



INVESTOR PRESENTATION

Q3-18 results

Robin Fleming – Group Chief Executive Officer

25th October 2018

WE ARE **BSP**



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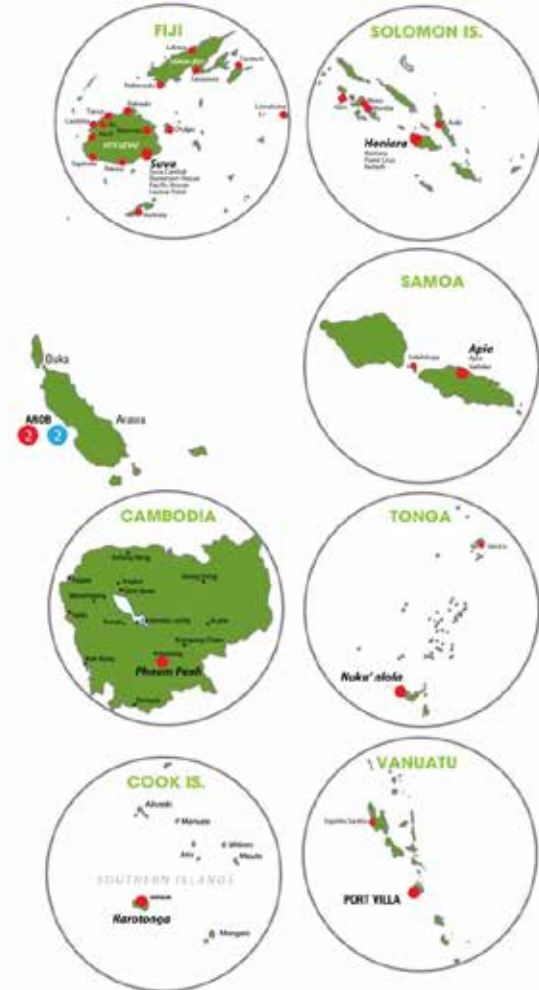
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Markets where BSP operates

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

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BSP PNG Geographical Footprint



1

Loan market share in 4 x markets

1

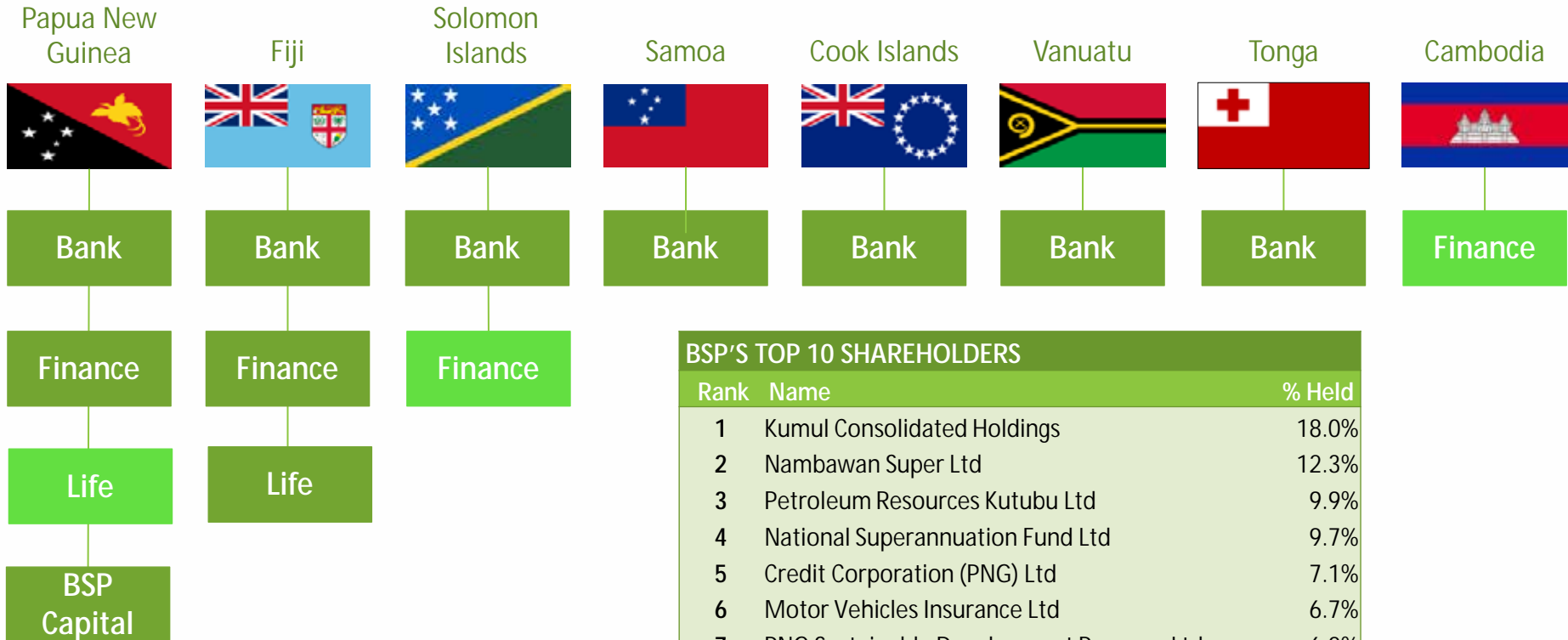
Deposit market share in 4 x markets

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.



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 ... with digital channels supported by our extensive branch network

	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	13,191	9,413	1,824	371	400	379	413	391
 Agent	567	371	43	63	36	9	23	22

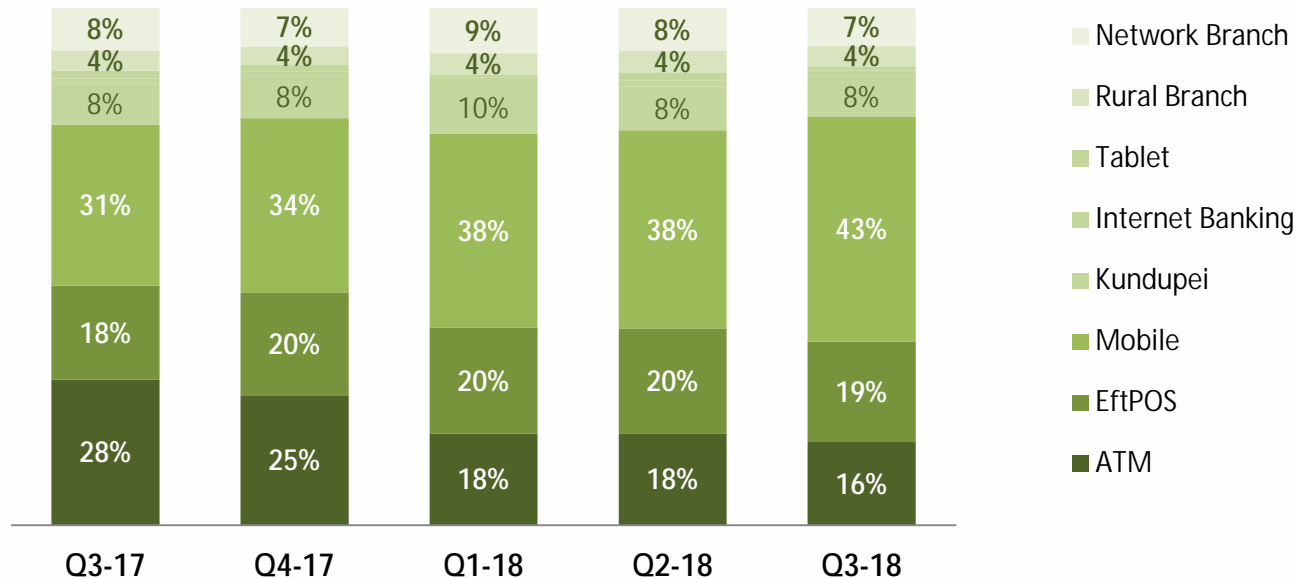
Channels [Q3-2018]

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Mobile banking is our leading [43%] channel, with branches representing only 12% of total transactions in Q3-18 ... given continued focus to reduce customers cash dependency [in-line with our digital strategy] with ongoing investment in EFTPOS, internet and mobile banking.

QUARTERLY CHANNEL TRENDS

[Q3-18]



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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 [YOY], but declined slightly [-1.6%] on a prior quarter [PQ] basis.

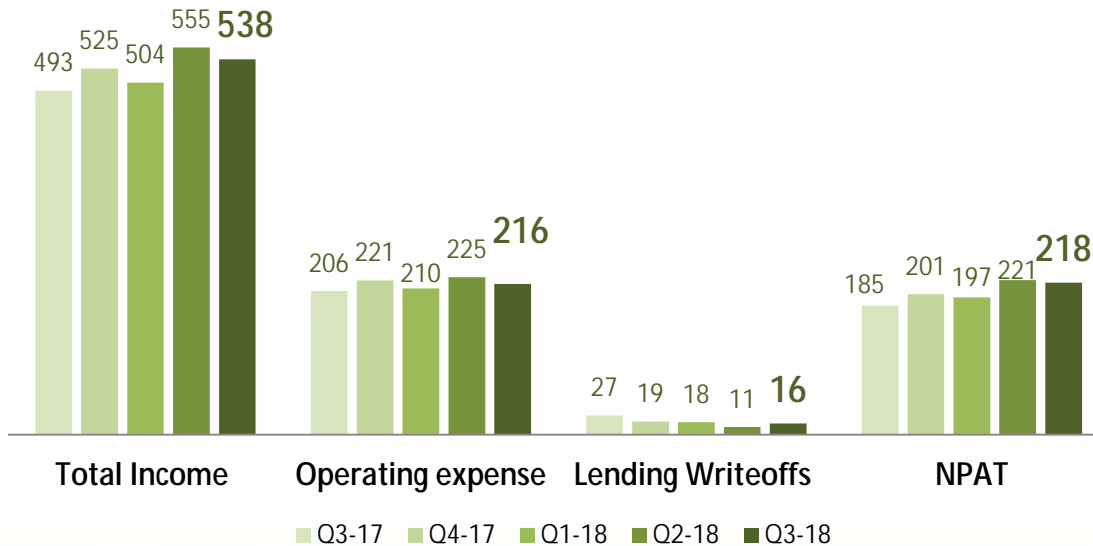
	Total Income	Operating costs	Lending Write-offs	NPAT
PQ	(3.1%) ↓	(4.3%) ↓	42.6% ↑	(1.6%) ↓
YOY	9.1%	4.8%	(42.3%)	17.7%

Highlights

- Q3-18 operating income was down 3.1% against Q2-18, driven by higher interest cost of funds from overnight PNG borrowings and slightly lower FX income. Further, Q2-18 includes aircraft insurance claim proceeds of K19.2m, against a corresponding loss of K13.6m booked in expenses ... resulting in a K5.6m net gain
- Total operating costs declined by 4.3% from Q2-18 ... mainly due to non-lending losses and loss on fixed assets [mentioned above] booked in Q2-18. This was partly offset by increases in Core Banking depreciation and amortization of hardware and software.
- BSP's 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 both loans and deposits ... with total assets remaining at K23bn as at Q3-18

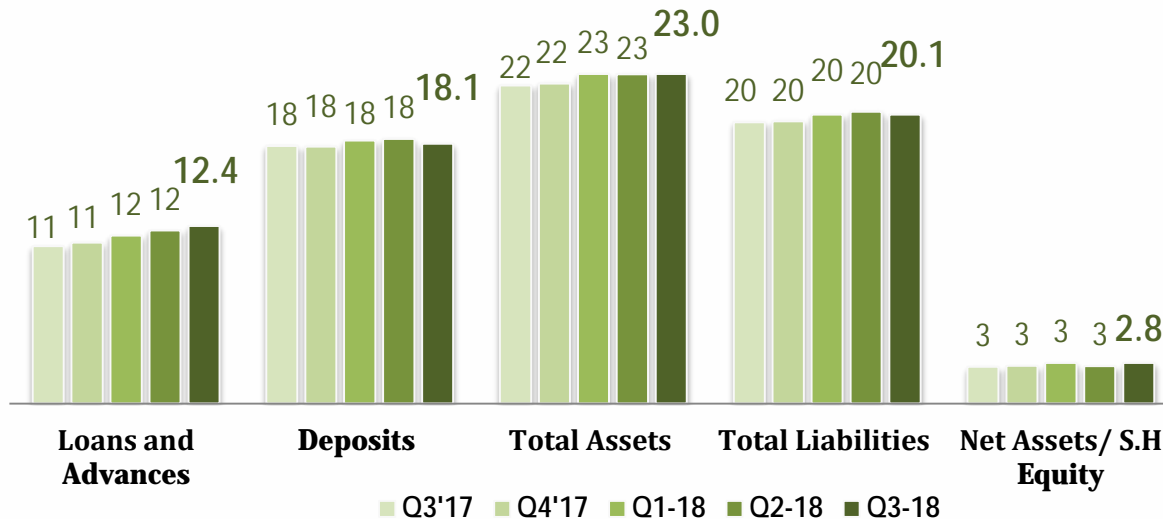
	Loans and advances	Deposits	Total Assets	Total Liabilities	Net assets / SH equity
PQ	2.5%	(1.8)%	0.1%	(1.0%)	5.9%
YOY	12.8%	0.9%	3.6%	2.6%	8.5%

Highlights

- Total loan 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 Q3-18 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

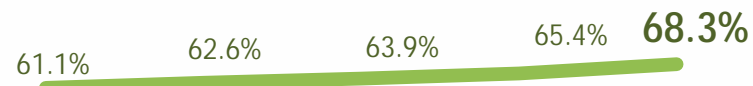
ROA [annualised]



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

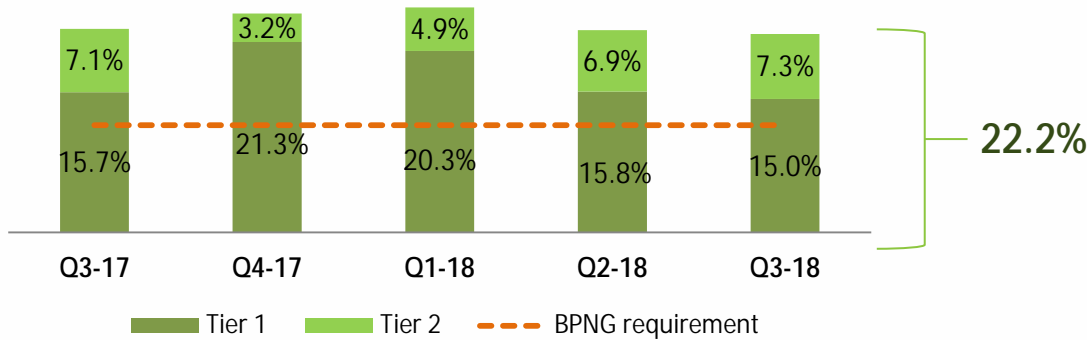
— Loan to deposits

Group key risk ratios [Q3-2018]

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Our risk ratios remain stable and asset quality remains sound

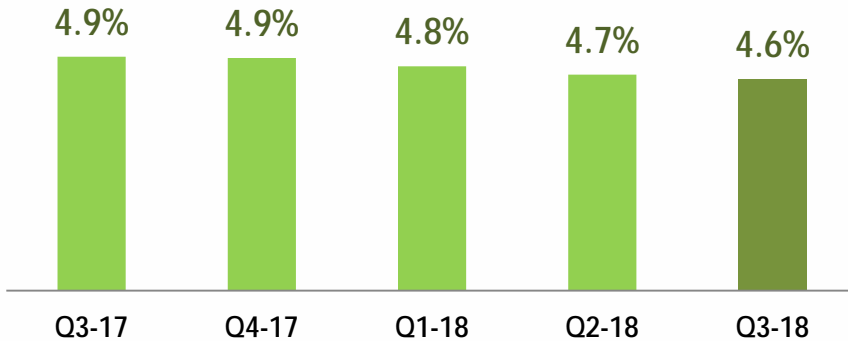
CAPITAL ADEQUACY



Highlights

- Capital Adequacy ratio declined slightly to 22.2% in Q3-18, ... still remaining well in excess of the 12% prudential requirement.
- BSP's Provisions to Loans ratio in Q3-18 improved from the previous quarter to 4.6% showing an increase in Gross loans with minimal change to provisions.

PROVISIONS TO LOANS

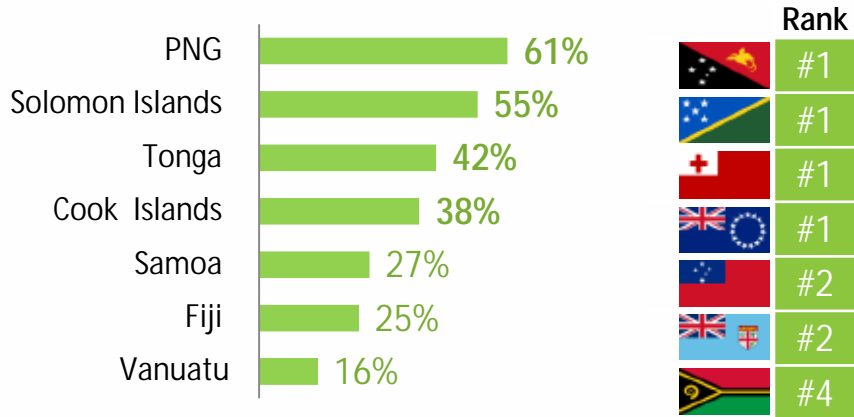


Market strength

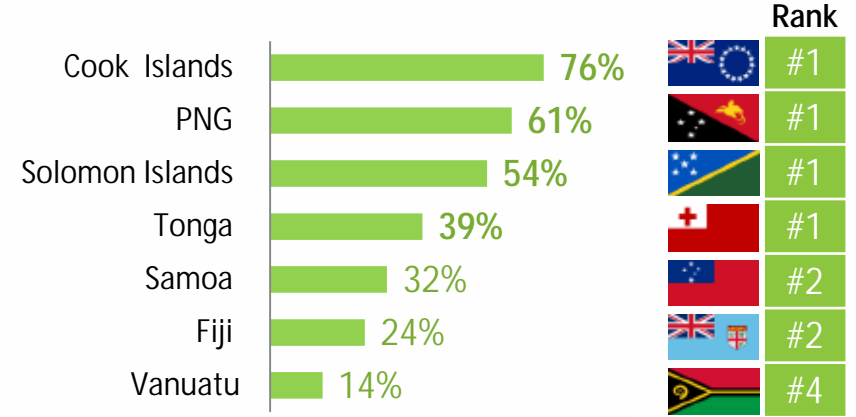
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BSP's combined market share for loans stands at 42%, with an increase of K300m in the Q3-18, whilst Deposits remained at 45% with a K325m decline in Q3-18

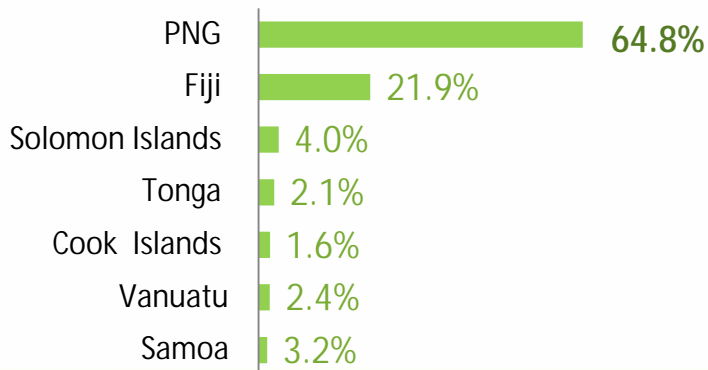
LOANS MARKET SHARE



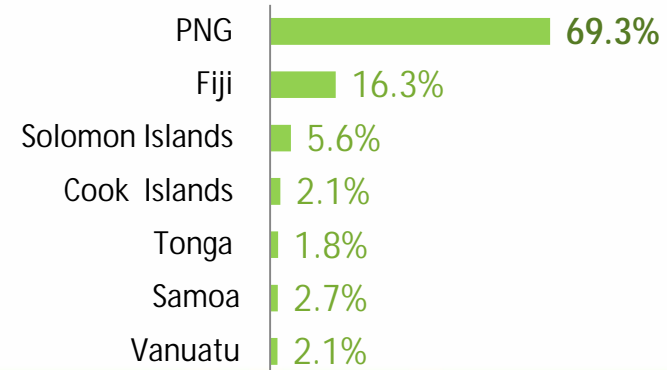
DEPOSIT MARKET SHARE



LOANS PORTFOLIO COMPOSITION



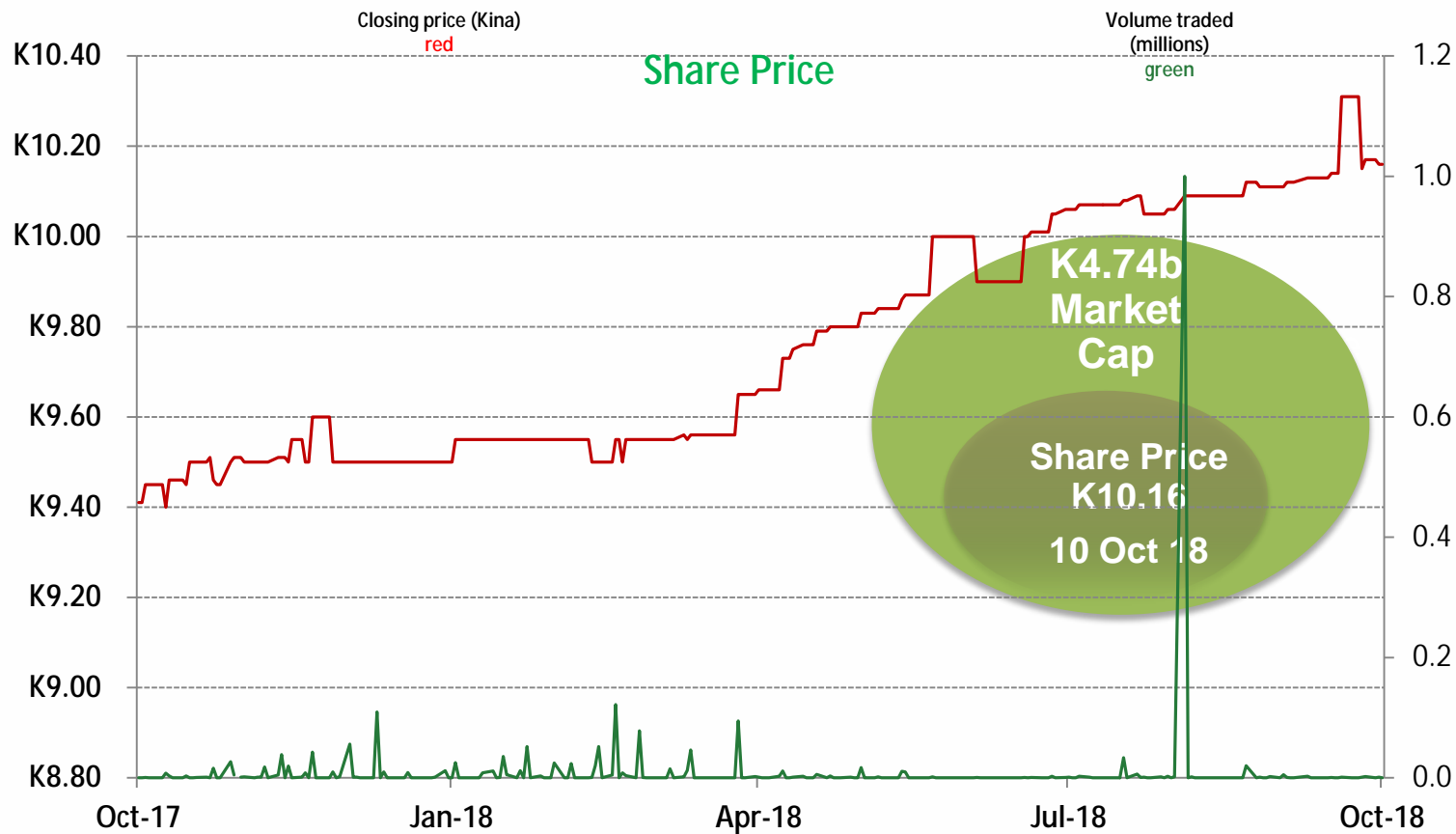
DEPOSIT PORTFOLIO COMPOSITION



Share price

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



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Thank You