



Presentation to Shareholders

Robin Fleming – Group CEO

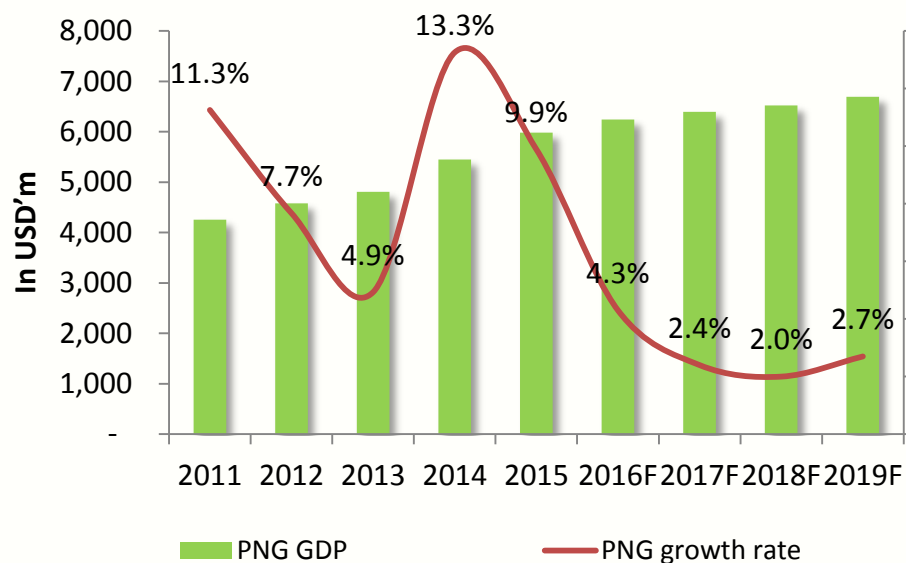
May 20, 2016

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PNG economic environment

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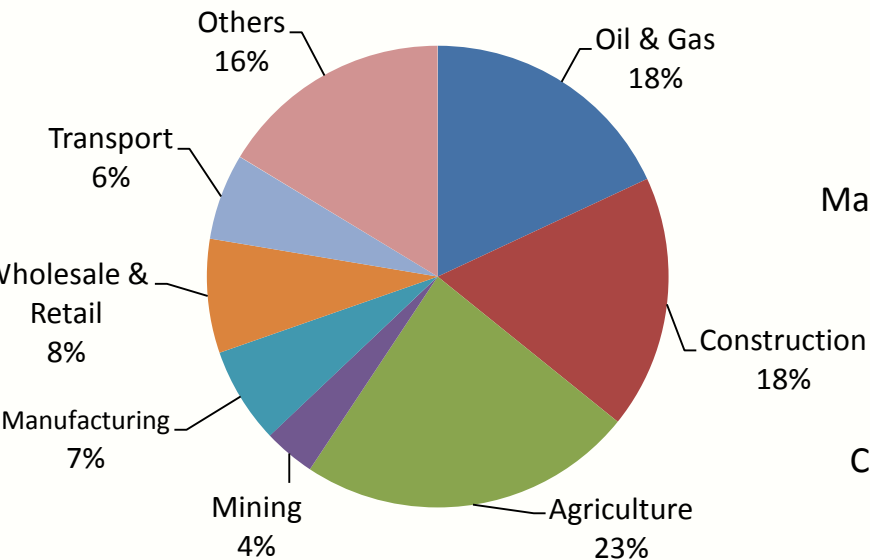


Economic Indicators			
	2014	2015E	2016F
GDP growth	13.3%	9.9%	4.3%
Non-mining GDP	1.2%	2.4%	3.4%
Inflation (headline)	5.2%	5.1%	5.7%
Deficit % of GDP	8.3%	4.9%	3.8%
Debt to GDP ratio	35.5%	34.7%	35.8%

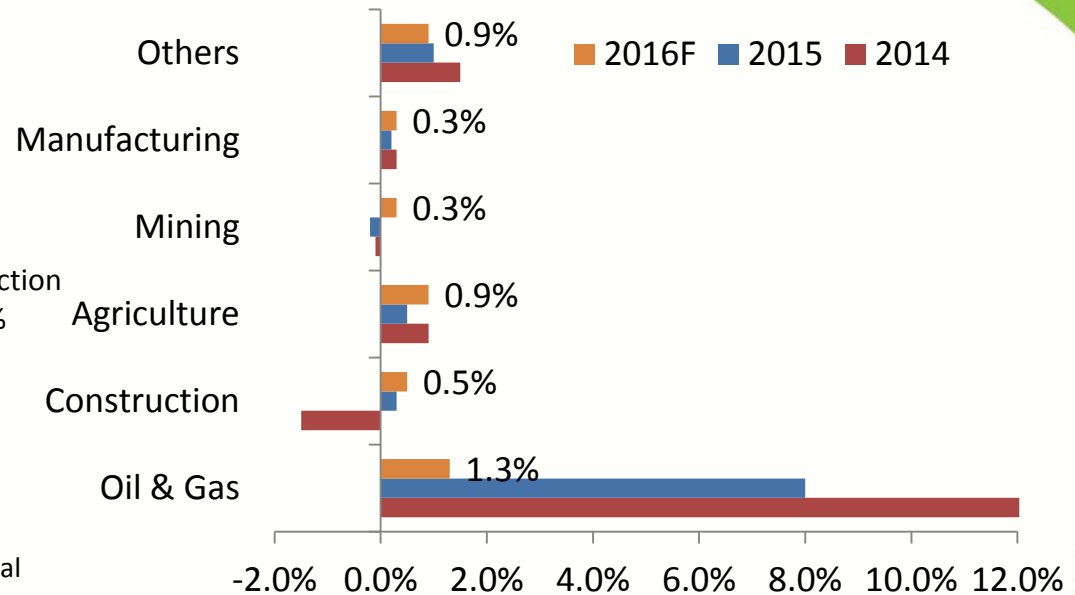
- PNG's GDP has normalised after posting strong growth at an average rate of circa 8% over the last decade. Total GDP growth is expected to be around 4.3% in 2016.
- The fall in commodity prices has had an impact on government revenue.
- The non-mineral sectors have the potential to support a more inclusive, balanced and sustainable growth.
- There is a mixed view on the market and the economy, with BSP noting a general view of 'cautious optimism' among businesses.

Economic activity drivers

GDP contribution by economic activity-2015



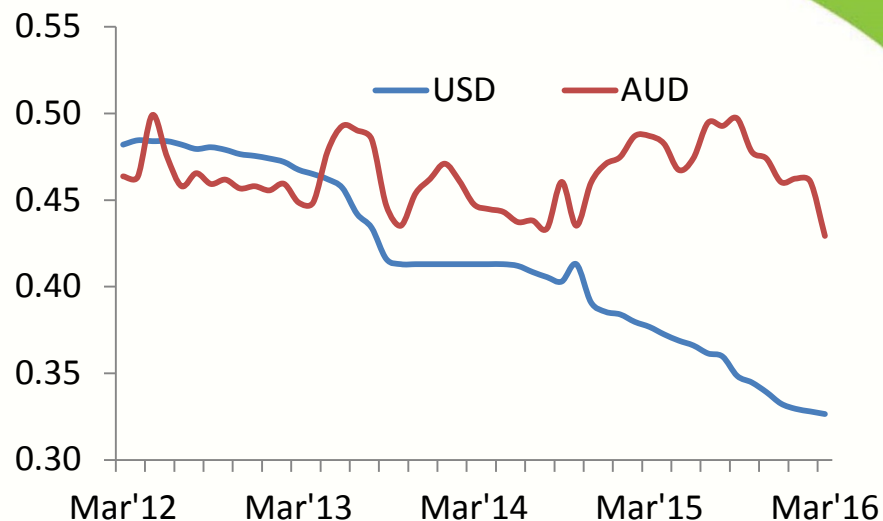
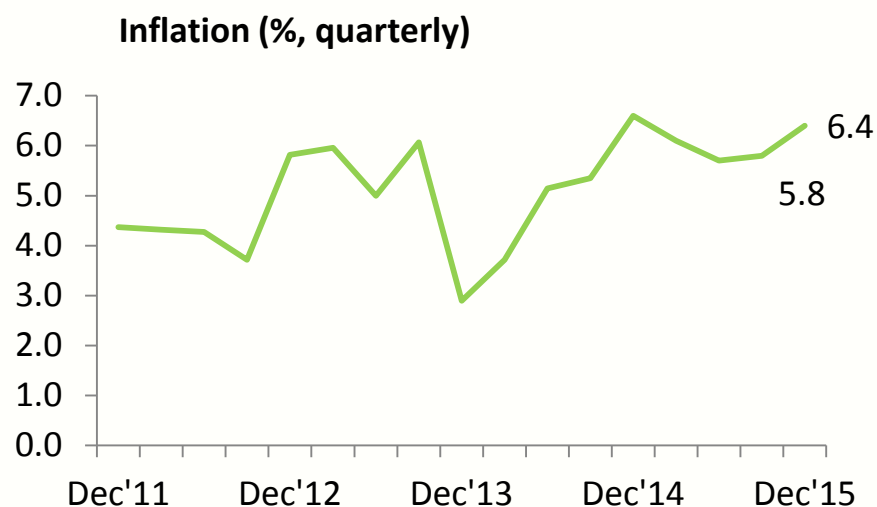
Percentage contribution to GDP growth



* Others include; community & social services, Finance, real estate & business services and electricity.

- Extractive industries (Oil & Gas and Mining) have been the main driver of growth in the recent past.
- Primary industry improved with 23% contribution to economic activity.
- Oil & gas was the main % contributor to GDP in 2015 and 2016, and this is expected to moderate to 1.3% in 2016, compared to 8% in 2015.

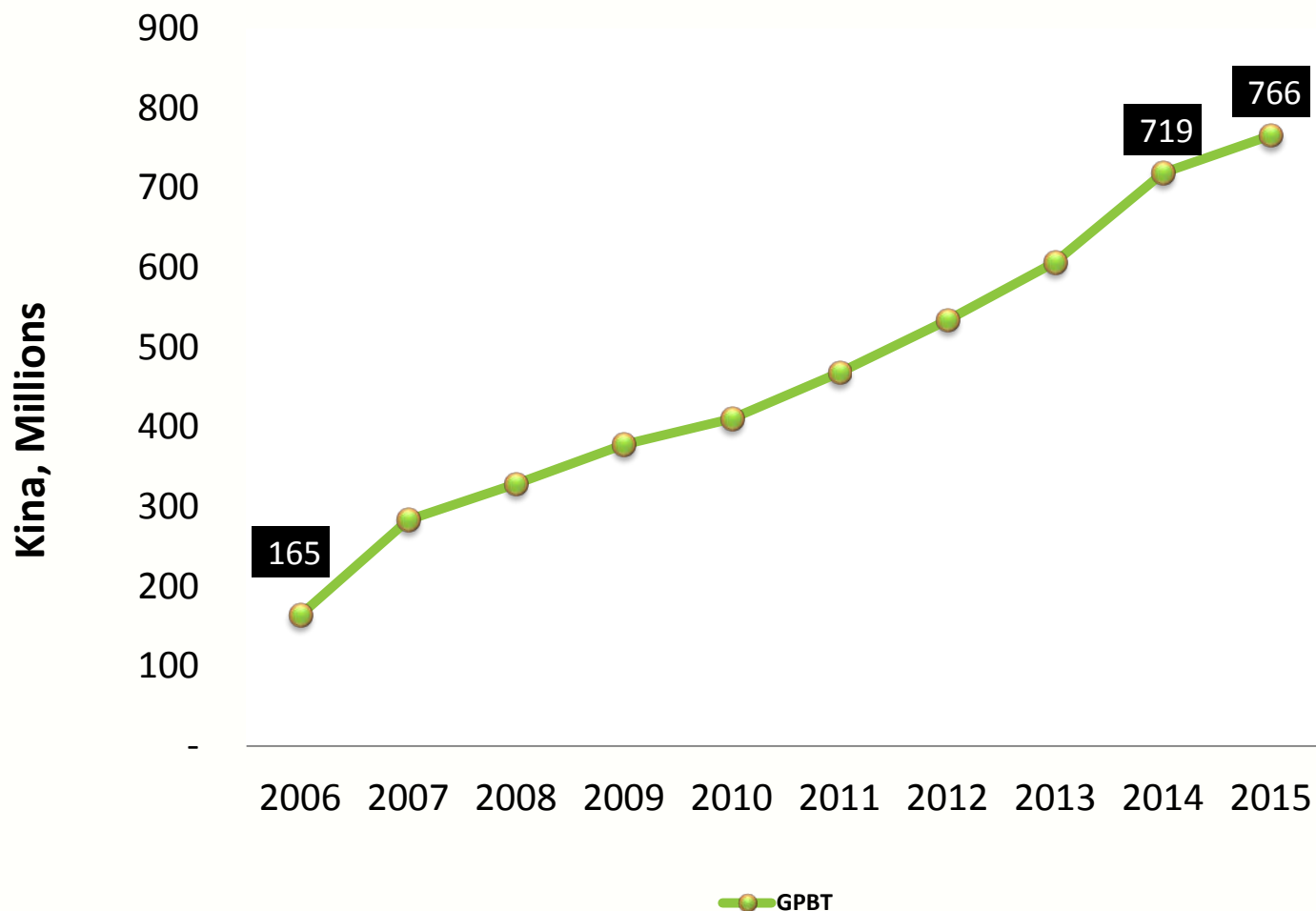
PNG economic environment - Inflation



- Headline inflation is estimated at 6.4% in December 2015, compared to 6.6% in the previous year. Inflation is expected to moderate to around 6% in 2016.
- The lower economic growth and other developments are non-inflationary and Bank of PNG is expected to maintain a neutral monetary policy stance over the next six months.

Group Profit Before Tax

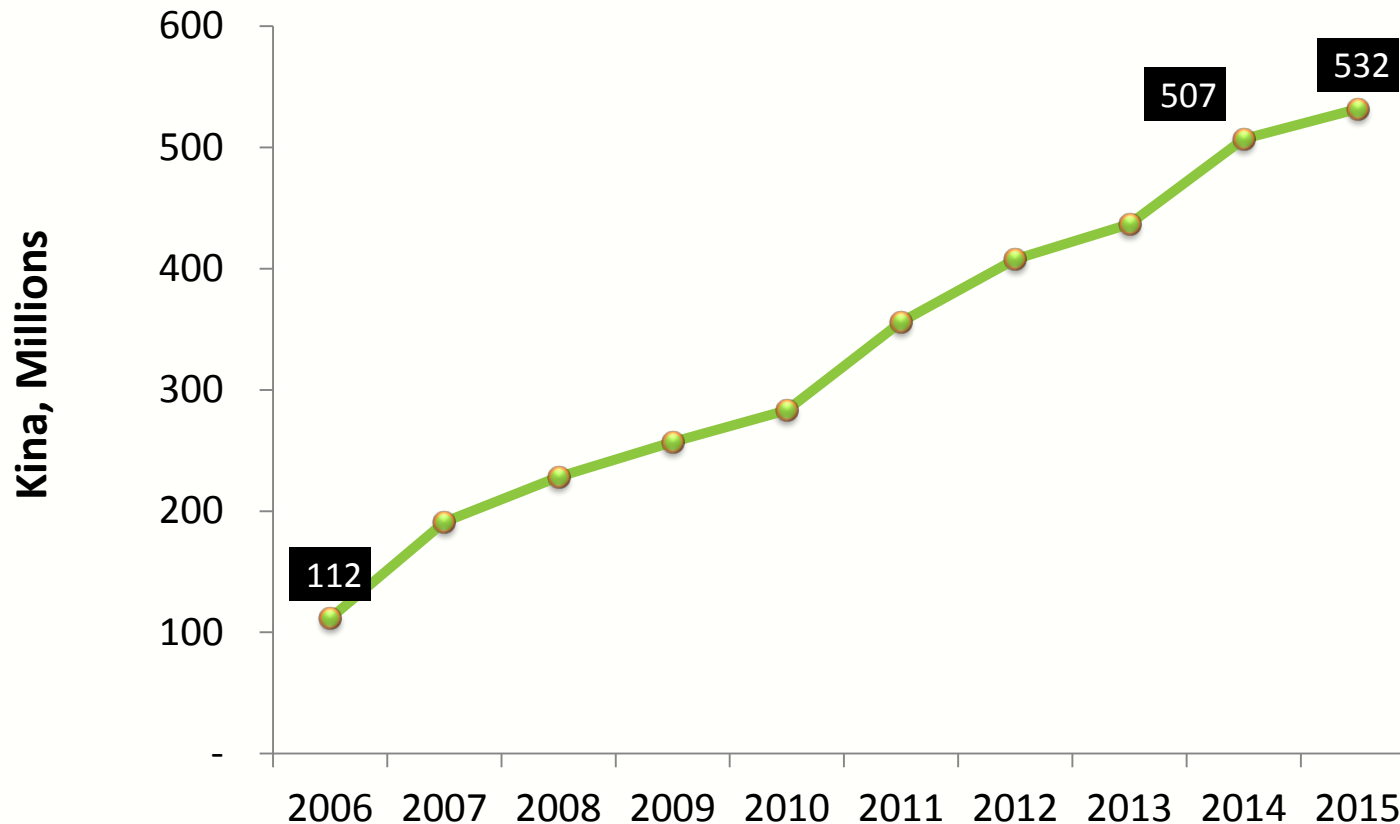
(Kina' million)



Group Profit After Tax

(Kina' million)

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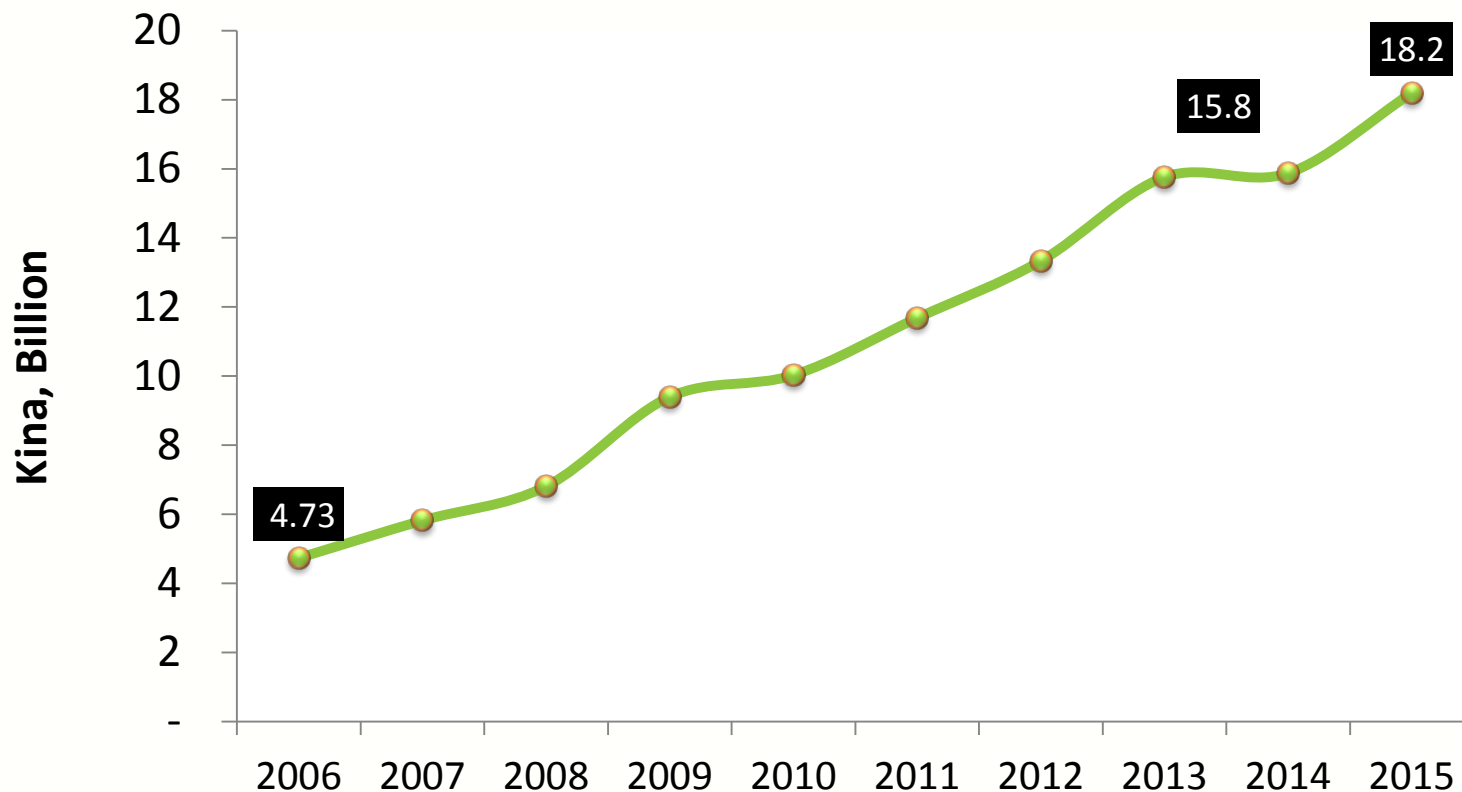
Group Profit & Loss Trends

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(Millions of Kina)	2011	2012	2013	2014	2015	CAGR, last 5 Years
Income						
Net Interest Income	597	682	741	885	1,006	11.0%
Foreign Exchange Income	193	224	353	267	179	-1.5%
Fee and other Income	304	380	428	346	362	3.6%
Total Income	1,094	1,285	1,522	1,499	1,547	7.2%
Expenses						
Operating Expenses	(520)	(581)	(641)	(554)	(559)	1.4%
Depreciation and SW Amort'n	(53)	(84)	(176)	(123)	(115)	16.7%
Loan Provisioning	(25)	(71)	(94)	(77)	(90)	28.9%
Non-Lending Losses	(27)	(15)	(17)	(26)	(17)	-8.2%
Profit before tax	468	534	595	719	766	10.3%
Tax expense	(119)	(138)	(170)	(212)	(234)	14.5%
Share of Profits from Assoc.	6	11	12	10	2	
Profit after tax	356	408	436.8	507.3	531.9	8.4%
EPS (toea)	75.9	86.9	93.1	108.3	113.8	8.4%
Dividends per share (toea)	47.3	55.0	58.0	66.0	78.5	10.7%

Group Total Assets

(Kina 'billion)

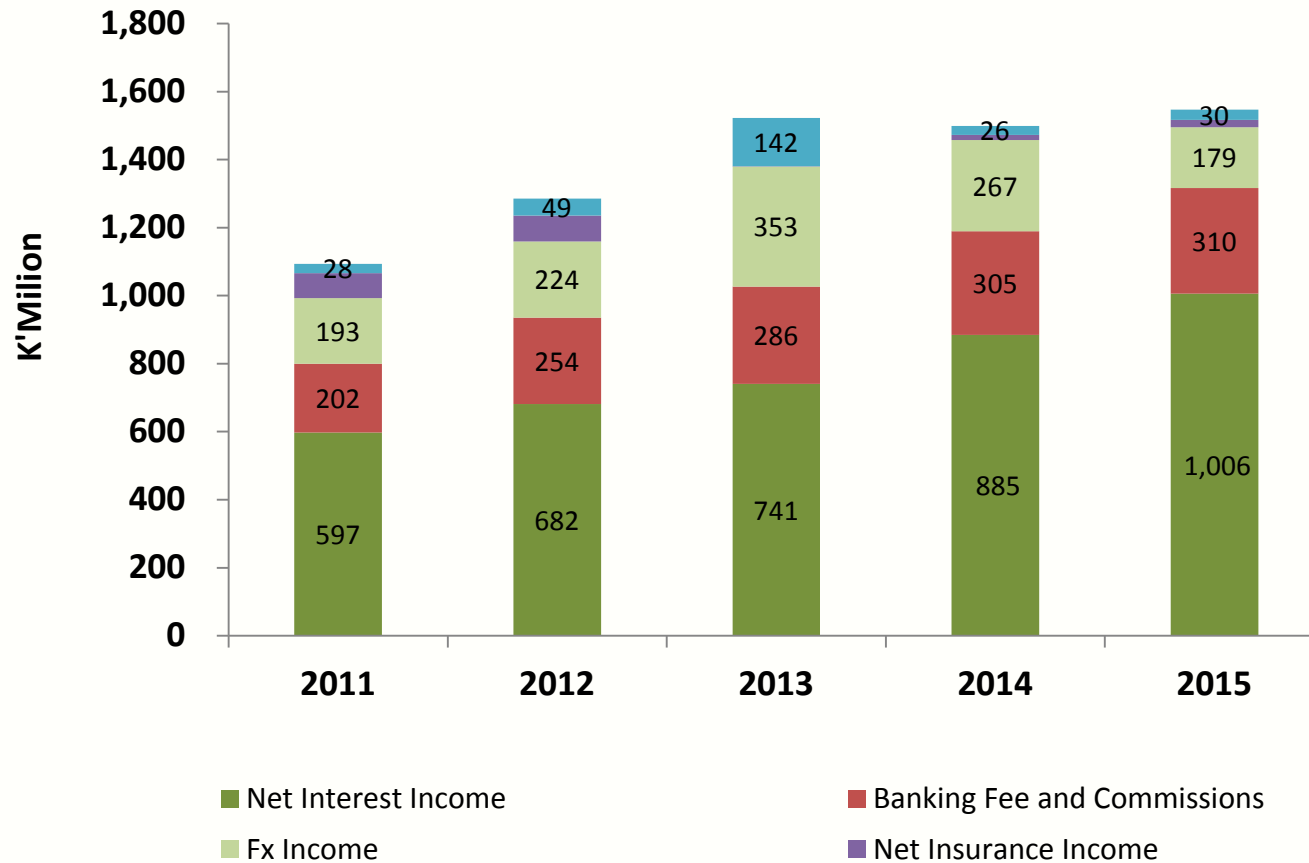


Group Balance Sheet Trends

(Millions of Kina)	2011	2012	2013	2014	2015	CAGR, last 5 Years
Assets						
Cash & Short Term Deposits	1,501	2,134	3,476	2,988	3,257	16.8%
Loans & Advances	4,301	4,805	5,306	6,757	8,622	14.9%
Investments	4,724	4,861	5,571	4,663	4,929	0.9%
Fixed Assets and Intangibles	627	750	779	773	797	4.9%
Other Assets	510	787	629	636	592	3.0%
Total Assets	11,663	13,336	15,761	15,817	18,196	9.3%
Liabilities						
Customer Deposits	9,366	10,861	12,201	12,708	14,595	9.3%
Non-Lending Provisions	170	109	143	216	183	1.5%
Other Liabilities	801	898	1,798	1,092	1,389	11.6%
Total Liabilities	10,337	11,867	14,142	14,016	16,167	9.4%
Shareholder Equity	1,344	1,466	1,619	1,800	2,029	8.6%

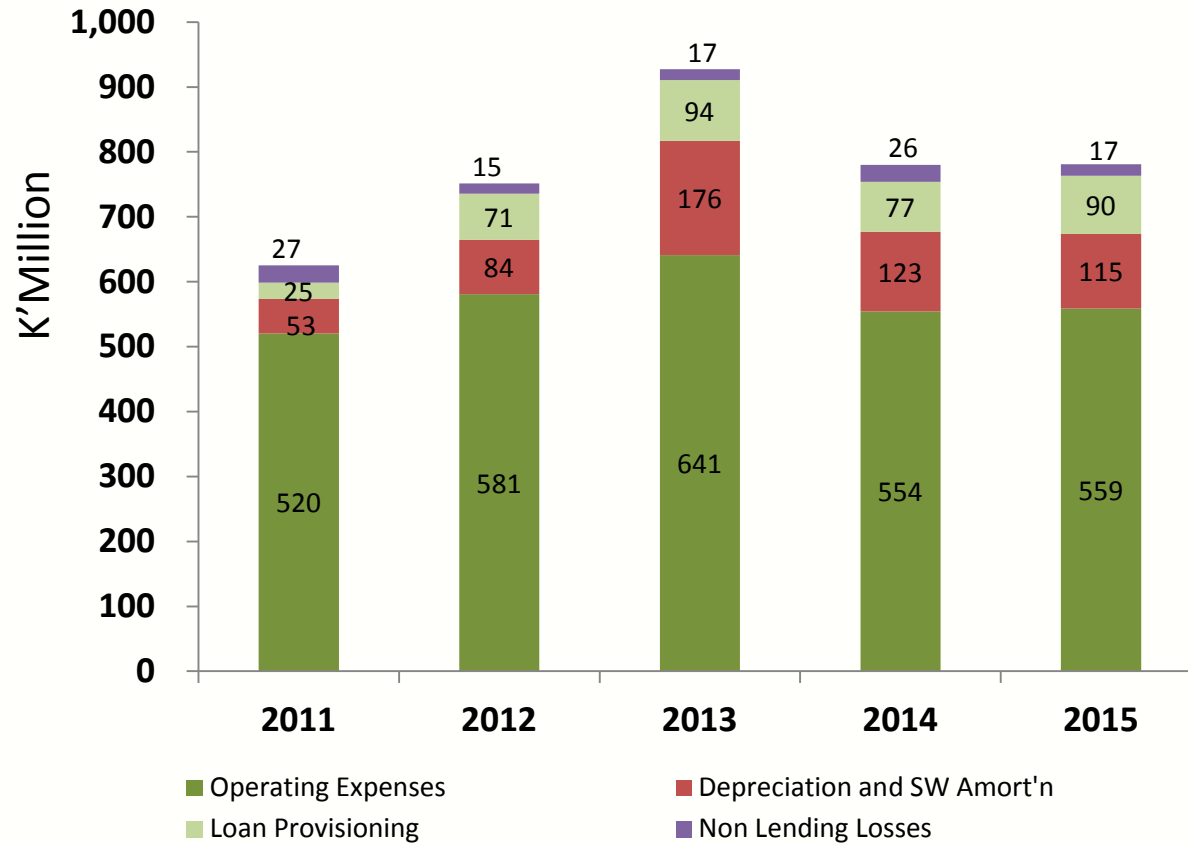
Group Income Growth 2011-2015 (K'million)

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Group Expense 2011-2015 (K'Million)

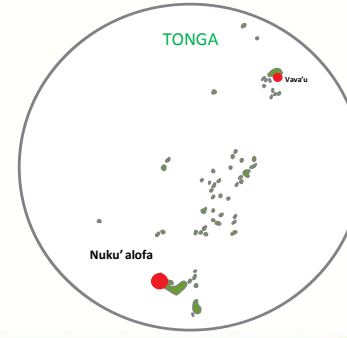
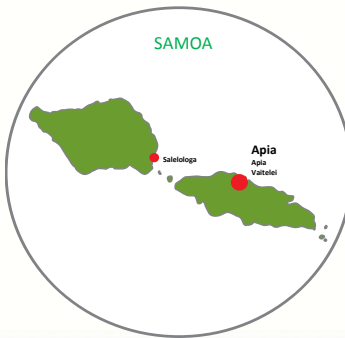
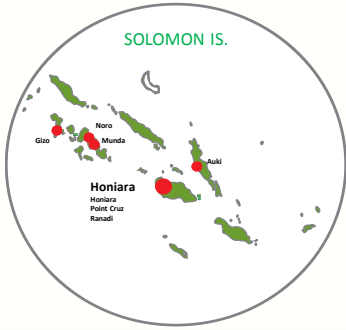
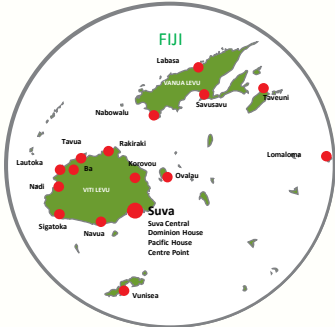
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BSP - dominant market position



	PNG	Fiji	Solomon Islands	Samoa	Tonga	Cook Islands	Total
No of customers ('000)	1,665	332	115	46	29	11	2,198
Branches	44	18	8	4	2	2	78
BSP Rural	44	-	-	1	1	1	47
ATM's	306	114	26	11	8	9	474
EFTPOS	8,621	1,940	190	273	231	375	11,630
Agents / Rural outlets	392	41	57	23	15	6	534

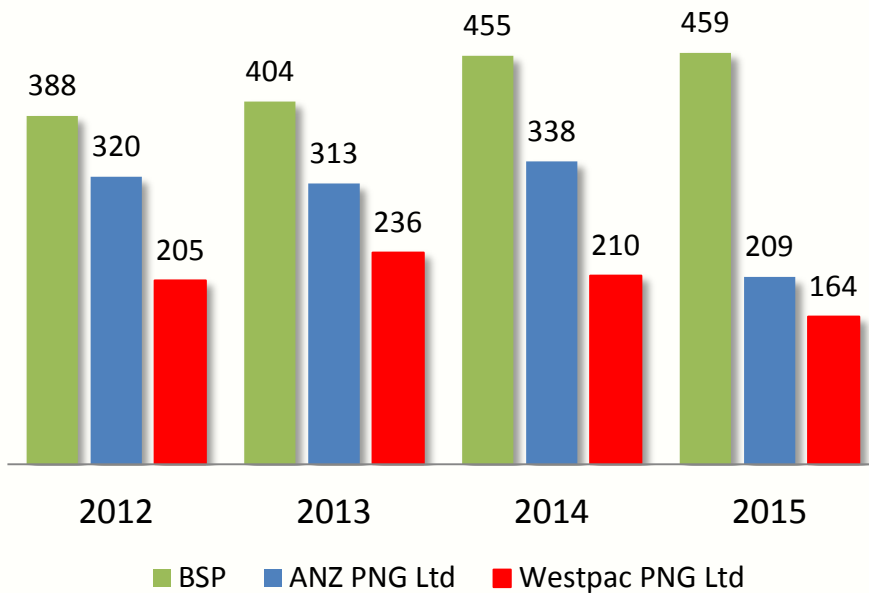


Competitor analysis (PNG)

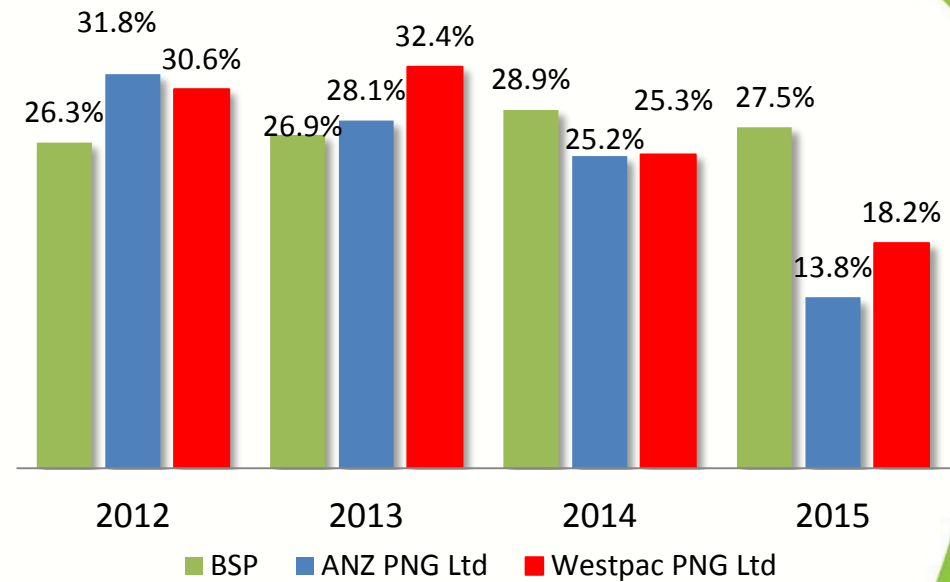
(K 'millions)

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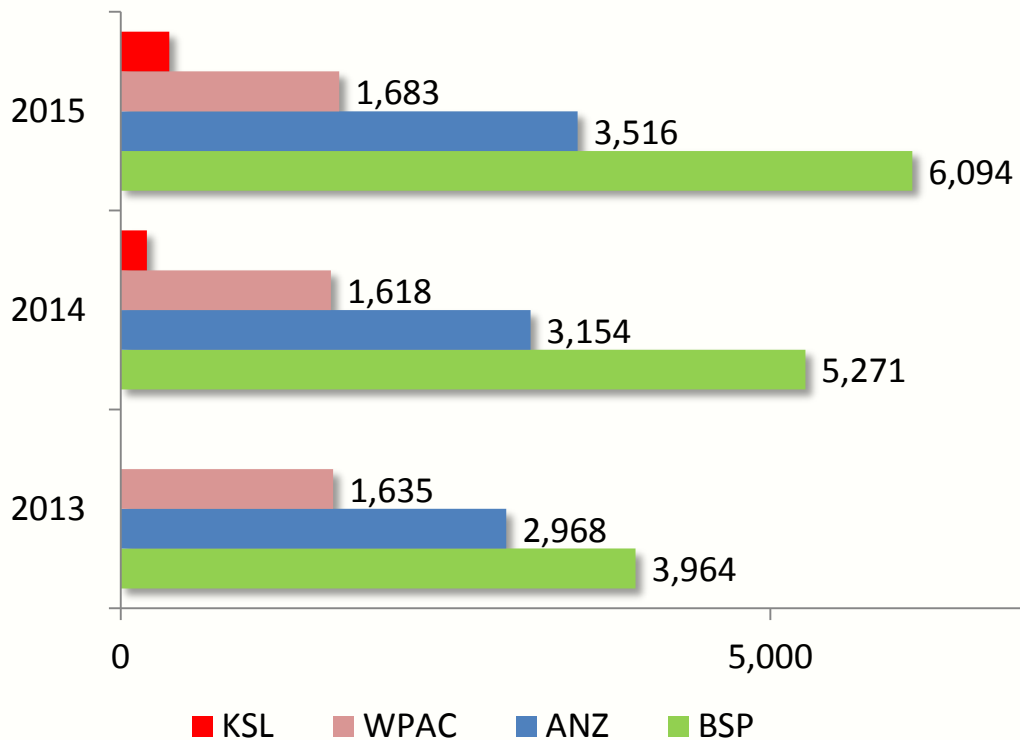
NPAT



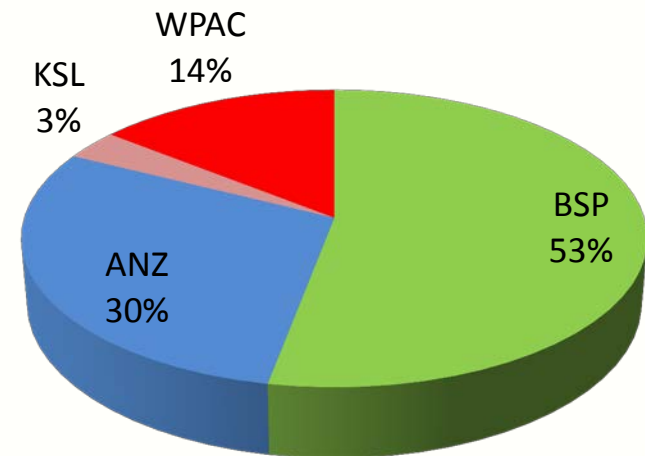
Return on Equity (ROE)



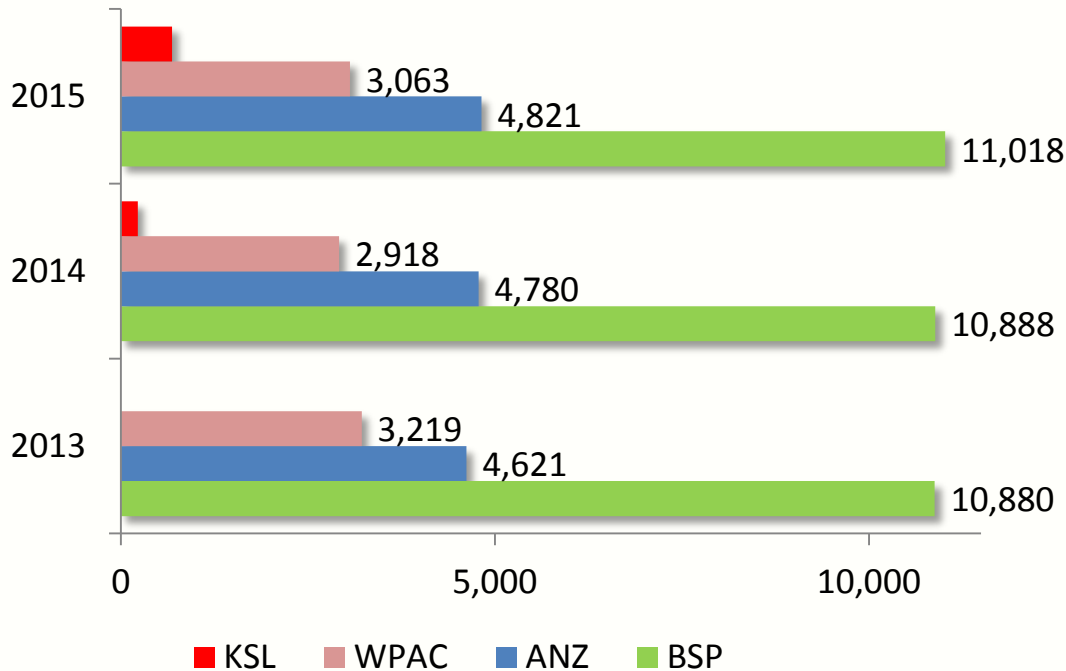
Loans-PNG (K' million)



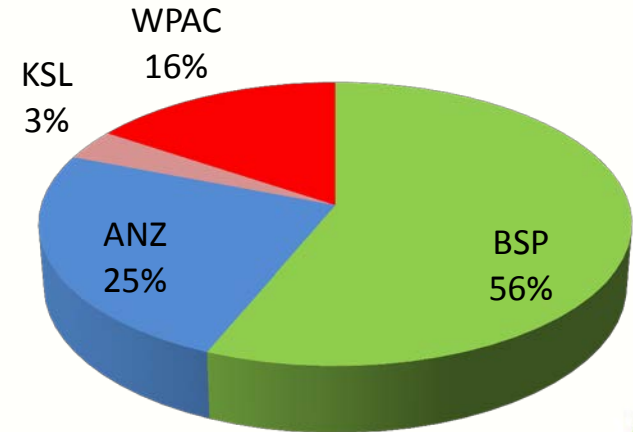
Market share –
September 2015



Deposits-PNG (K' million)



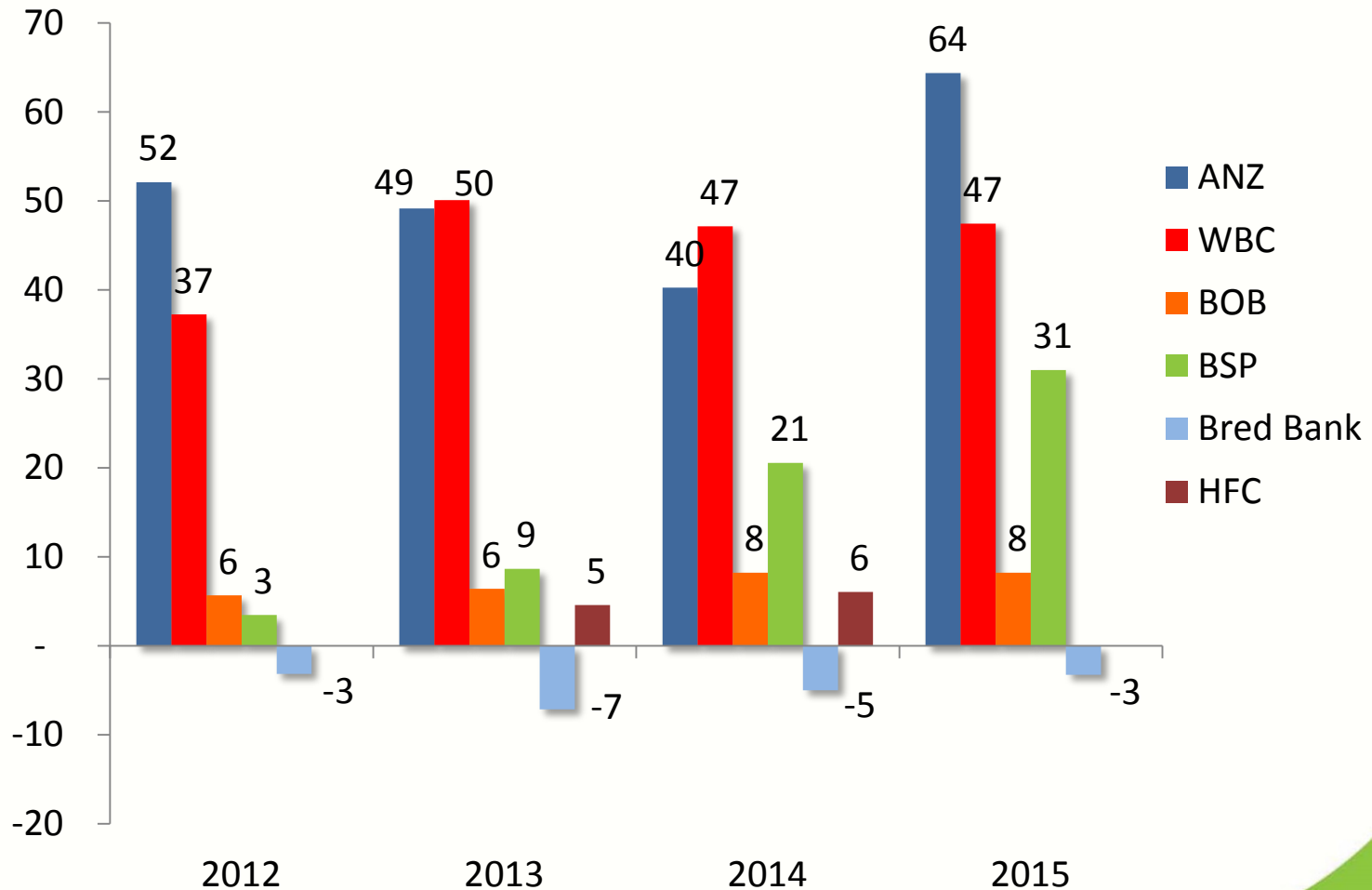
Market share –
September 2015



Profit After Tax- Fiji

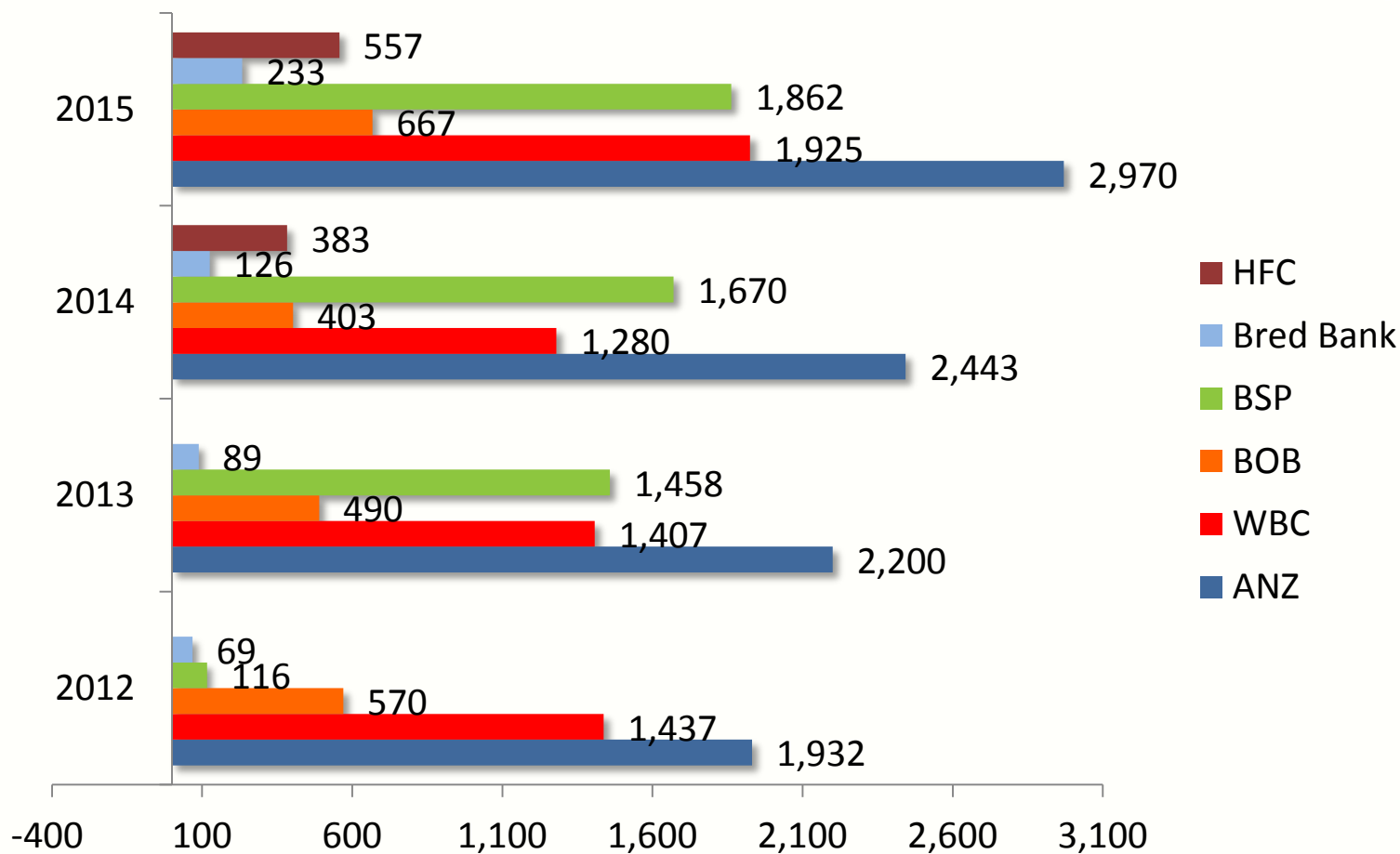
(FJD 'million)

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Total Assets-Fiji

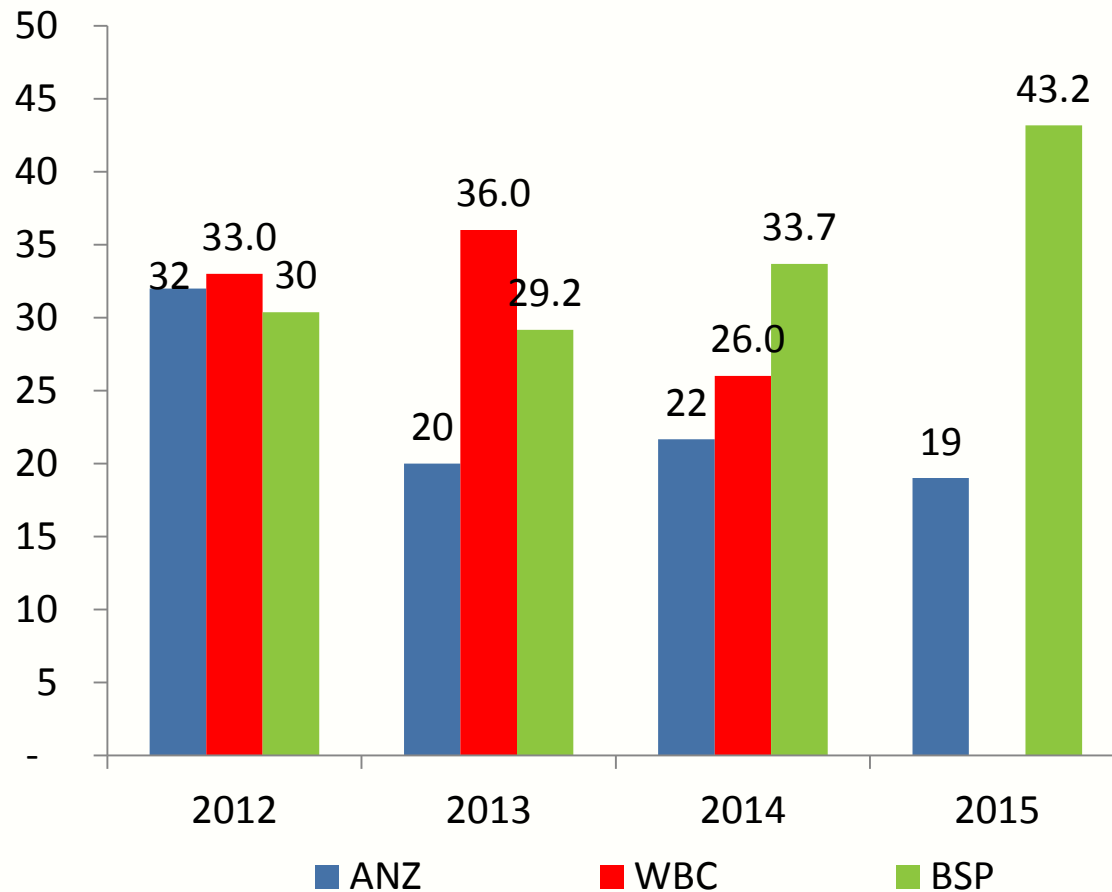
(FJD 'million)



Profit After Tax- SI

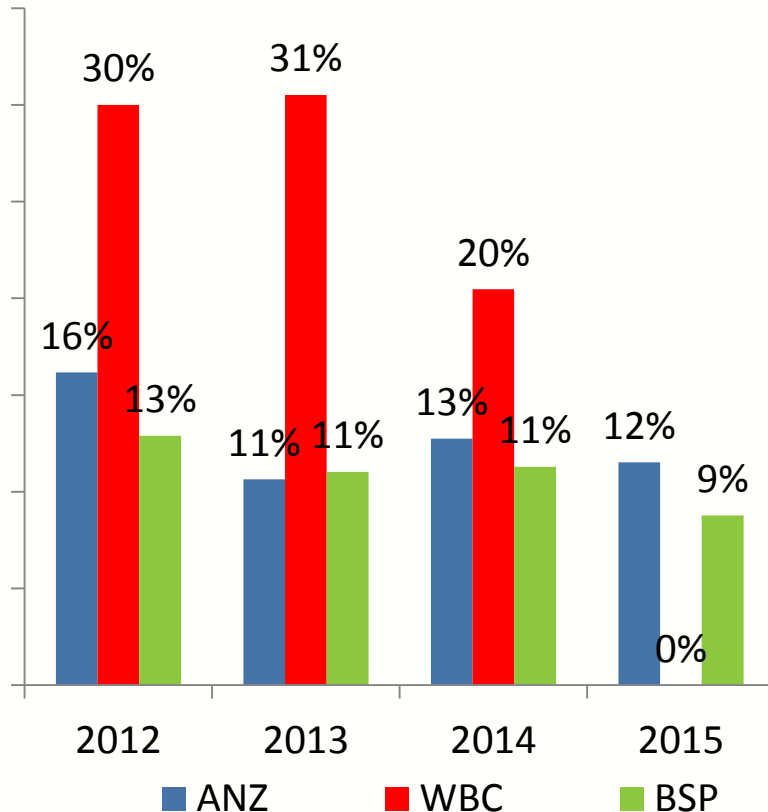
(SBD 'million)

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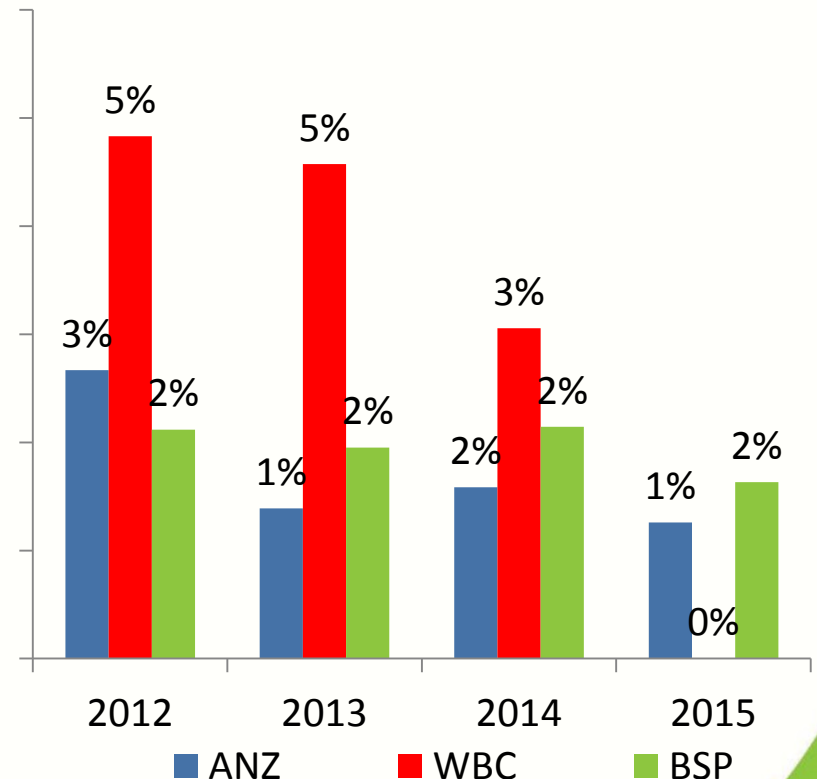


Performance- SI

Return on Equity (ROE)



Return on Assets (ROA)



Strategic Focus 2016/17

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Westpac Acquisition:

1. BSP entered into a sale agreement in January 2015 to acquire Westpac's operations in Solomon Islands, Vanuatu, Samoa, Tonga and Cook Islands for A\$125m.
2. Completed acquisition of Samoa, Tonga and Cook Islands on July 10th, 2015 and integration with BSP has been successful
3. Acquisition of Solomon Islands operations was completed in October 2015. Currently undergoing system integration.
4. Regulatory approval for Vanuatu acquisition has been granted by the Reserve Bank of Vanuatu; acquisition plans are currently on track, with completion of transition currently anticipated to happen in July 2016.

Strategic Focus 2016/17

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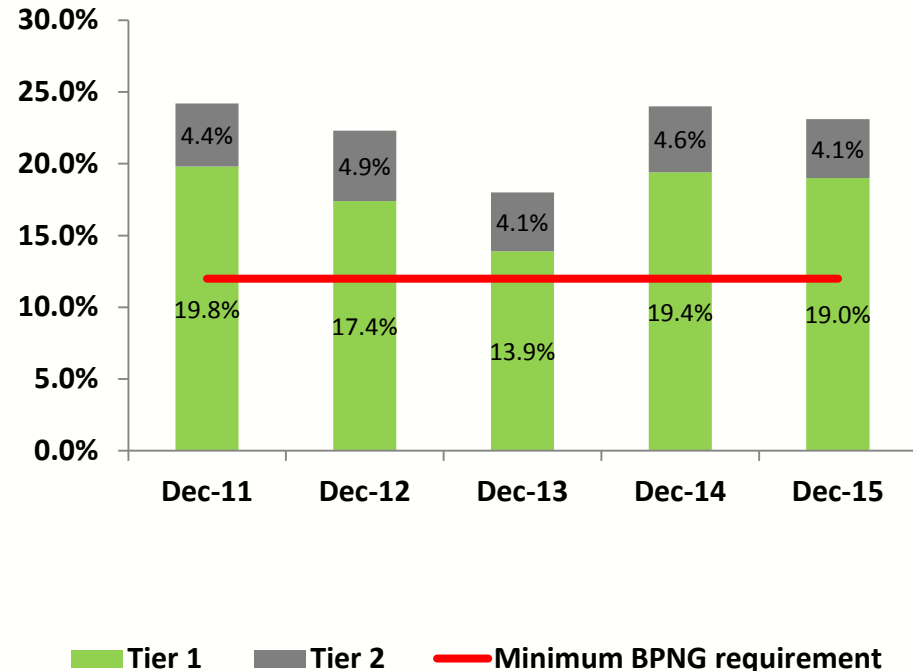
BSP Finance

1. Business Finance operations in Fiji and PNG are progressing well and are tracking to business plans, since their inception in late 2014. Financial and operational success targets have been set and pursued for continuation of loan book growth and profitability, and operational efficiency.
2. BSP Finance will follow BSP's regional expansion program by exploring opportunities to expand to other geographies that BSP Bank already exist in.
3. BSP Finance is also exploring market entry opportunities outside of the Pacific Region.

Capital Management

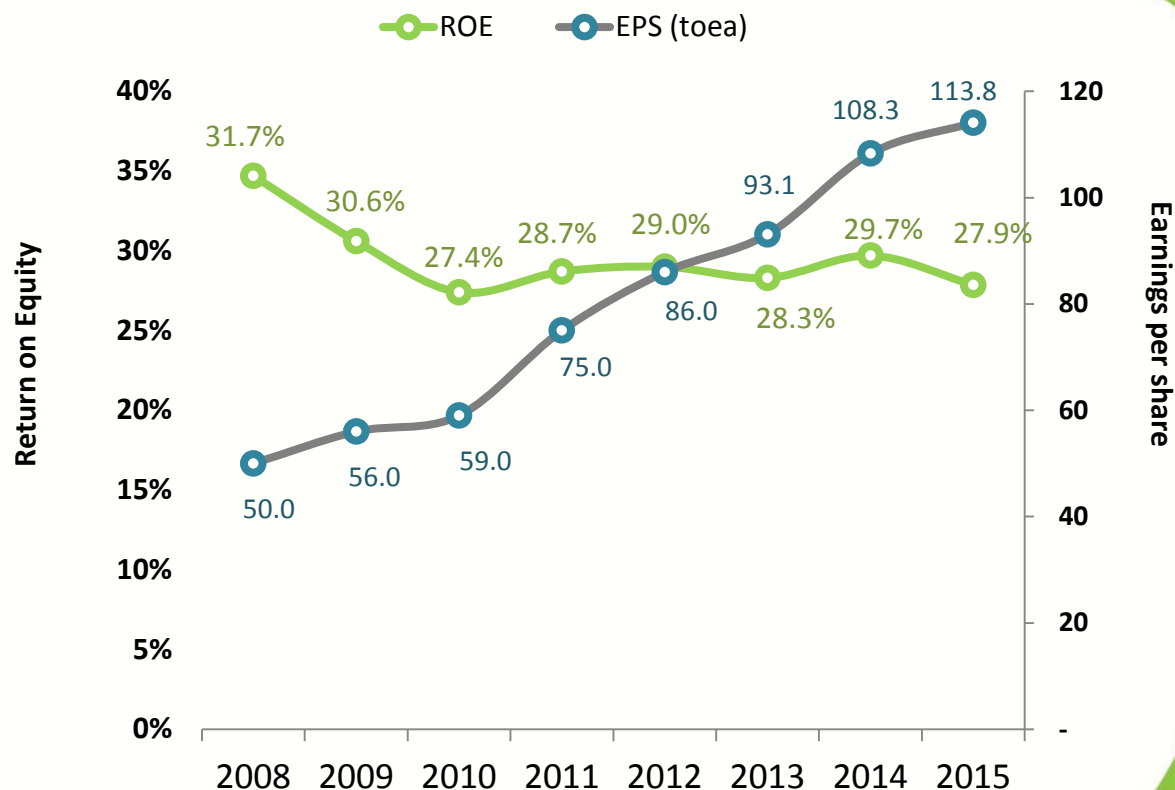
- The Capital Base of the BSP Group exceeds regulatory standards for an adequately capitalised bank
- A slight drop from 24% to 23.1% in part reflecting acquisition of Westpac businesses in the South Pacific

Capital Adequacy



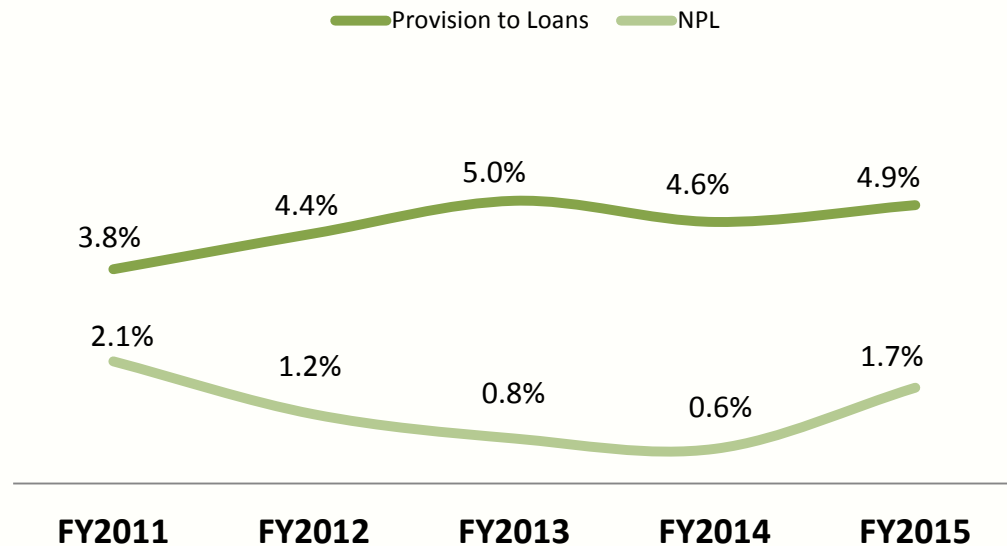
Return on Equity and EPS

- ROE marginally down to 27.9%
- Earnings per share continues to increase to K113.8 from K108.3 in 2014



Non Performing Loans and Provisioning to Total Loans

- Non Performing loans increased in 2015, primarily driven by the impact from newly acquired operations in Tonga, Cook Islands, Samoa, and Solomon Islands.
- Provisioning also increased to 4.9% in 2015.



Q1/2016 Results

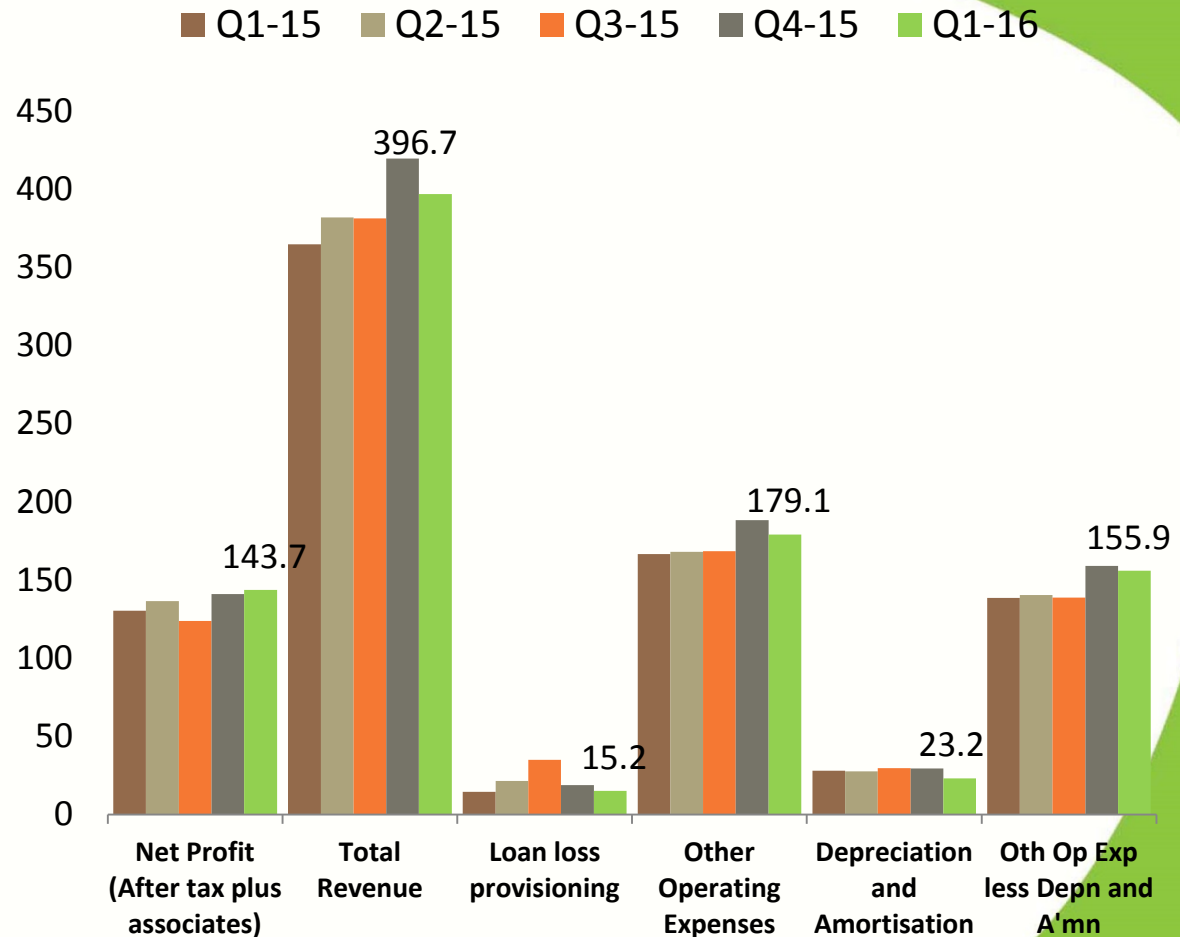
Profit & Loss

(Kina `million)

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Group profit after tax was up by 2% (+K3m) to K143.7m in Q1'16. NPAT was 10% higher than the previous corresponding period (pcp) figure of K130.5m.

- Total Revenue down 5% this qtr to K397m from K419m, however up 9% from pcp. The decline was attributed mainly to a drop in fees and commission income. Other areas that also declined from last qtr were Interest from liquid investments and FX income.
- Loan loss provisioning down 19% (K3.6m) to K15.2m from K18.8m this quarter, which reflects higher recoveries and reduced retail write-off Q1'16.
- Depreciation & amortisation down 21% to K23m from last qtr (K29m) from a decline in the level of software amortisation.
- Other Operating Expenses (less dep'n and amort'n) down 2% (K3m) to K156m from K159m due to cost savings in general admin costs.



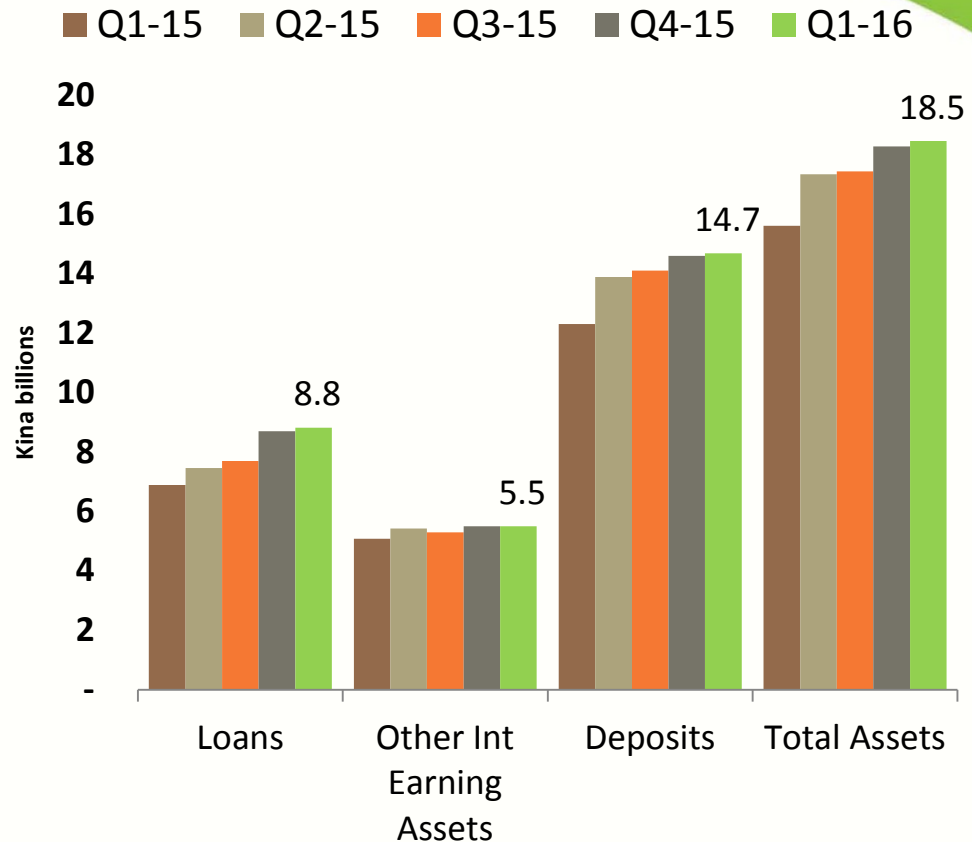
Balance Sheet

(Kina `billion)

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Total Assets up 1% to K18.5b this qtr from K18.2b in Q4'15. The increase reflects increases in cash and loans and advances

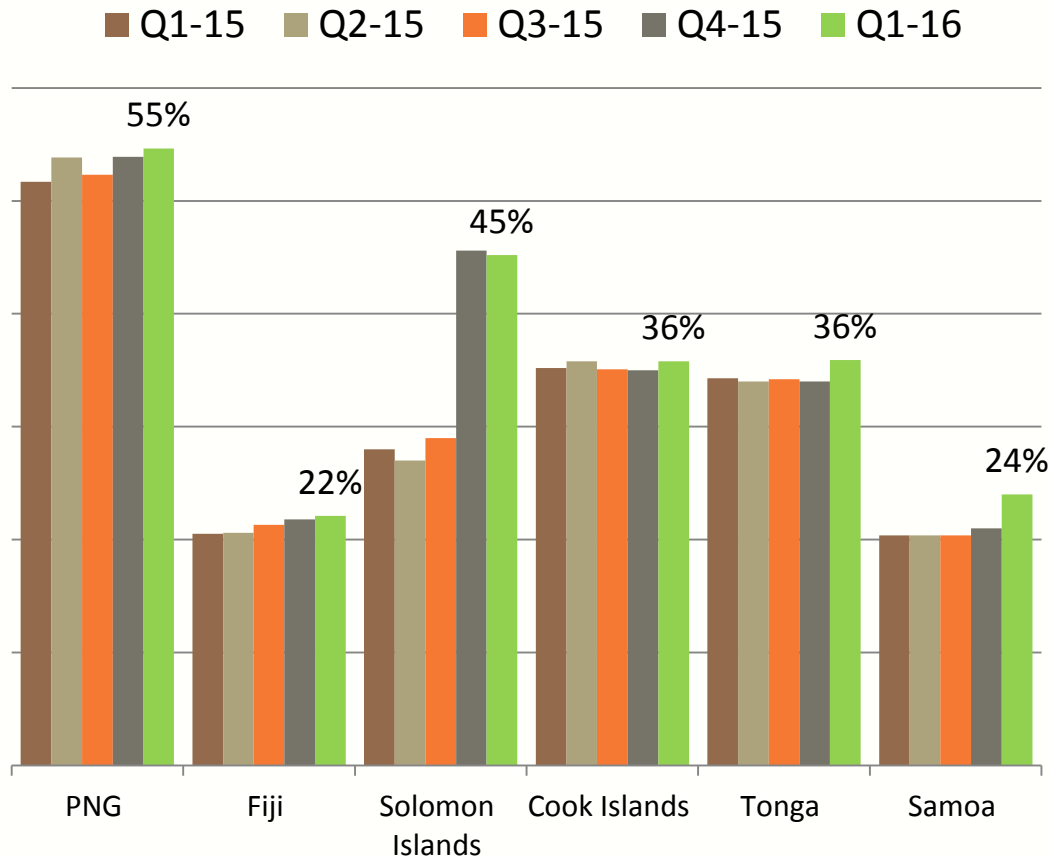
- Net loans increased by 1% to K8.8b this qtr from K8.6b as at the end of Dec'15. Compared to the previous corresponding period of 2015, loans was up by 28% or K1.93b.
- Total deposits grew 1% to K14.7b from K14.6b largely attributed to growth in deposits in SI, Samoa and Tonga.



Market Share

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Loans

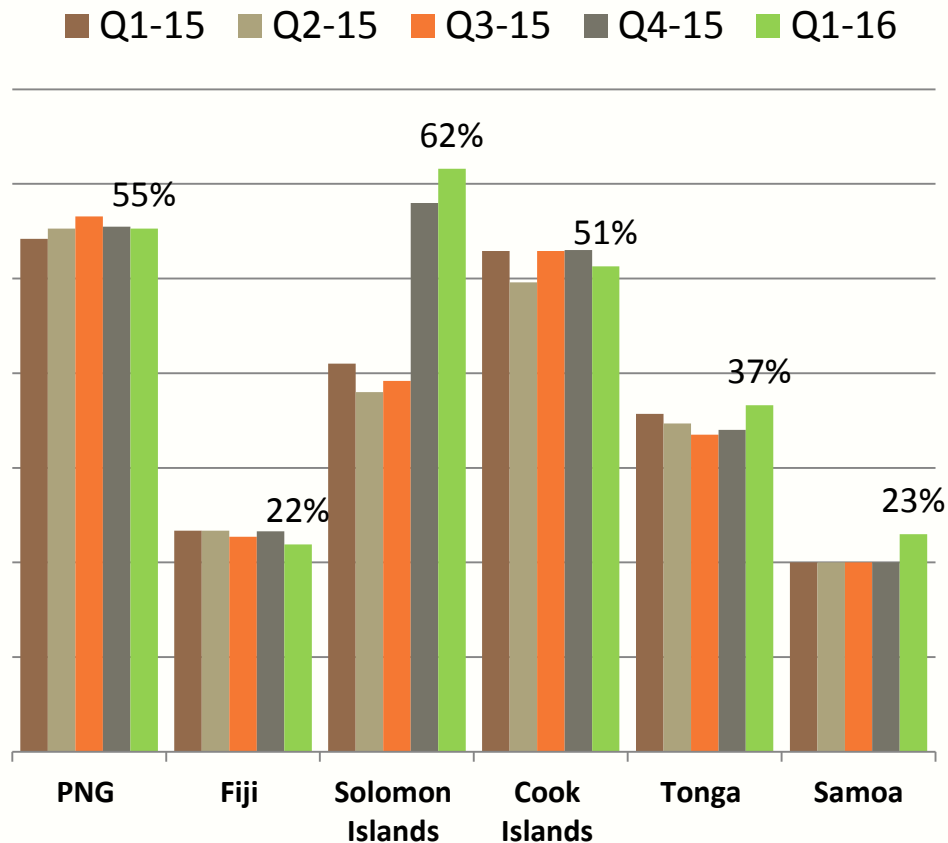


- BSP's combined loans market share remained unchanged at 40% this qtr compared to Q4'15, however it has improved by 1% compared from pcp in 2015.
- While Solomon Island market share has slightly declined this qtr, growth in other countries have neutralised the overall position.
- Samoa, Tonga and Cook Islands have seen improved growth in their respective loan book market share compared to the last qtr.

Market Share

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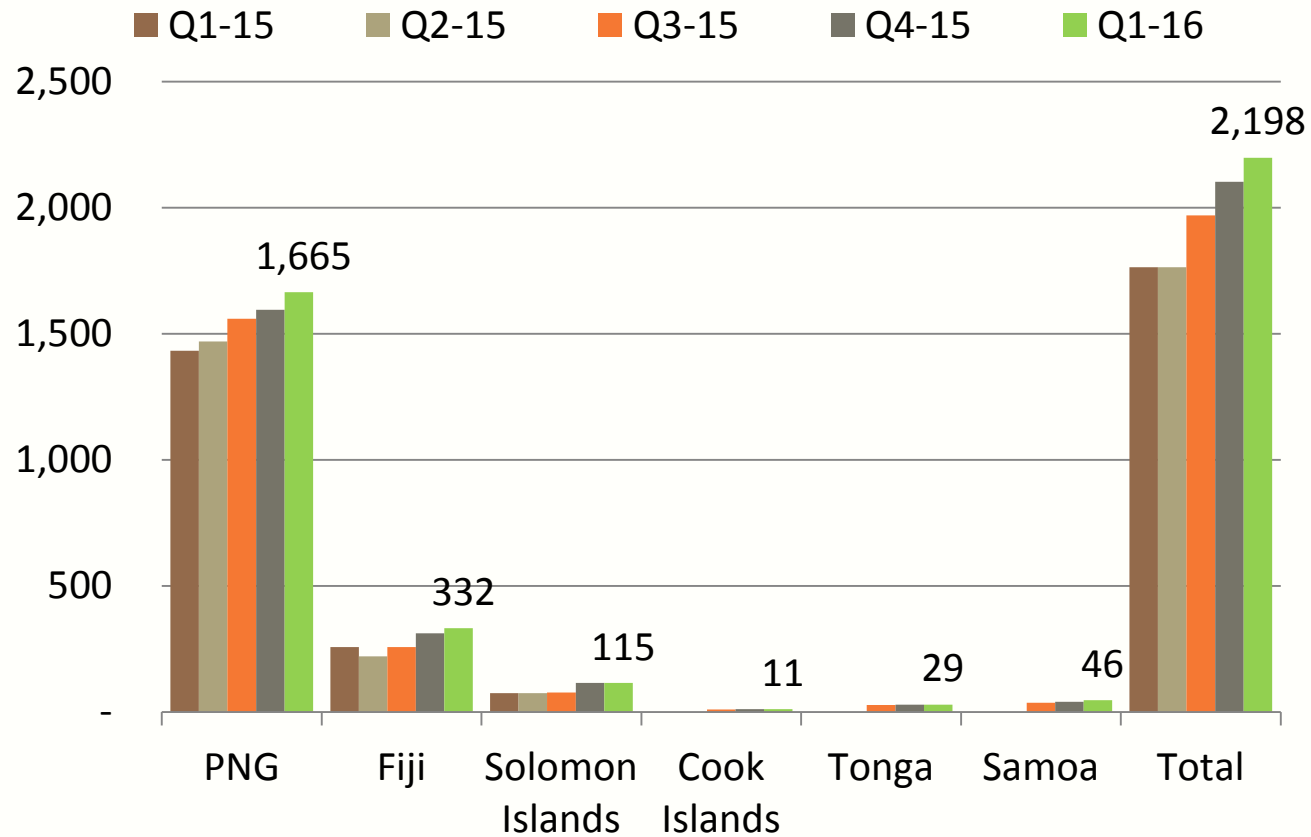
Deposits



- BSP's combined deposit market share remained unchanged at 44% compared to Q4'15. The 1% drop in Fiji's deposit market share and further 2% drop in the Cooks market share have been compensated for by the growth in other countries market share.
- Solomon Islands' deposit market grew significantly to 62% from 58% in Q4'15, resulting from the combined operations of BSP and former Westpac operation, a significant growth from 39% in Q3'15.

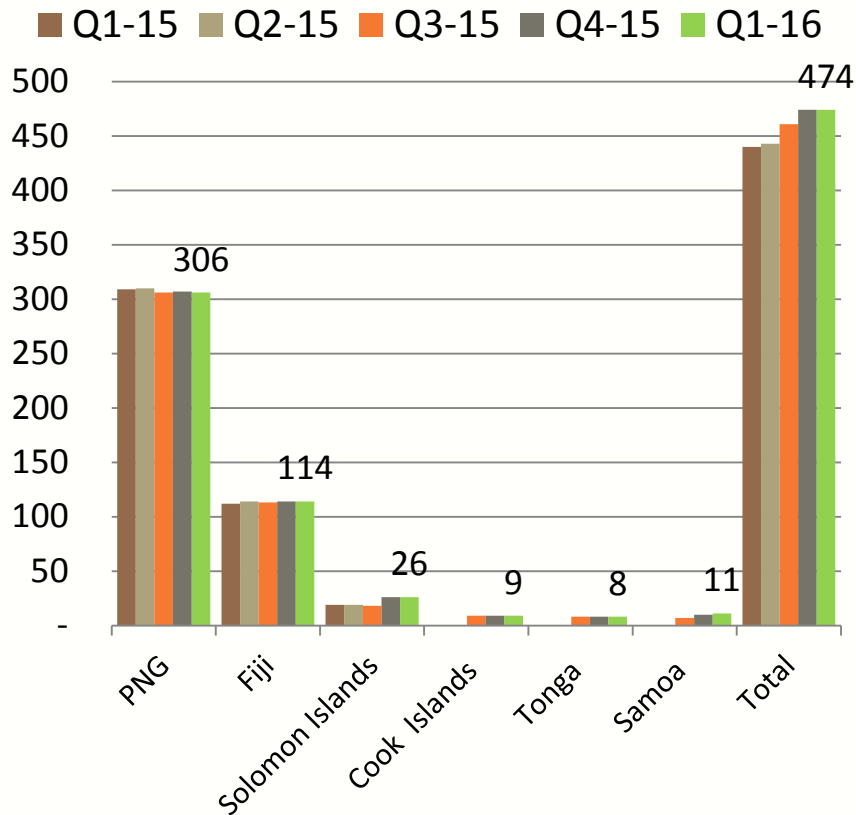
Customers ('000)

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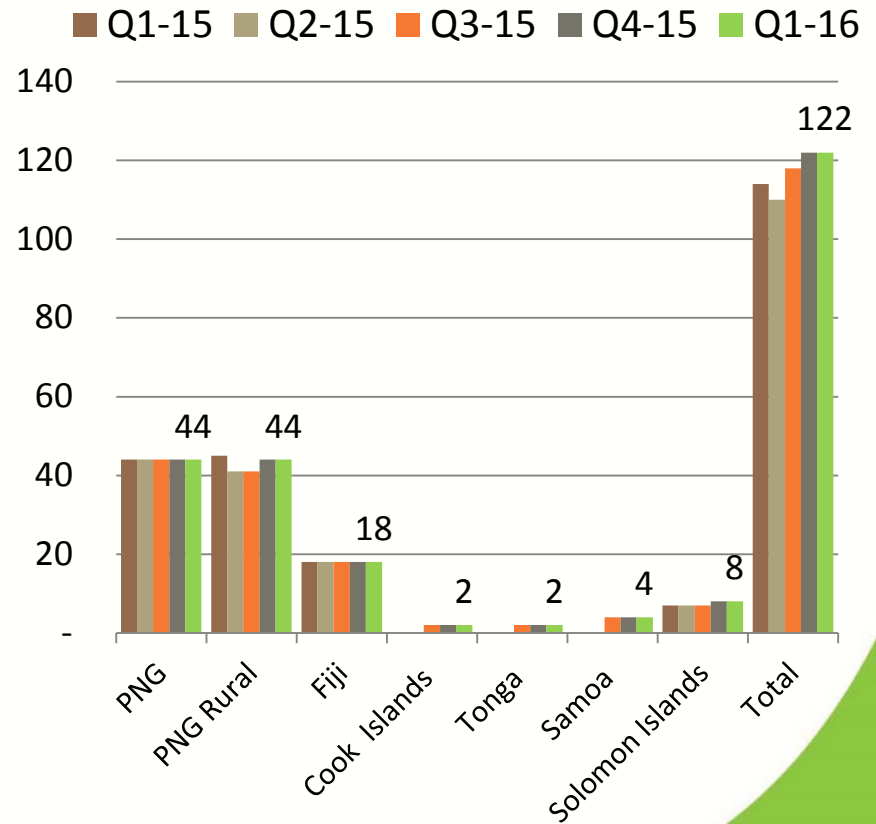


Channels

ATMs



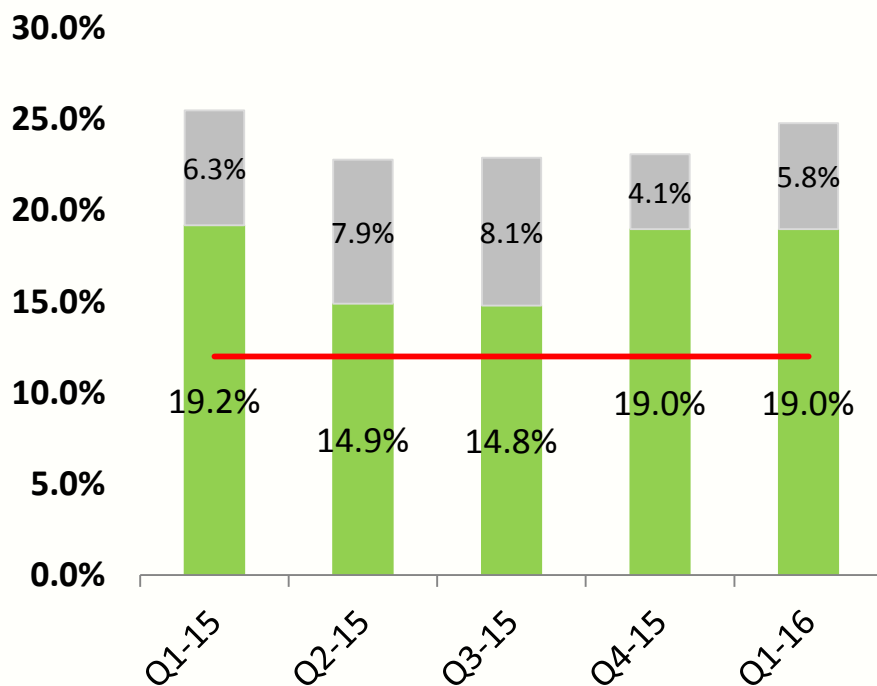
Branches, BSP Rural (PNG)



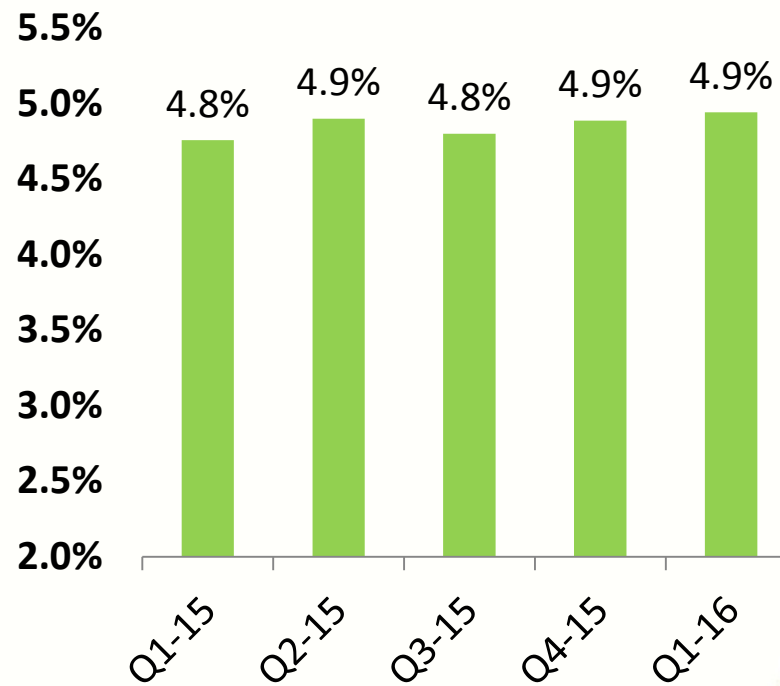
Financial Risk Management

Capital Adequacy

Tier 1 Tier 2 BPNG requirement



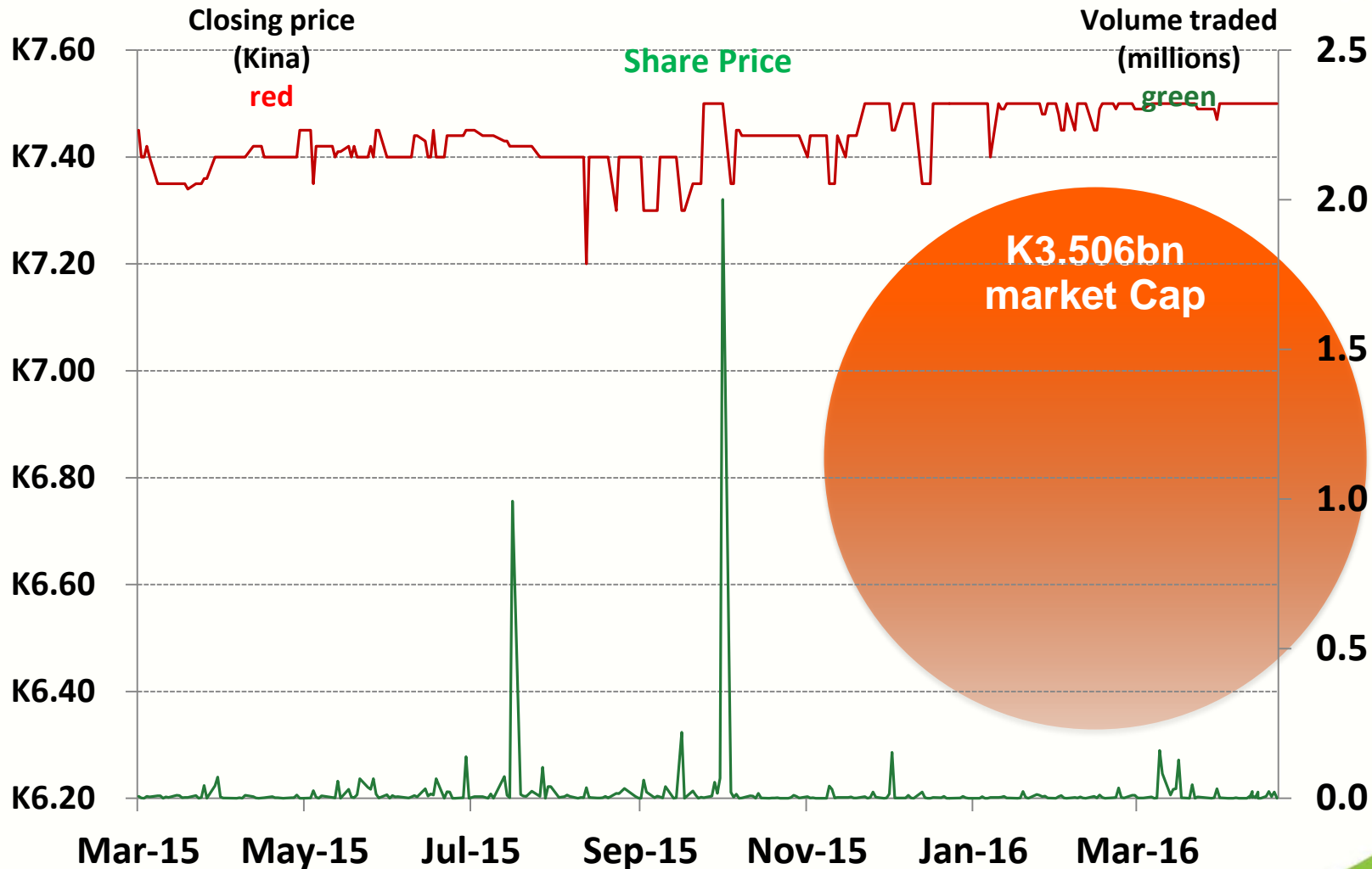
Provisions to Loans



Qtr.1-2016 Performance Summary

- Revenues
 - Q1/16 Revenue declined from the previous quarter. While interest income on loans grew, it was offset by the drop in the level of FX activities, lower interest income from other interest earning assets and lower fees and commission income.
 - The total operating expenses dropped to K179m this quarter from K188m, hence a savings of 6%. This was largely attributed to cost savings in general admin expenses, as well as lower amortization expenses on software
 - Cost to income ratio for the Group increased by 0.4% to 45.1% reflecting Q1'16 reduced quarterly revenue vs. Q4'15
- Balance Sheet
 - Continued stable lending market share in PNG, with stabilizing deposit market.
 - Capital Adequacy for the Group as at March 2016 has increased from 23.1% in Dec'15 to 24.8%, well above BPNG requirement of 12%.
- Others
 - BSP Finance Ltd continues to grow it's operation in both PNG & Fiji, and exploring growth opportunities outside these countries.
 - New banking operations in Samoa, Tonga, Cook Islands and SI are progressing well. Regulatory approval granted by RBV, with completion of Vanuatu acquisition expected in July 2016.

Share Price



Dividend

- 11.4% yield (on K7.50)
- Payment on 24th June, 2016



Conclusion

- 2015 was an outstanding year with better than market performance
- Cost to income ratio of 44.7% reinforces a strong cost focus
- Capital adequacy, loan loss reserves, dividend yield and EPS all market leading
- BSP's expansion in the South Pacific well executed
- Increasing contribution from non PNG Business
- BSP is a significant contributor to economic growth in PNG and the Pacific

Thank You