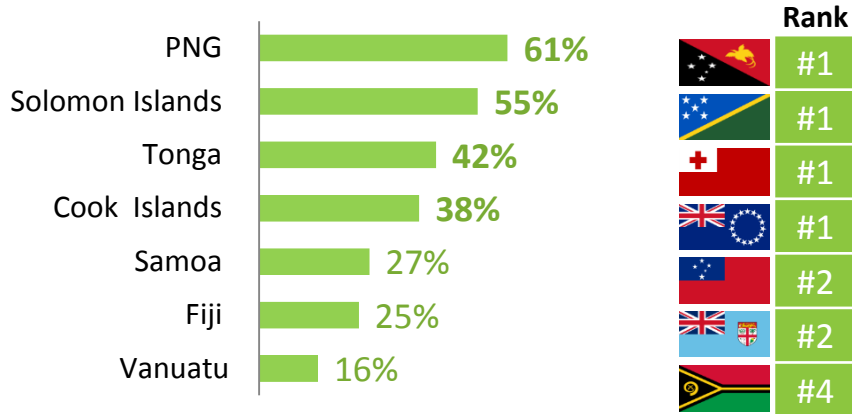


Market strength

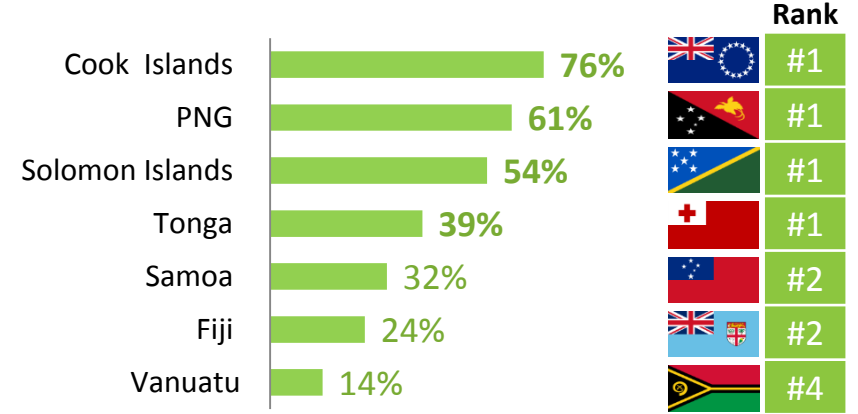
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BSP's combined market share for loans stands at 42%, with an increase of K300m in Q3-18, whilst deposits remain at 45%, with a K373m downward movement in PNG in Q3-18.

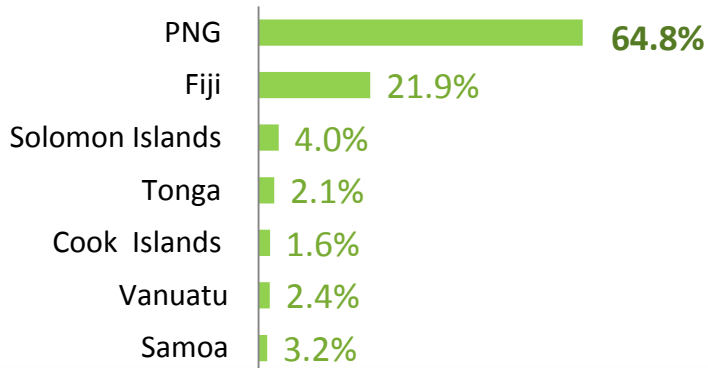
LOANS MARKET SHARE



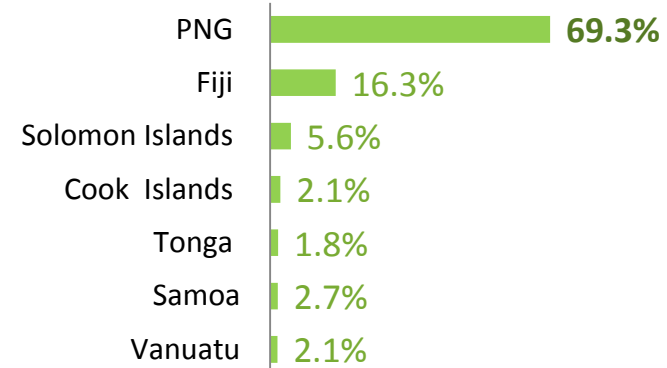
DEPOSIT MARKET SHARE



LOANS PORTFOLIO COMPOSITION



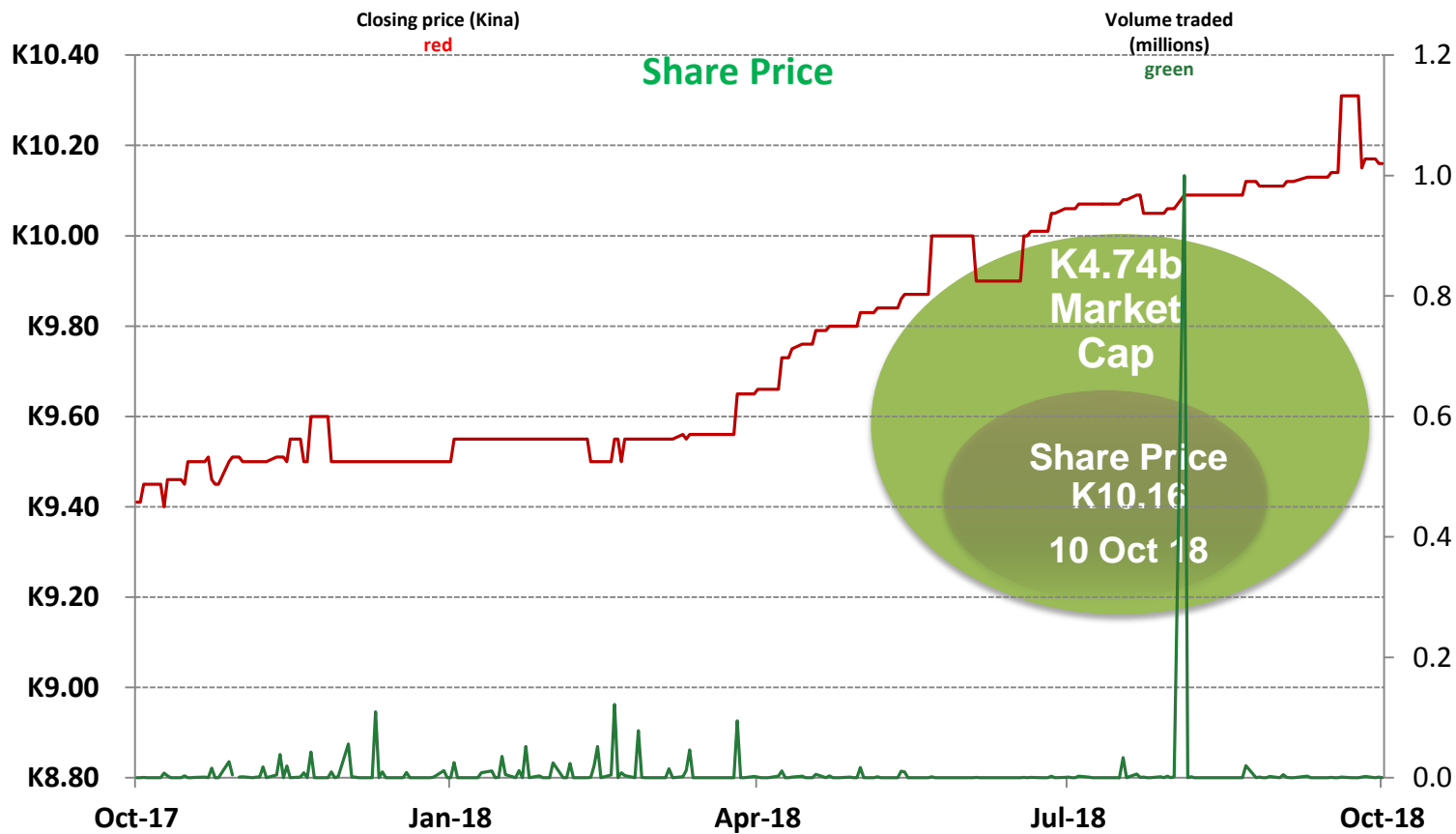
DEPOSIT PORTFOLIO COMPOSITION



Share price

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Dividend yield of 10.9%, based on K10.16 share price, with market capitalization of K4.74b.



Thank You