



INVESTOR PRESENTATION

Q3 September 2017

WE ARE **BSP**



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Geographical footprint

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Financials

Profit and Loss - 30th September 2017

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Total
Income
-1%PCP,
12%YOY



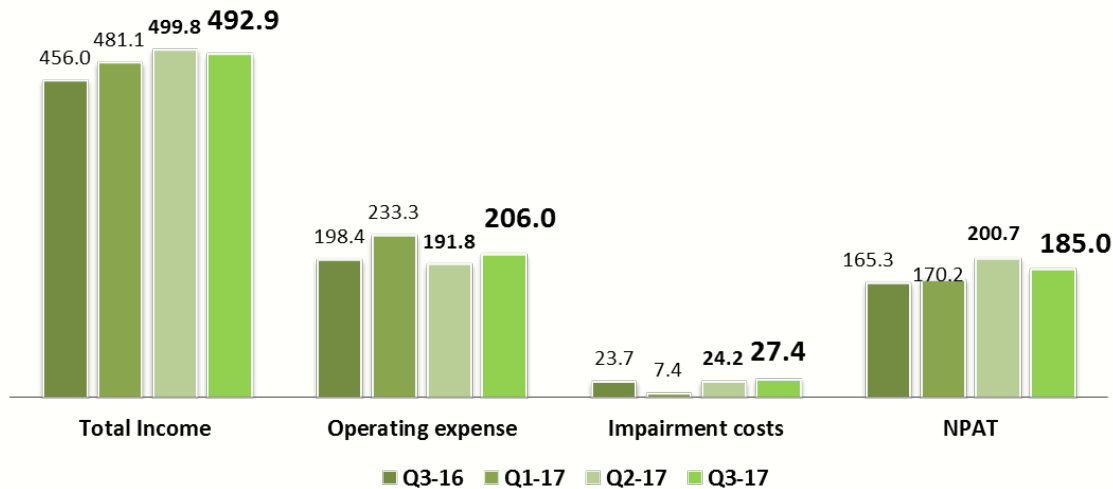
Operating
costs **8%**
PCP, YOY 5%



Cost to
Income
42%



NPAT
-8%PCP,
12%YOY



- Total Income was generally consistent with previous quarters. The slight drop shown was affected by adjustments made to insurance goodwill and a non recurring lending fee relating to prior quarters.
- Interest on loans and FX by grew by 2% and 3% respectively.
- Total costs was lower in Q2 due to write-backs in accruals. Q3 rose slightly due to admin and staff costs increasing due to the kina weakening. Impairment costs also rose in Q3

Balance Sheet - 30th September 2017

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Loans
2% PCP,
10%YOY



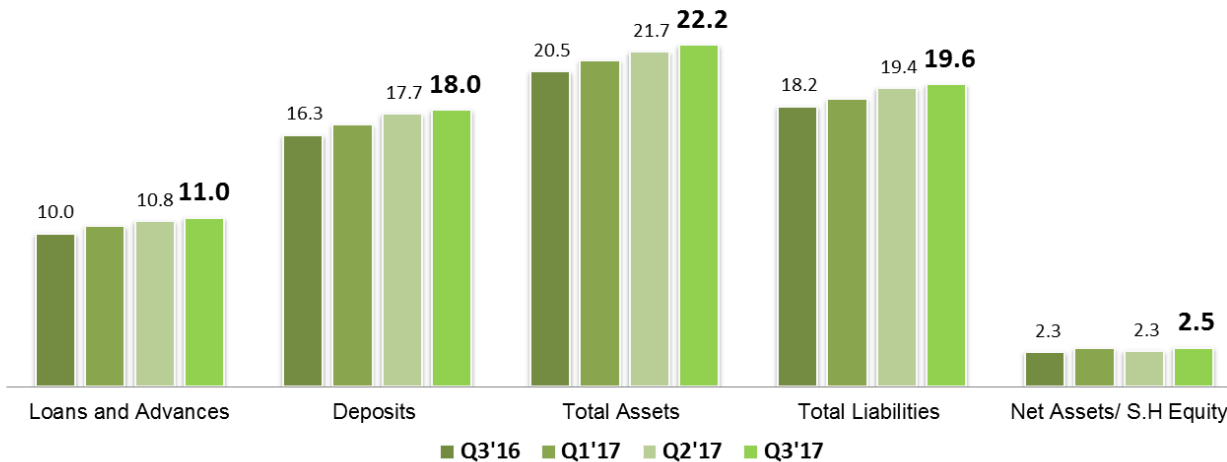
Deposits
1%PCP,
10%YOY



Total
Assets
2%PCP,
8%YOY



Net
Assets
9% PCP

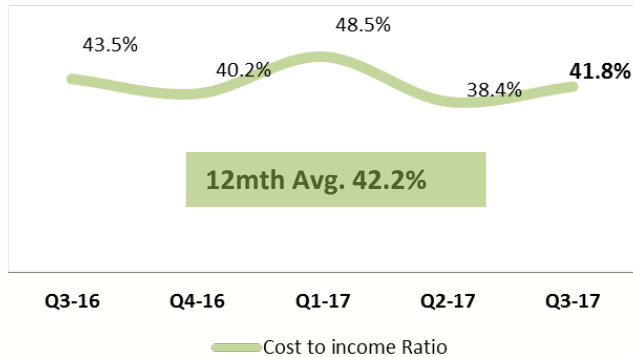


- Total loans increased by K218m in the quarter (PNG K40m, Fiji K107m, SI K30m, other NPCs K41m)
- PNG loan increases– Corporate K7m, Retail K26m, Other K7m
- Total deposits increased by K255m in the quarter (PNG K71m, NPC's K184m)
- FX translation in Q3 increased – loans K63m, Deposits K84m, as the Kina weakened

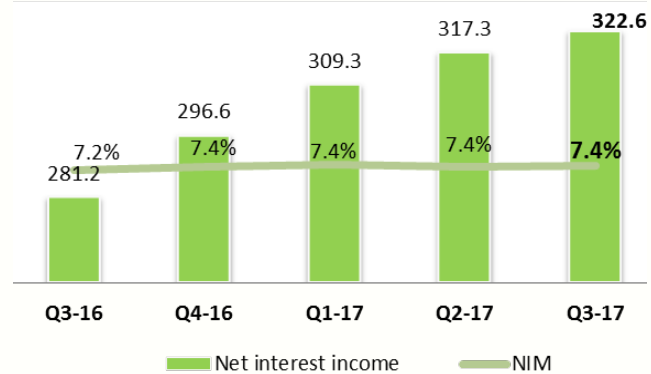
Financial Ratios

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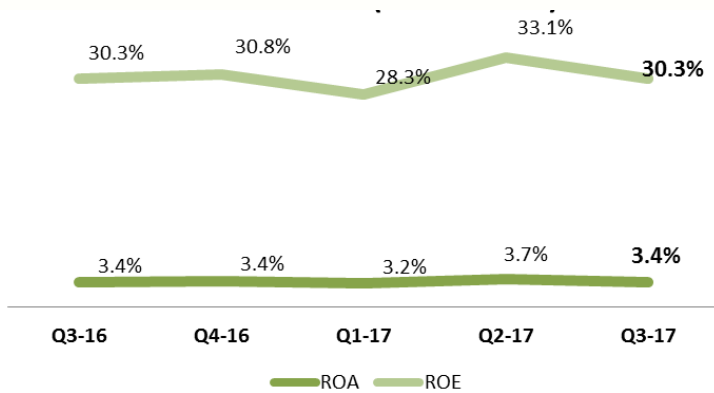
Cost to income ratio



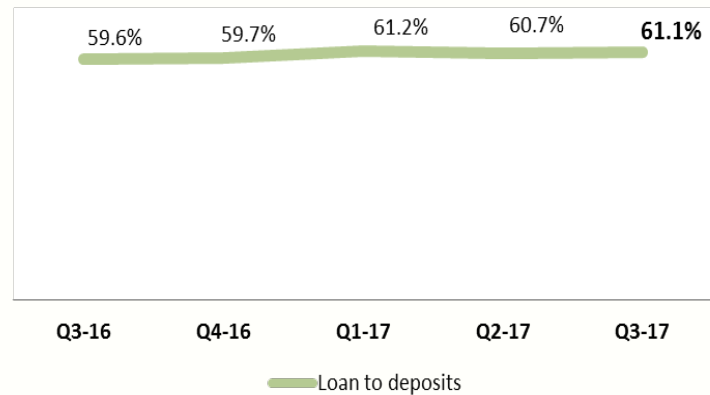
Nim and Net Interest Income



ROA, ROE (annualised)



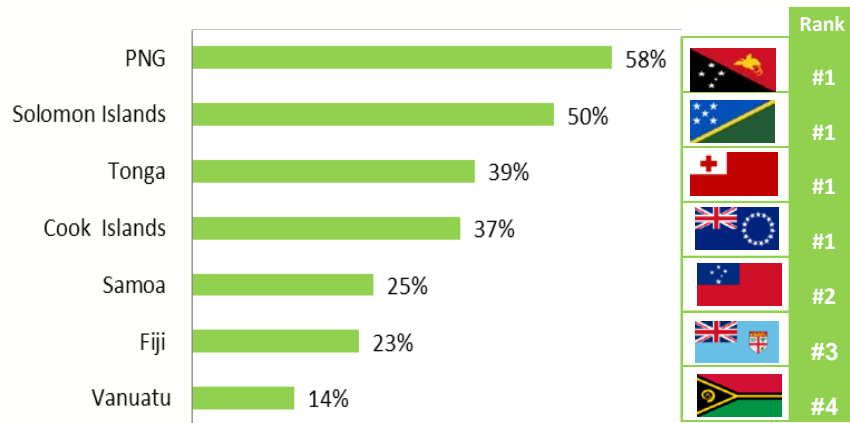
Loan to Deposit ratio



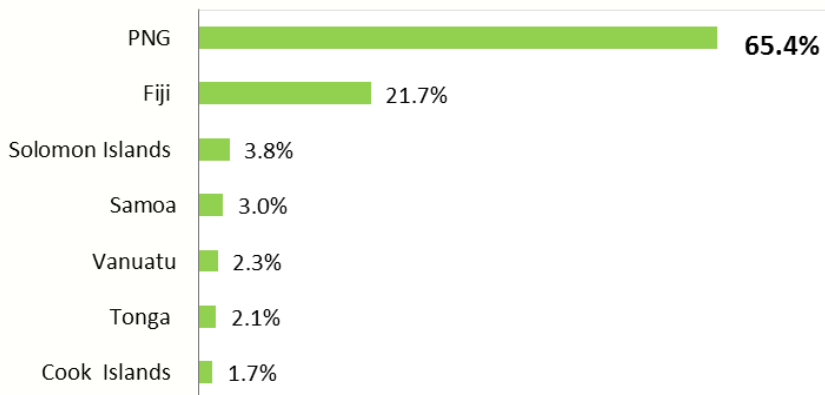
Market Share - Loans

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Loans- Market Share



Loan portfolio composition



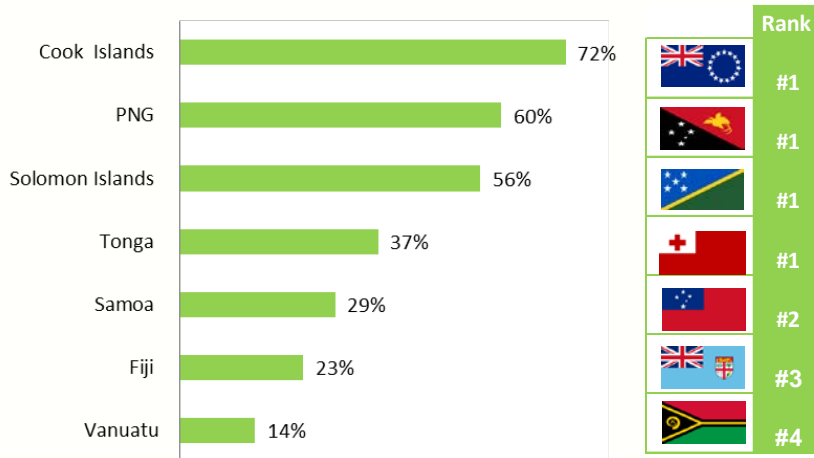
Commentary

- BSP's combined market share for loans stands at 40%
- PNG has the largest lending market share of 58% with approximately K7bn in loan volumes ... an increase of K40m in the quarter
- The remaining business combined hold ~ K3.7bn in loans ... and increased by ~ K175m
- BSP's loan portfolio remains predominantly in PNG ... accounting for 65% of the group's loan balances

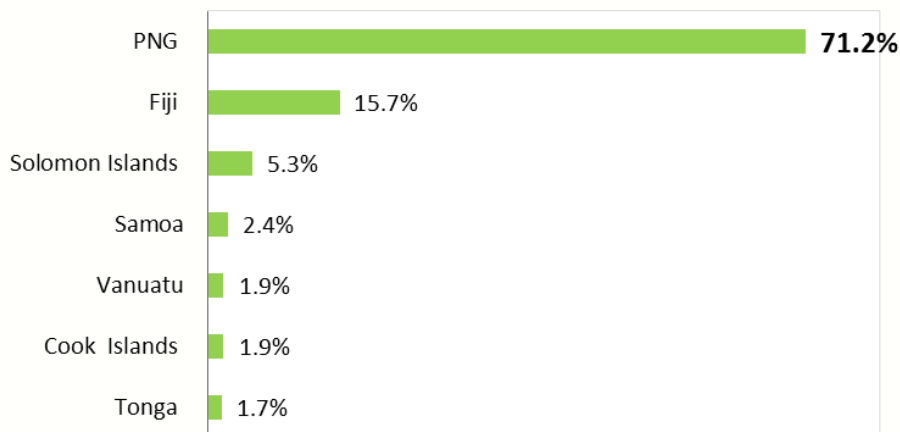
Market Share - Deposits

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Deposit- Market Share



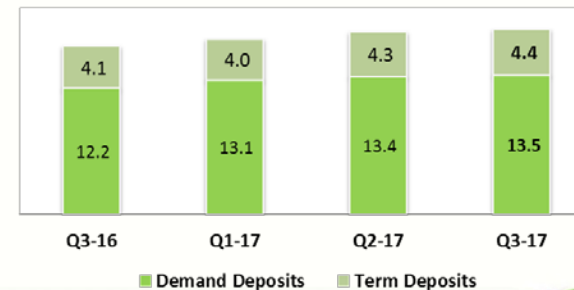
Deposit portfolio composition



Commentary

- BSP's combined deposit market share maintains 44%
- PNG which holds the largest market share in deposits grew by K71m in the quarter ... increasing by 1% to 60%
- Fiji grew its deposits by K57m in the quarter.
- The rest of the business contributed ~K148m in deposit growth
- Demand and Term deposits increased by 1% and 2% respectively

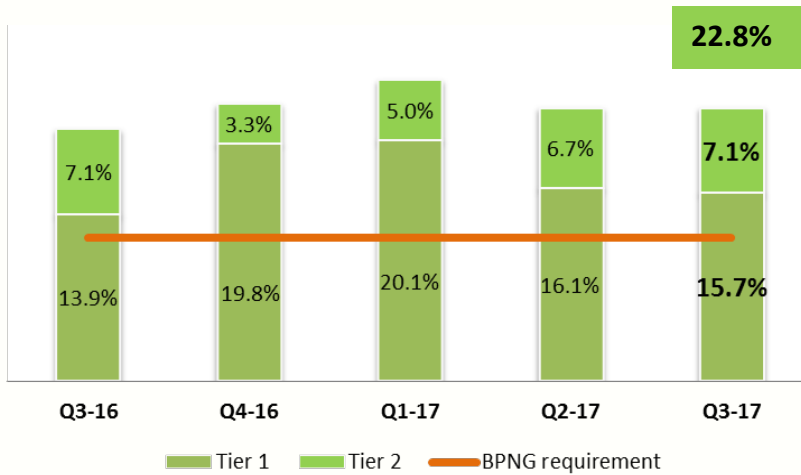
Deposit Mix (Kb'n)



Financial Risk Management

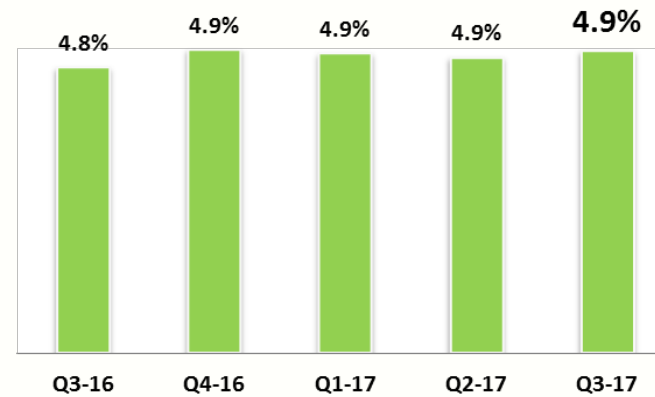
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Capital Adequacy



- Capital Adequacy ratio steady at 22.8% in Q3-17, ... remaining well in excess of the 12% prudential requirement.

Provisions to Loans

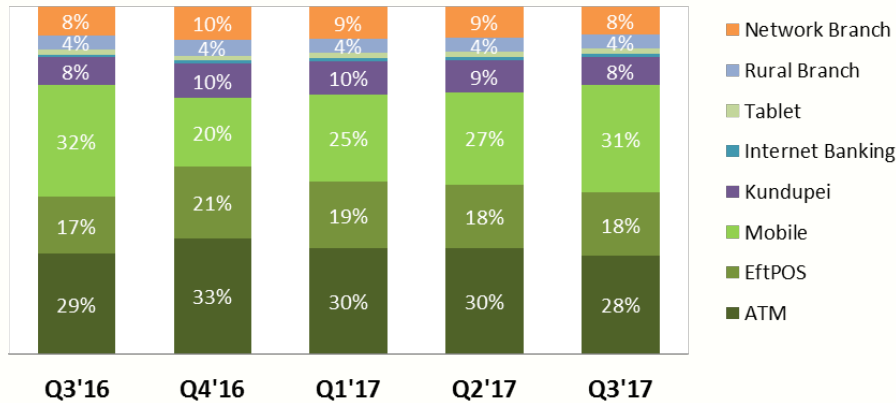


- BSP's Provisions to Loans ratio remains at 4.9% at Q3-17

Channel Operations




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Channel Transactions %



Commentary

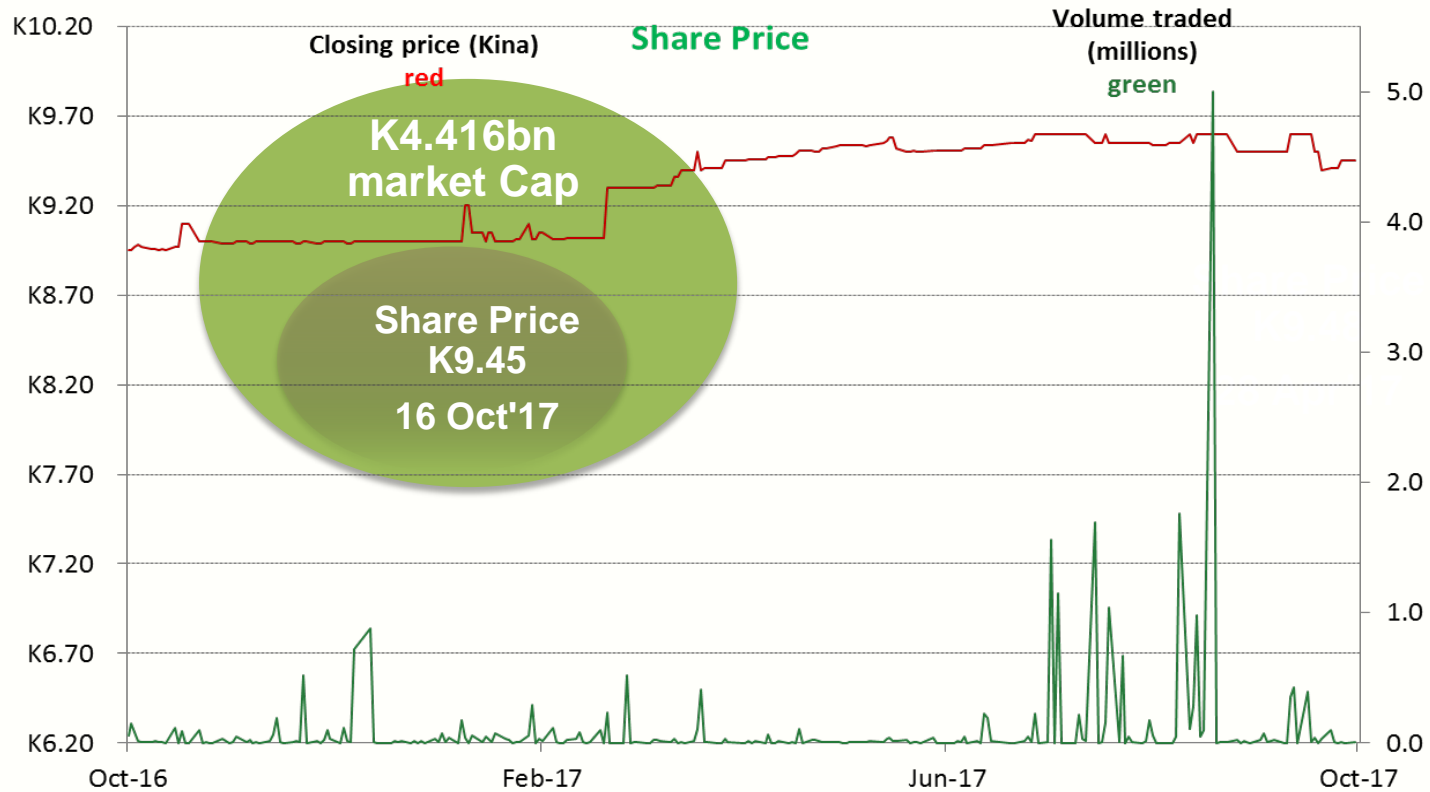
- ~90% of transaction are via electronic channels with around ~10% from branch transactions.
- Continued focus on branchless banking
- Ongoing investment in all channels ... 2x branches (Vanuatu), 5 x sub branches, 21 x ATMs, 550 x EFTPOS terminals, 50 x Agents

	 PNG	 Fiji	 Solomon Is	 Samoa	 Cook Is	 Vanuatu	 Tonga
Branches	45	17	8	3	2	2	4
Sub branches	44	7	0	1	1	0	2
ATMs	315	114	26	17	11	17	12
EFTPOS	8,825	1,658	330	365	344	385	341
Agencies	395	43	76	36	8	17	18

Share Price

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Dividend Yield: 11.7% (share price K9.45)



Summary for Q3 (30th September 2017)

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- Q3 Group NPAT of K185m, up 12% YOY
- Cost to income at 41.8% in Q3, YTD at 42.8%
- Capital adequacy steady at 22.8% ... maintained well above BPNG requirement
- Loan provision consistent with prior period and YOY at 4.9%
- Dividend Yield at 11.7%
- Increasing contribution from Non PNG business both in Loans and Deposits.
- Interim dividend of 0.32t per share paid on the 20th October 2017

Thank You