



BSP Group Results Update 2012 Qtr 2

August 2012



Presentation content

Financial Results - Profit

Financial Results – Balance Sheet

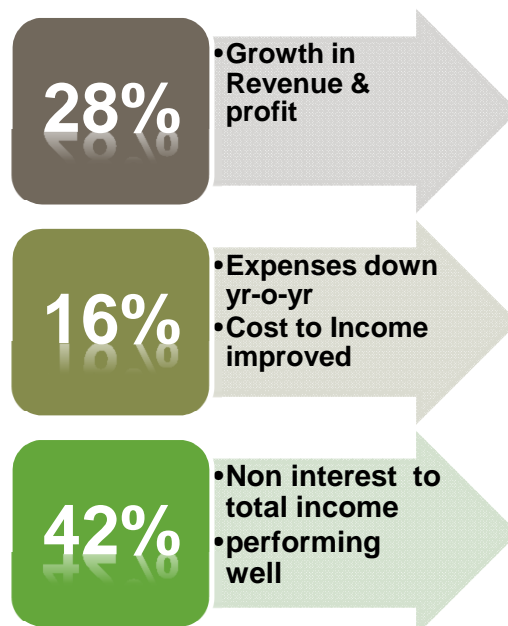
Share Price Performance

Market Share

Customers, EFTPOS, ATMs, SMS, Branches

Capital Adequacy, Funding, Credit Quality

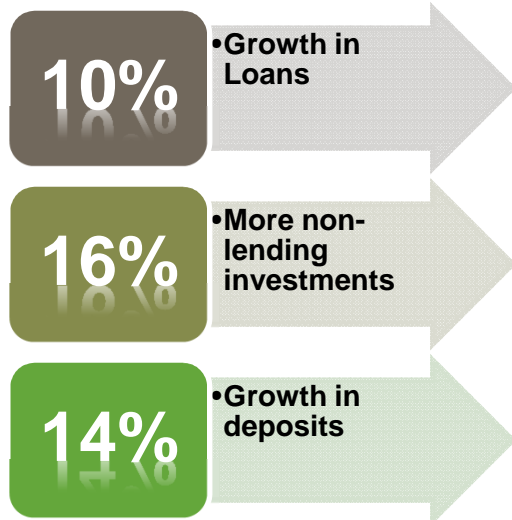
Financial Results



Qtr 2 2012 Income & Expense (Km)	Qtr2, 2012	Qtr1, 2012	Qtr2, 2011
Profit after tax	105.96m	98.05m	82.81m
PNG	102.06m	93.58m	
Overseas	K3.90m	K4.47m	
Revenue	334.73m	314.21m	316.40m
PNG	276.63m	255.62m	
Overseas	58.10m	58.59m	
Bad & Doubtful Debts	19.36m	10.54m	10.13m
PNG	17.53m	9.89m	
Overseas	1.83m	0.65m	
Expenses	180.99m	164.54m	193.71m
PNG	133.14m	109.55m	
Overseas	47.85m	54.99m	
Cost to income	54%	52%	61%
Bank non interest income to total income	42%	42%	40%

- Slowed loan volume growth and low rates on non-lending investments impacting on revenue. Statutory Reserve requirements in PNG also affecting earnings opportunities. Non interest income is improving.
- Deposit volume growth continues unabated, boosting non-lending investment volumes.
- Costs down from last year as operational discipline continues, and large modernization initiatives start to shift into stable business operational status.

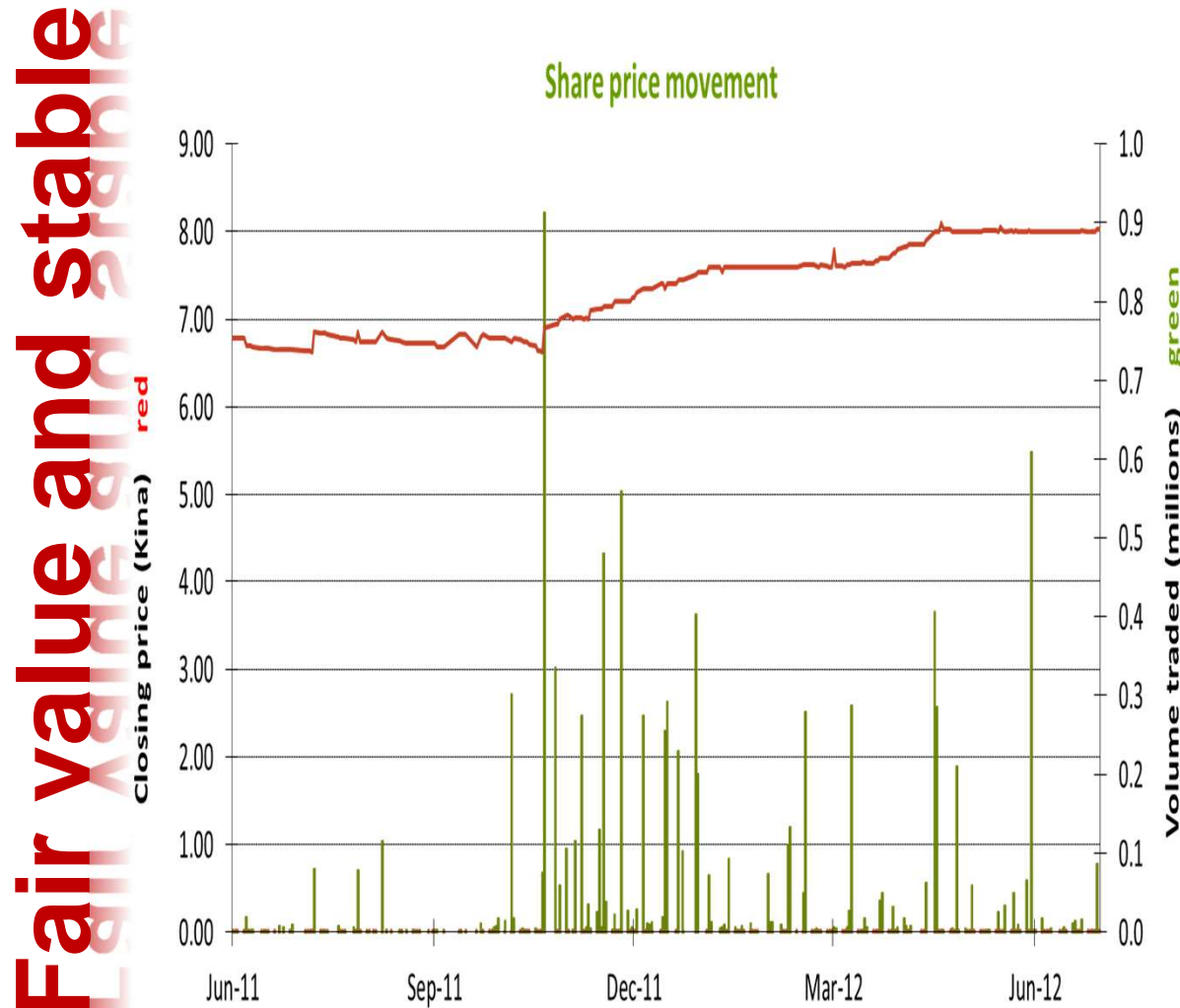
Financial Results



Qtr 2 2012 Balance Sheet (K "b")	Qtr2, 2012	Qtr1, 2012	Dec, 2011
Loans & Advances	K4.5b	K4.3b	K4.1b
PNG	K3.5b	K3.4b	3.3b
Overseas	K1.0b	K0.9b	0.8b
Other Interest Earning Investments	K5.2b	4.9b	K4.5b
PNG	K4.9b	4.7b	4.3b
Overseas	K0.3b	0.2b	0.2b
Customer Deposits	K10.7b	K10.2b	K8.9b
PNG	K9.1b	K8.7b	7.6b
Overseas	K1.6b	K1.5b	1.3b
Net Assets	K1.4b	K1.4b	K1.1b
PNG	K1.2b	K1.2b	1.0b
Overseas	K0.2b	K0.2b	0.1b
Total Assets	K13.3b	12.5b	K10.9b
PNG	K11.2b	10.5b	9.1b
Overseas	K2.1b	1.9b	1.8b

- Loan volume growth slowed by peaking PNG LNG project momentum and build up of business cash reserves.
- Growth in cash and other assets, through high volumes in payment cycles.
- Continued strong growth of total assets.
- Some impact from investment in BSP's banking infrastructure.

Share price performance



The share price currently reflects fair value of the company.

The second of K40m buyback is in progress.

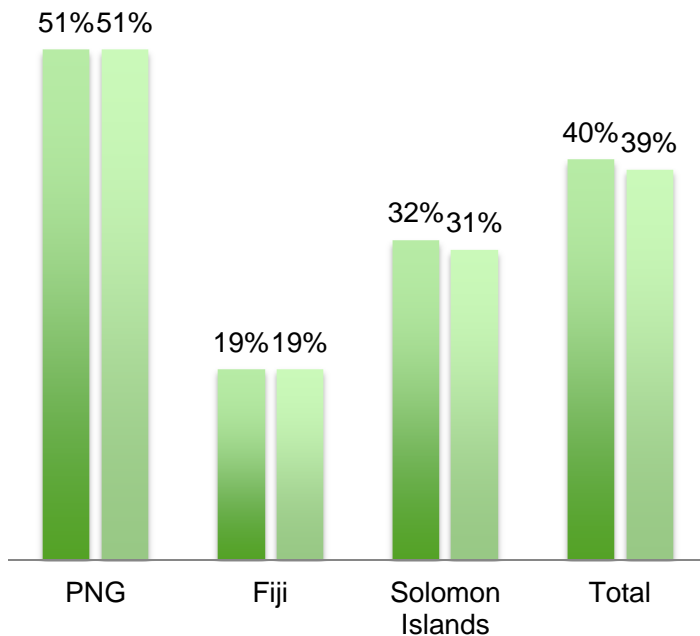
Market Share

- PNG lending share remained steady 51%. PNG has 77% of total group lending.
- Fiji loans are steady at 19%.
- SI improved lending share by 1%.
- Total Loan share slightly up

- PNG deposit share increased by 2%. PNG has 87% of total group deposits.
- Fiji improved deposit share by 8%
- SI improved deposit share by 2%
- Total Deposit share slightly up.

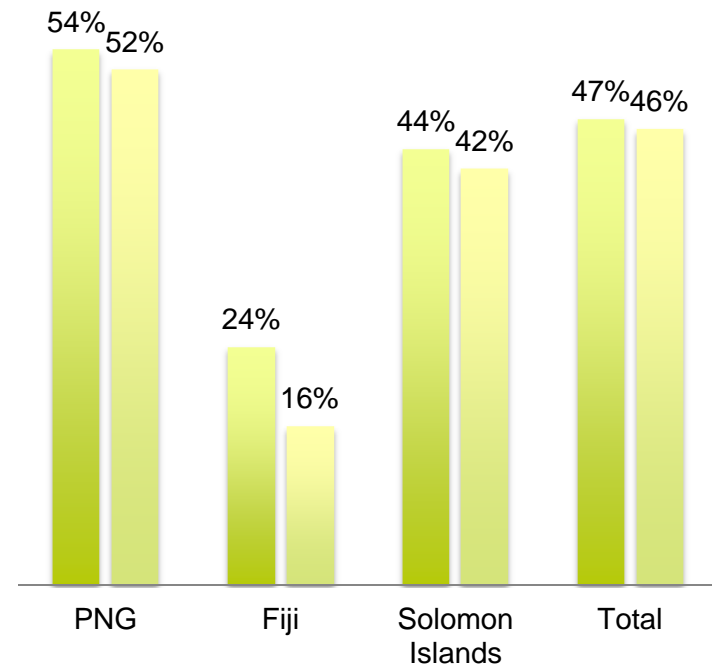
Market Share, Loans

■ Qtr2, 2012 ■ Qtr1, 2012



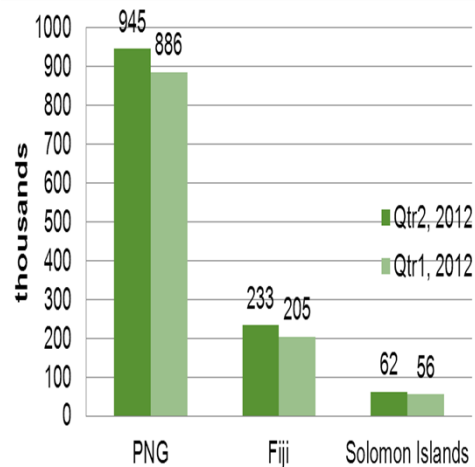
Market Share, Deposits

■ Qtr2, 2012 ■ Qtr1, 2012

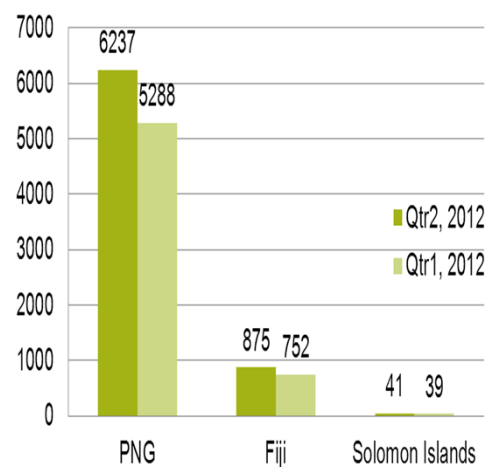


Customers, EFTPOS, ATMs, Branches, SMS

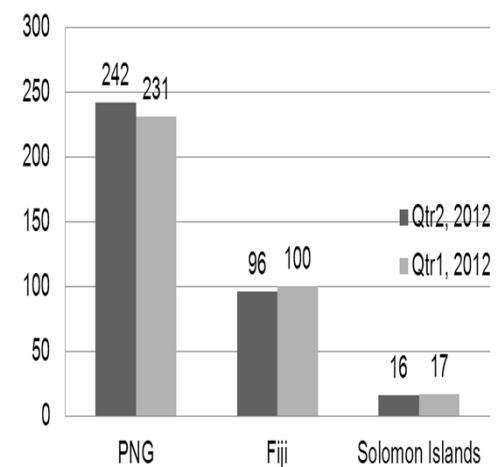
Customers ('000)



EFTPOS

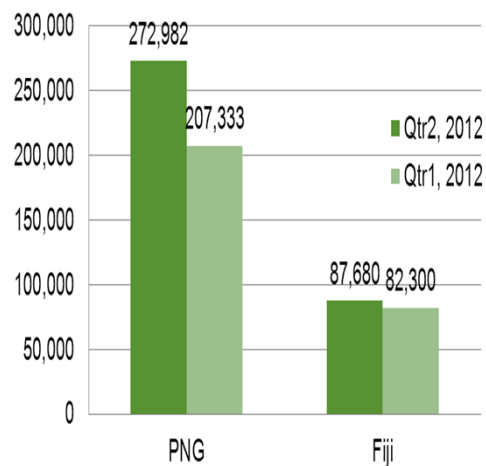


ATMs

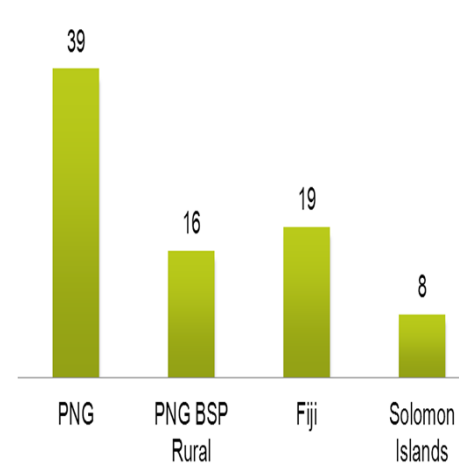


The implementation of BSP strategies are now delivering increases in selected channels.

SMS users



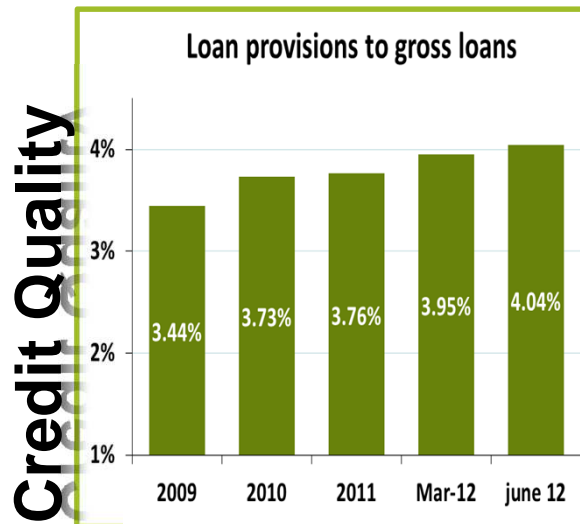
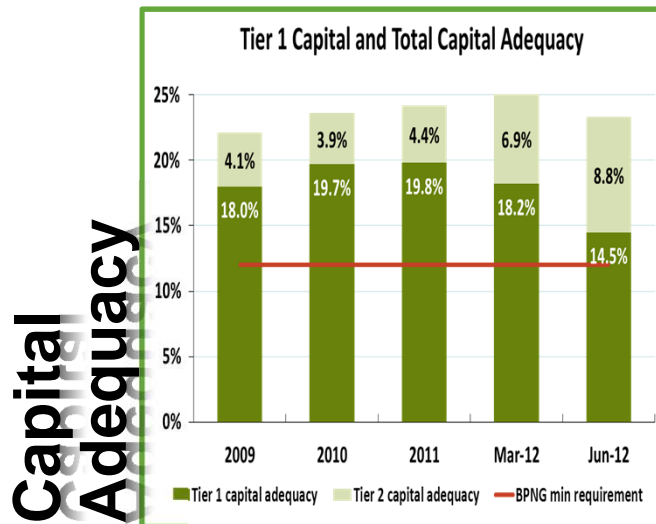
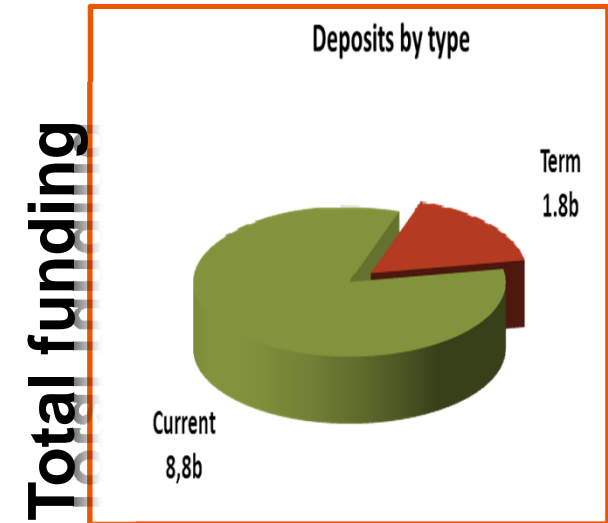
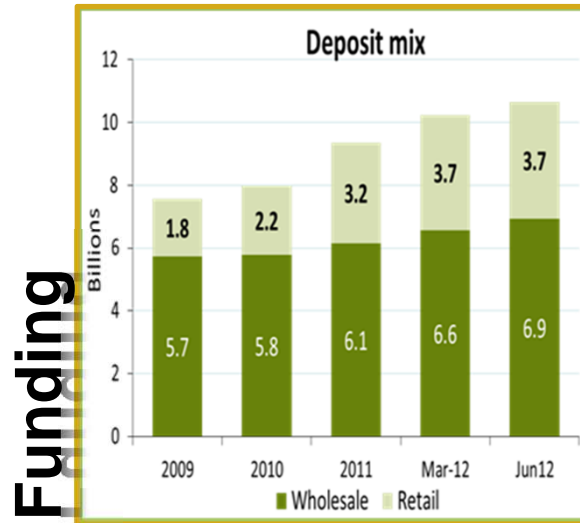
Branches



- EFTPOS, ATMs and SMS channels have grown significantly from last year.
- Total customer and transaction numbers continue to increase.
- Opening of BSP Rural branches has been a channel initiative to capture the unbanked market.

Capital Adequacy, Funding, Credit Quality

- Wholesale continues to dominate at 65%.
- Retail has increased to 34% of total funding.
- Demand deposit increase by 4.7% to K8.8b (83%) from K8.4b (82%).
- Term deposits remained steady at K1.8b (17%)



- Capital adequacy remains above the BPNG requirement of 12%.
- Credit quality remains stable with 4.04% provisions.

Qtr 2, 2012 Performance Summary

- Business conditions moderated in the second quarter, due mainly to peaking of PNG LNG project construction activities, some uncertainties associated with PNG national elections, and a build up of surplus liquidity in businesses
- Inflation management is being transmitted through a cash reserving policy, whilst interest rates on short term bank bills and deposits remains at very low levels
- Bank liquidity growth is continuing, and opportunities to invest surplus funds has been limited; returns on available investments have been low; This is going to be a feature in the coming quarter
- More liquidity in the PNG economy, is resulting in more card transaction volumes across the bank's large network of EFTPOS, ATMs, rural agents, and branches
- BSP is continuing to refresh its systems platforms, as well as deploy globally innovative technology in banking services in PNG. These investments are being made for future sustainability of performance
- Financially, the group's capital position is sound, with capital adequacy at 23%, and achieving return on equity of 30% on an annualized basis.