



**OURBANK**  
**OURVALUES**

**BSP Q4'15**

**Results Summary**

Johnson Kalo, Deputy CEO/GCFO

Integrity **Professionalism** Leadership  
**Quality** People **Teamwork** Community

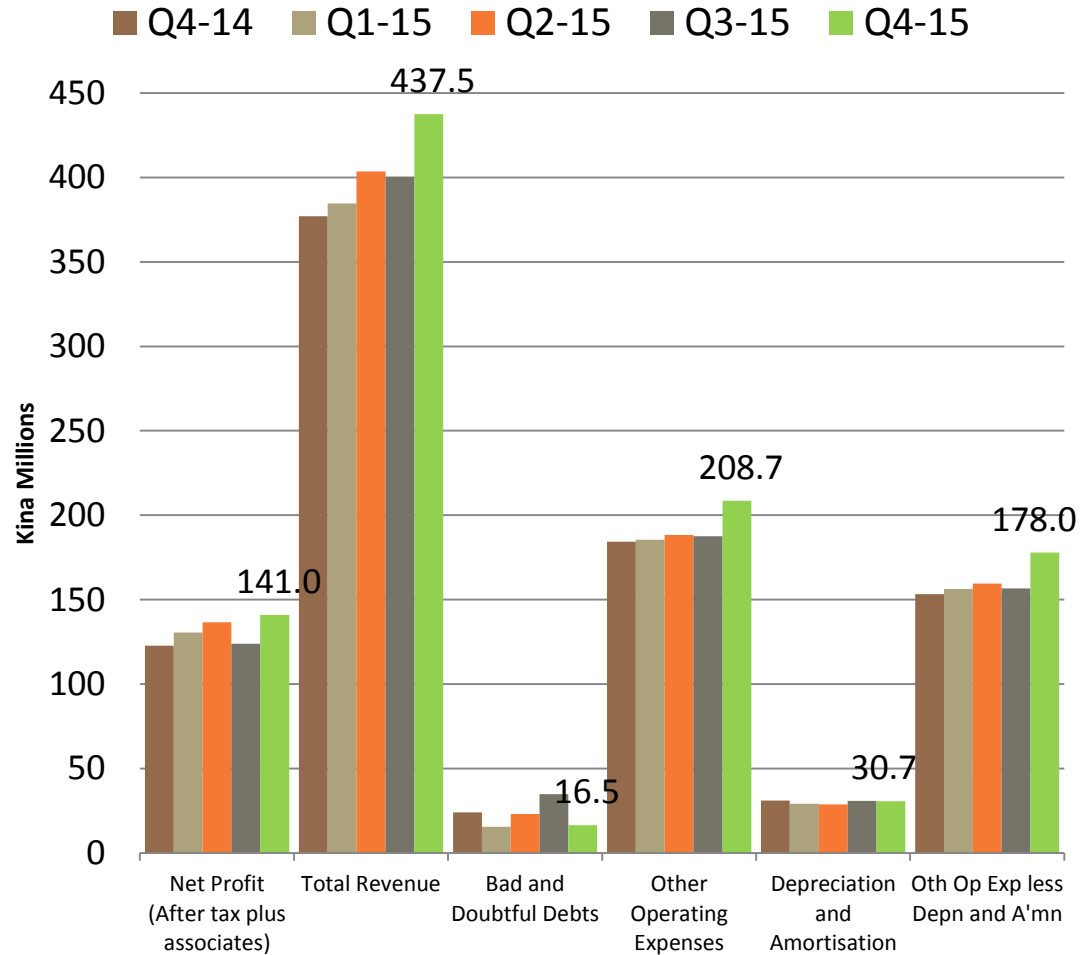
# Profit & Loss

(Kina `million)



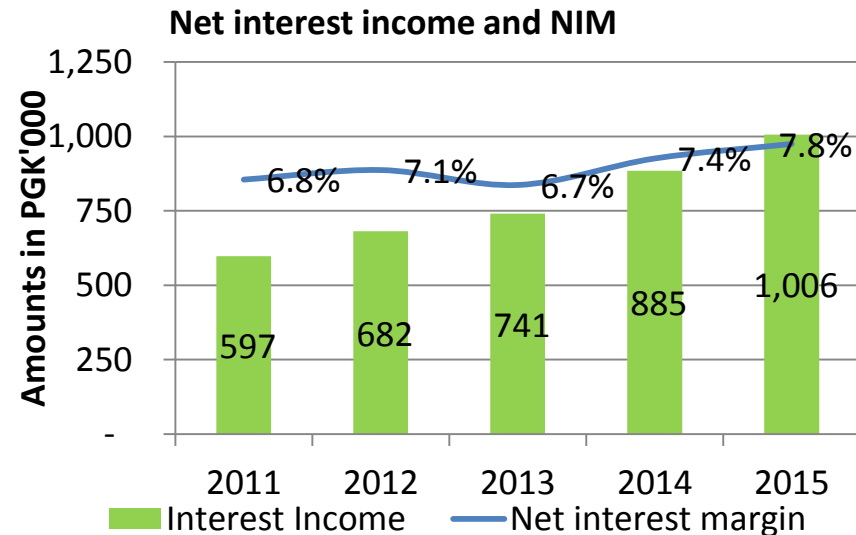
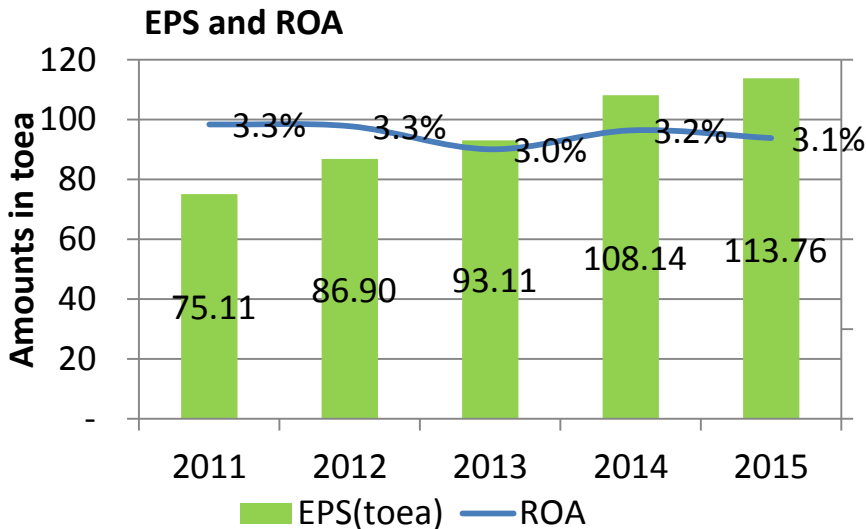
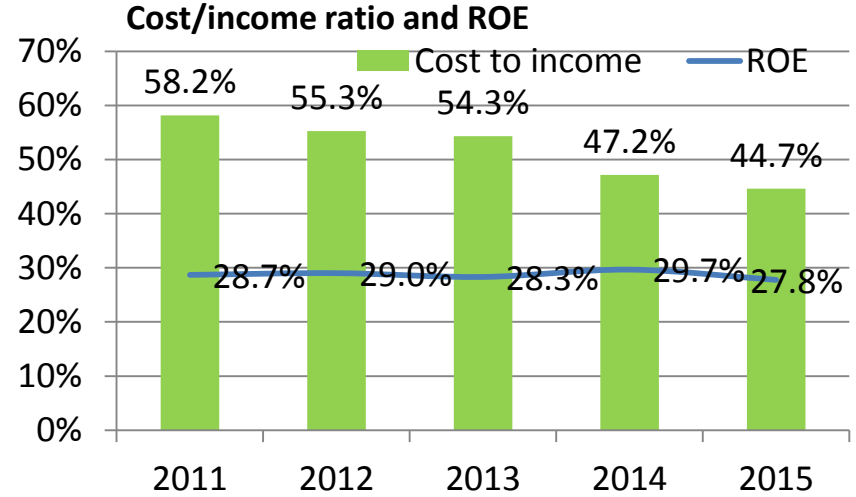
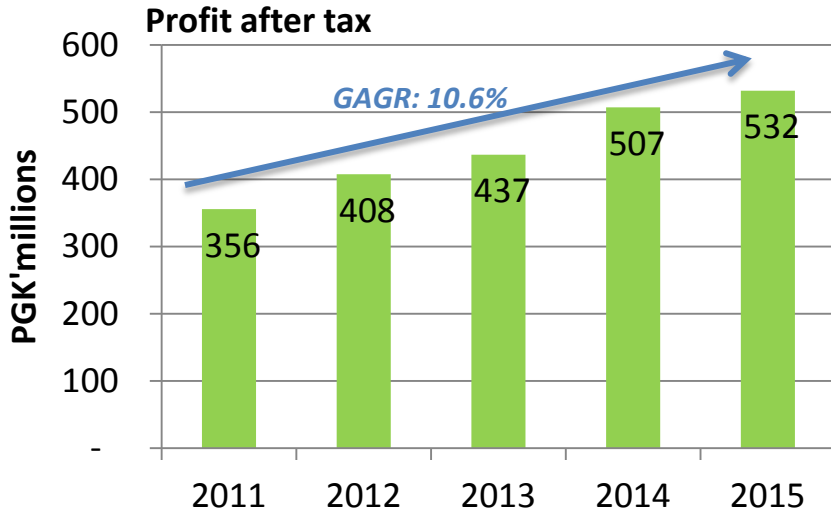
Group NPAT up by 14% (K17m) to K141m in Q4'15, compared to K123.9m in Q3'15. The increase was mainly due to strong growth in revenue in Q4'15, noting higher Bad Debt recoveries. YTD NPAT in Dec'15 up by 4.8% to K532m from K507m in pcp\*.

- Q4'15 revenue up 9% to K437.5m from K402m in Q3'15, attributed mainly to strong loan growth and revaluation gains in the insurance business (K14m).
- The reduction in net Bad and Doubtful Debts expenses was K16.5m from K34.9m in Q3'15 which reflects higher recoveries, and a reduced retail write-off experience for the quarter.
- Other operating expenses was K208.7m in Q4'15, driven largely by fixed asset write-offs, subsequent to a review of useful life of assets.



\* Pcp – prior comparative period

# Profitability metrics



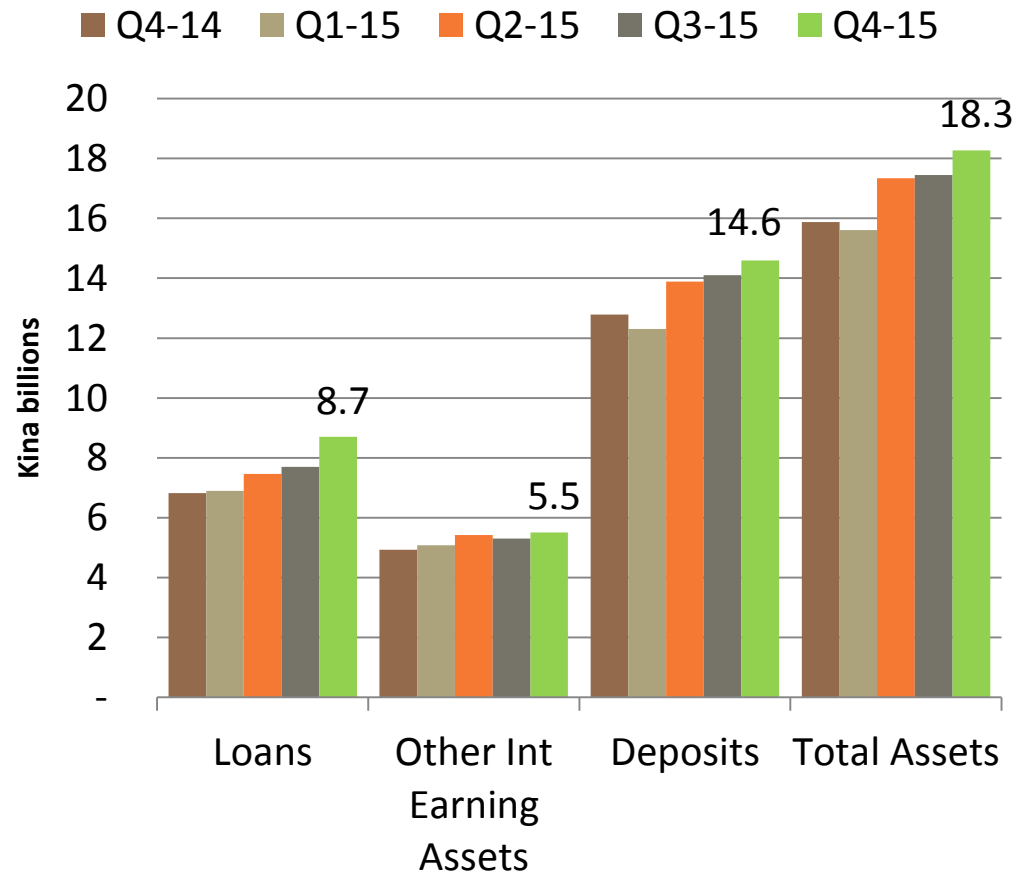
# Balance Sheet

(Kina `billion)



Total Assets increased by 5% (K0.9b) to K18.3b at end of Q4'15, driven largely by loan book growth, and the Solomon Islands Westpac branch acquisition (K0.344b).

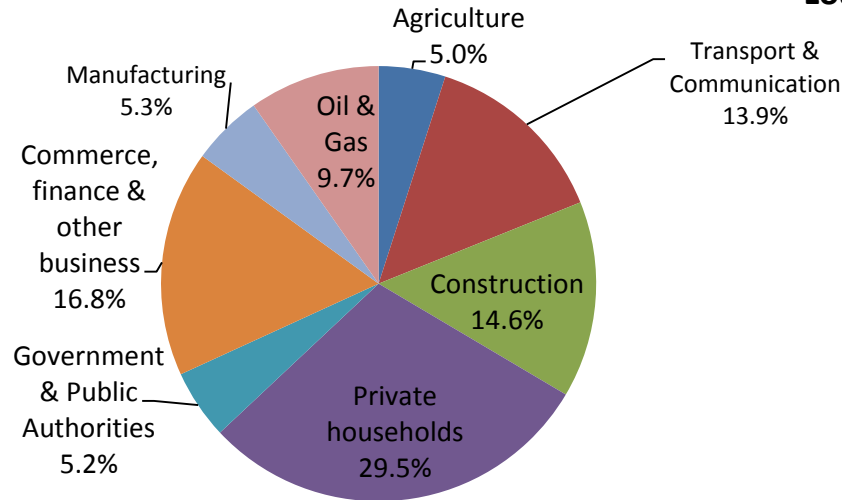
- Net loans increased by 13% (K1b) in Q4'15 to K8.7b, from portfolio growth in PNG (K0.515b) and Fiji (K0.187b) as well as the SI acquisition which added K0.112b to the loans portfolio.
- Other Interest Earning Assets (IEA) increased moderately to K5.5b from K5.4bn in the previous quarter.
- Customer Deposits grew 3% to K14.6b in Q4'15, driven by deposit growth in Fiji of K0.226b, as well as the addition of K0.245b from the acquisition of the Westpac Solomon Islands operations.



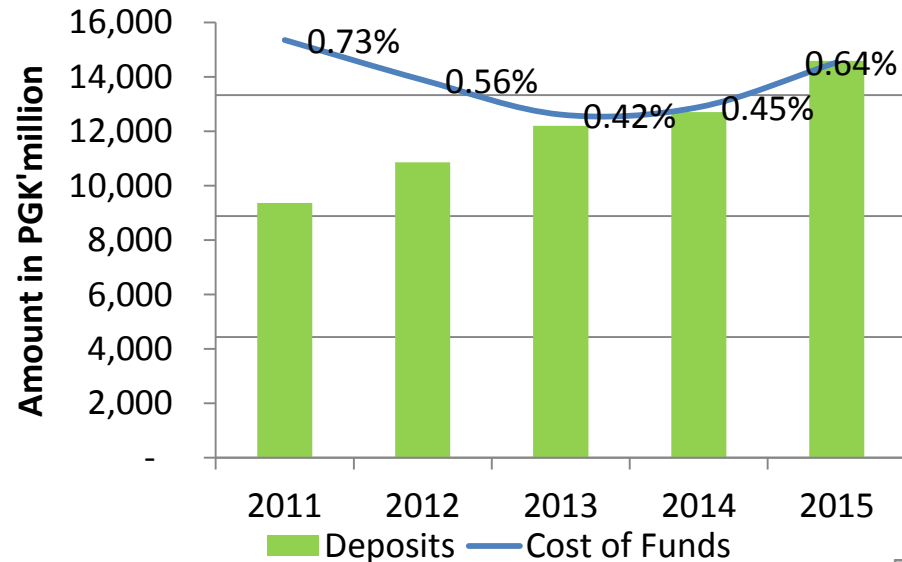
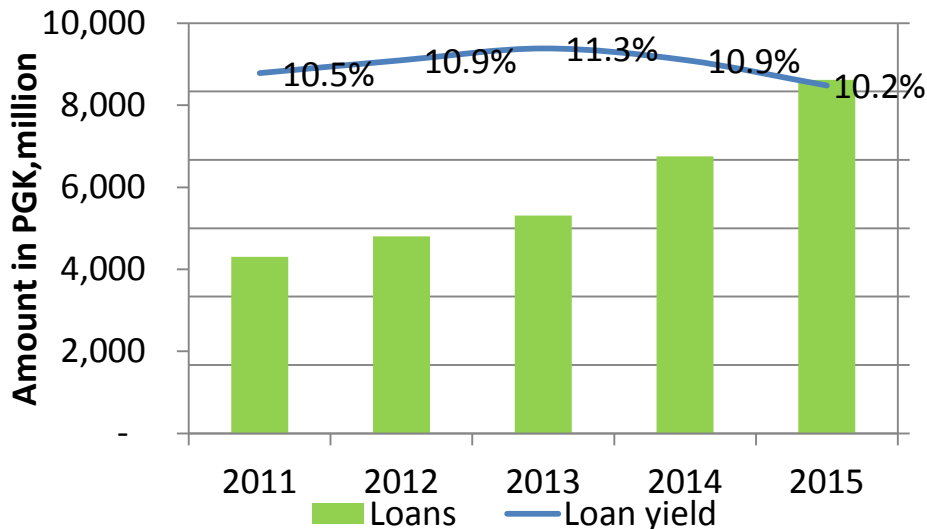
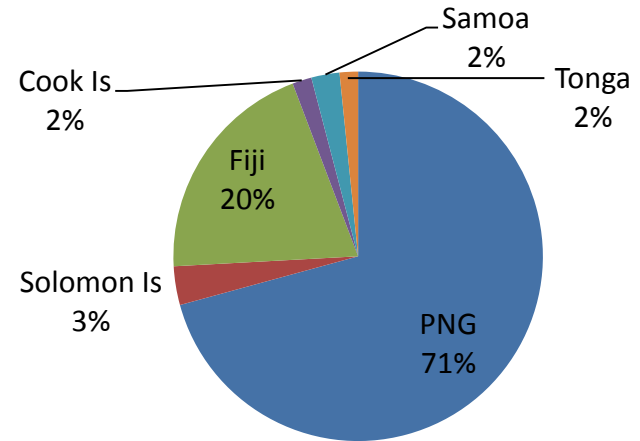
# Balance sheet quality



Sector exposure- Dec'15



Loans by country-Dec'15

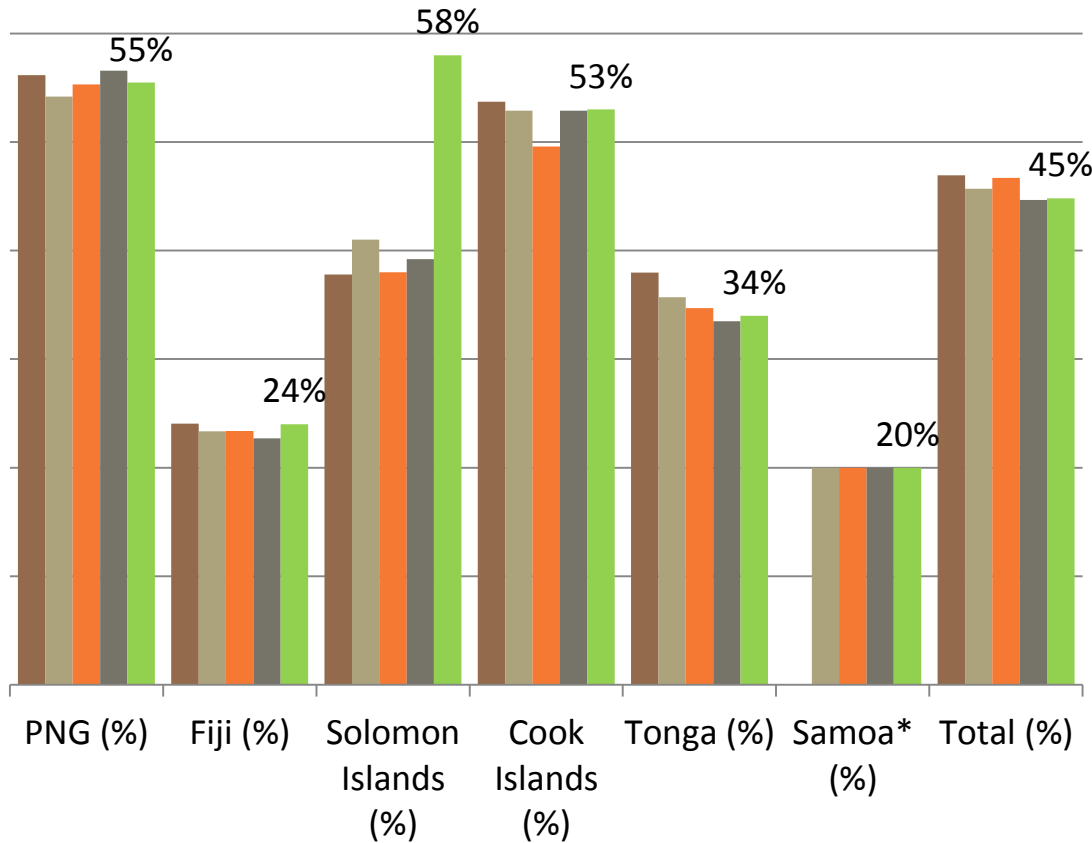


# Market Share

## Deposits



■ Q4-14 ■ Q1-15 ■ Q2-15 ■ Q3-15 ■ Q4-15



- BSP's combined deposit market share remained unchanged at 45% compared to Q3'15. 1.8% drop in PNG's deposit market share being compensated for by the growth in Fiji's market share by 1%, and the impact of deposits acquired in Solomon Islands.
- Solomon Islands' deposit market grew significantly to 58% in Q4'15 from 39% in Q3'15 resulting from the Westpac acquisition.

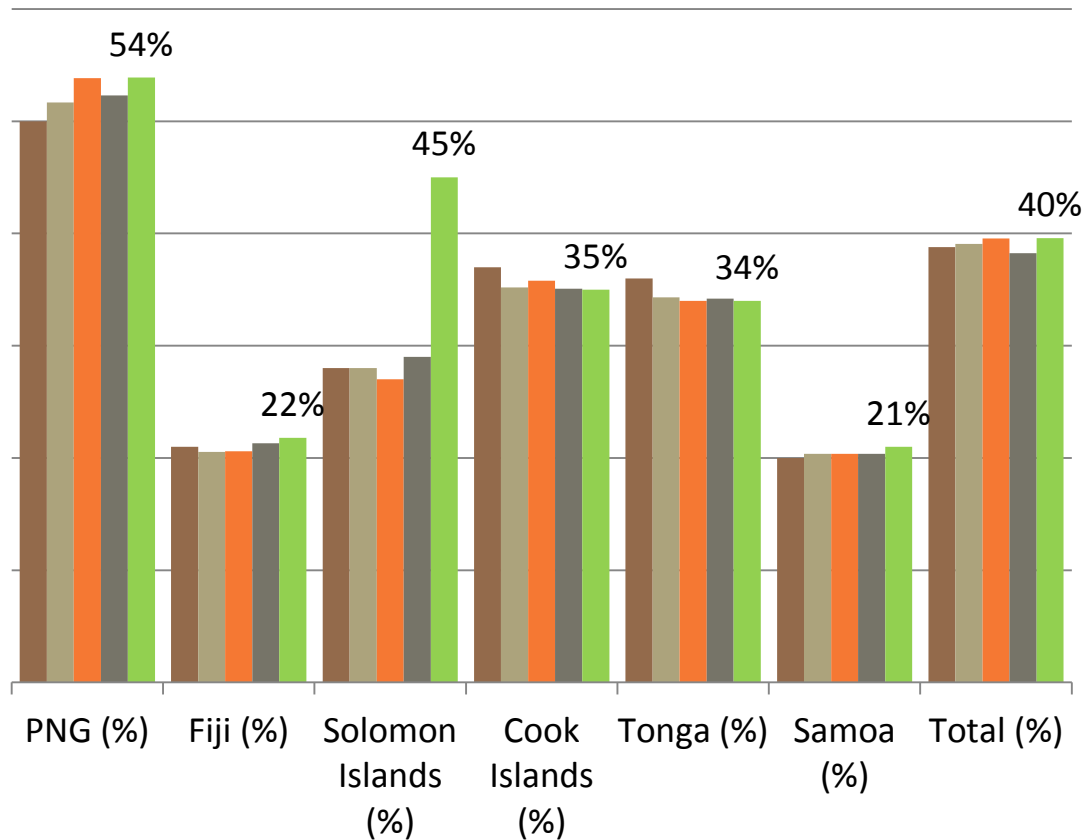
\* Limited market share data available

# Market Share

## Loans



■ Q4-14 ■ Q1-15 ■ Q2-15 ■ Q3-15 ■ Q4-15



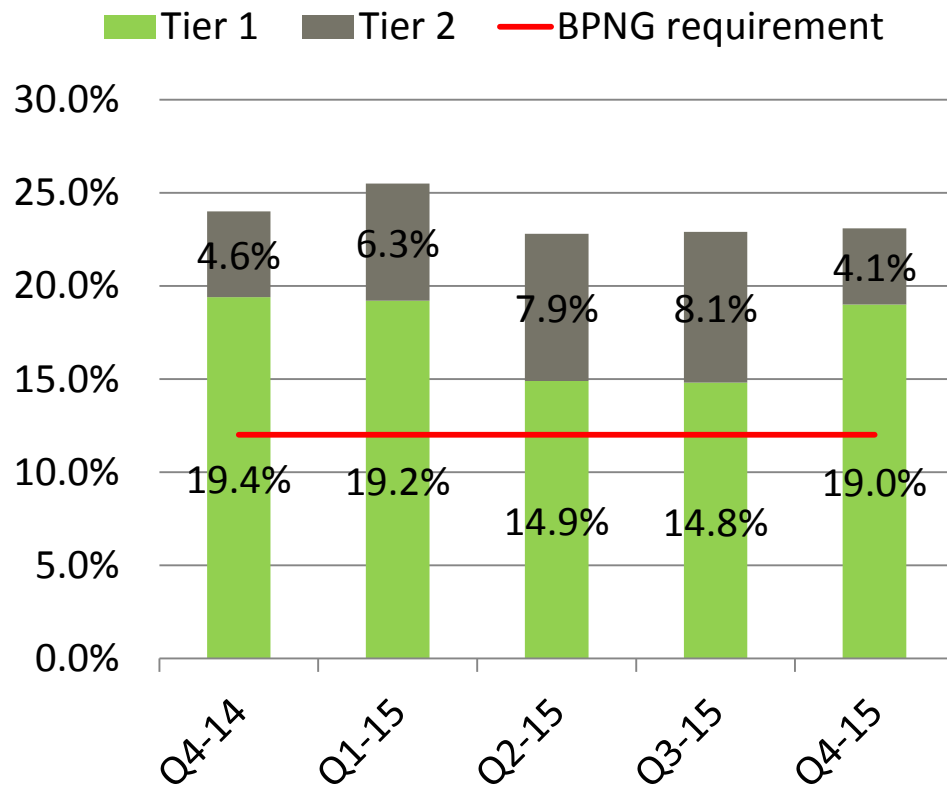
- BSP's combined loans market share increased by 2% from Q3'15 level, largely driven by loan book growth in PNG and Fiji, and the impact of SI's Westpac operations acquired in Oct'15.
- Solomon Islands' loan book market share climbed to 45% from 29% in Q3'15 resulting from the Westpac acquisition.



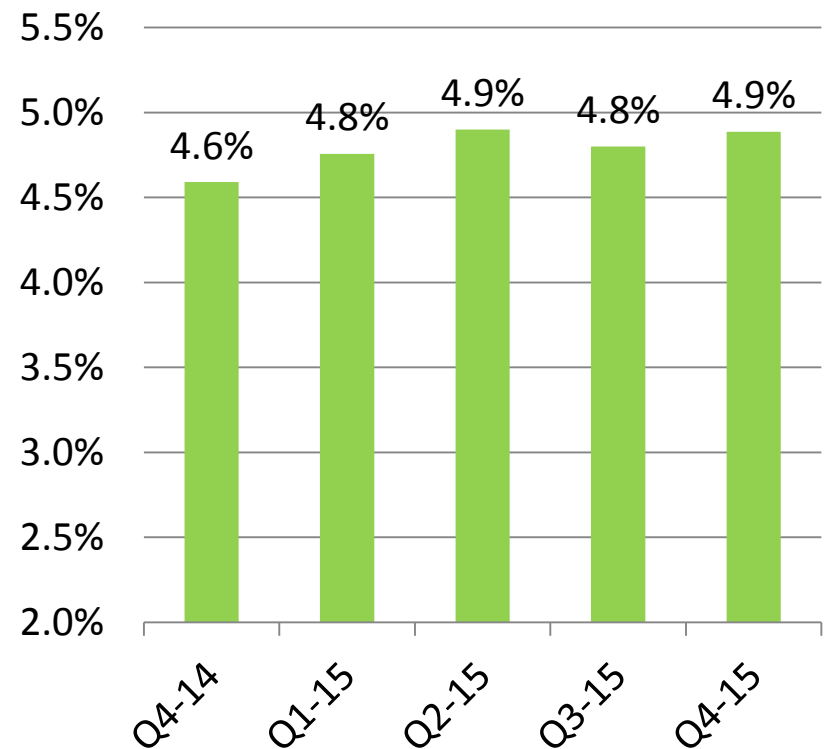
# Financial Risk Management



## Capital Adequacy



## Provisions to Loans

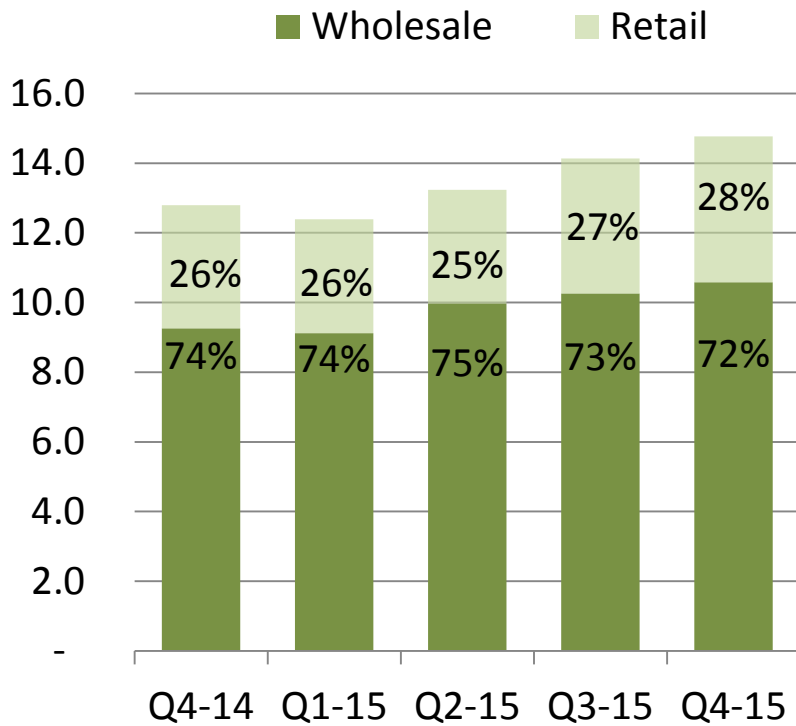




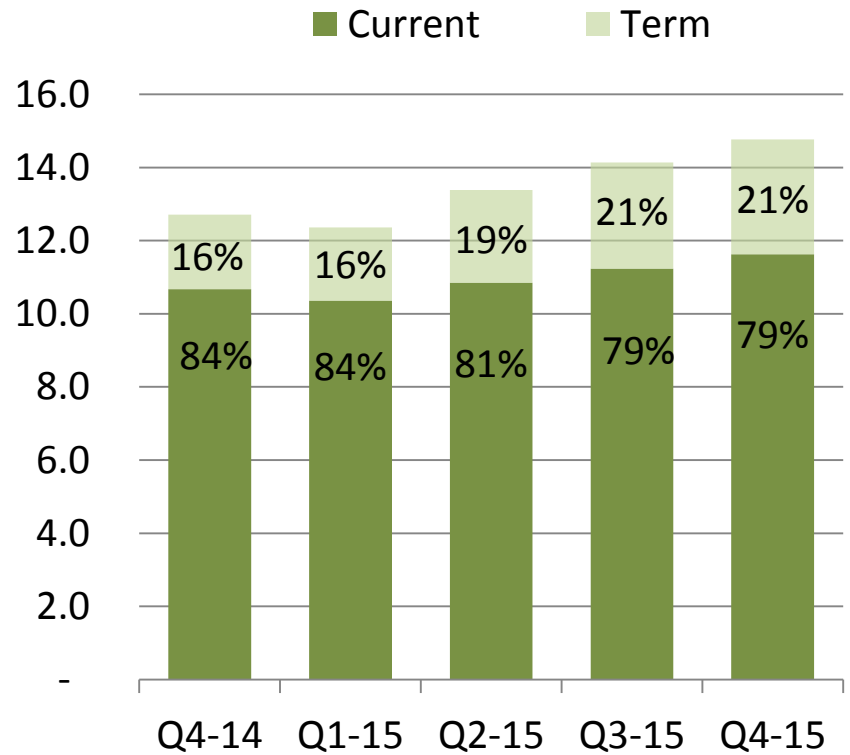
# Funds



## Deposit Mix (K'billion)



## Deposit Type (K'billion)



# Qtr.4-2015 Performance Summary



## • Revenue

- Q4 2015 revenue continued its positive trend, up 9% to K438m. Positive loan portfolio growth, steady channel transaction growth, and prudent cost management strategy, have allowed BSP to achieve an improved profit outcome notwithstanding some slowdowns in certain sectors of the PNG economy. The new Pacific Islands acquisitions have also contributed to 2<sup>nd</sup> half profits.
- Group's cost to income ratio was 44.7% at the end of the quarter, continuing the downward trend on this key ratio. The recently acquired Westpac bank in Solomon Islands are being integrated fully with BSP group operations.

## Balance Sheet

- Net loans increased by 11% in Q4 to PGK8.7bn, principally driven by portfolio growth in PNG and Fiji, as well as the SI acquisition which added PGK112m to the loans portfolio.
- Capitalization remains strong, with Tier 1 capital at 19.0% and total capital at 23.1%, well above regulatory requirements

## Other

- BSP has received regulatory approval to complete the acquisition of Westpac's operations in Vanuatu at the end of June 2016.

# Share Price

