



Q2-2019 Investor Presentation

Group CEO – Robin Fleming



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Where BSP operates

BSP is the leading financial services provider in the countries in which we operate

BSP Geographical Footprint



1
Loan market share in **5** countries

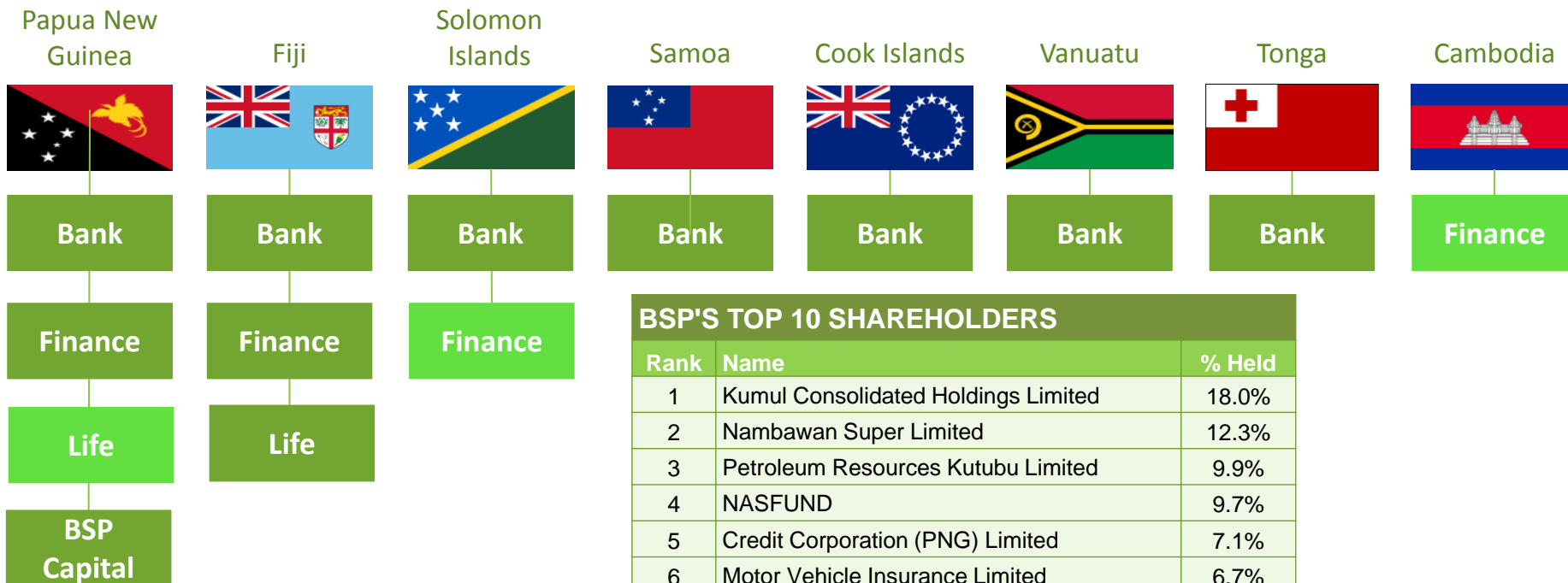
1
Deposit market share in **5** countries

POMSOX
Share Price of K11.27 as at 31-Jul-19, Market cap of **K5.27b**



BSP's growing service offering

Aligned to 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 Limited	18.0%
2	Nambawan Super Limited	12.3%
3	Petroleum Resources Kutubu Limited	9.9%
4	NASFUND	9.7%
5	Credit Corporation (PNG) Limited	7.1%
6	Motor Vehicle Insurance Limited	6.7%
7	Fiji National Provident Fund	6.5%
8	PNG Sustainable Development Program Ltd	6.3%
9	Teachers Savings and Loan Society	3.3%
10	Comrade Trustee Services	2.7%



Highlights for first half of 2019 [YTD June]

BSP continues its strong performance. However, income growth is slowing due to the prevailing business and economic environments.

Profit (NPAT) up
4.0% to
K434.9m



Total Income up
0.5% to
K1.071b



Capital adequacy
marginally lower
20.9%



Loan provisions
steady
4.7%



Total Assets up
1.4% to
K23.4bn



Cost to Income ratio
improves to
38.5%



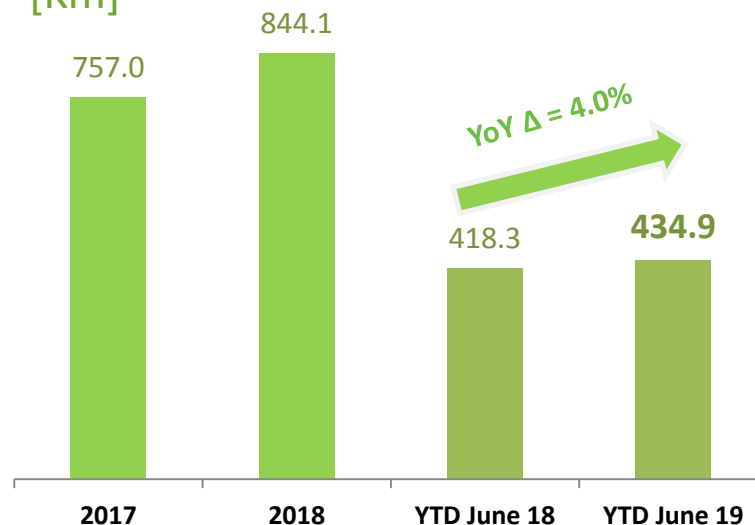
ROE up
30.8%



Dividend yield up
12.4%



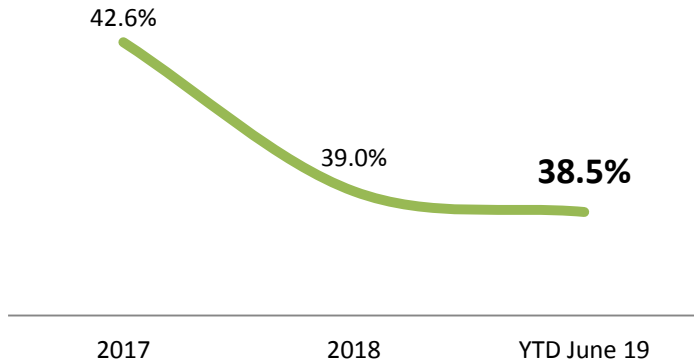
GROUP NPAT TREND [Km]



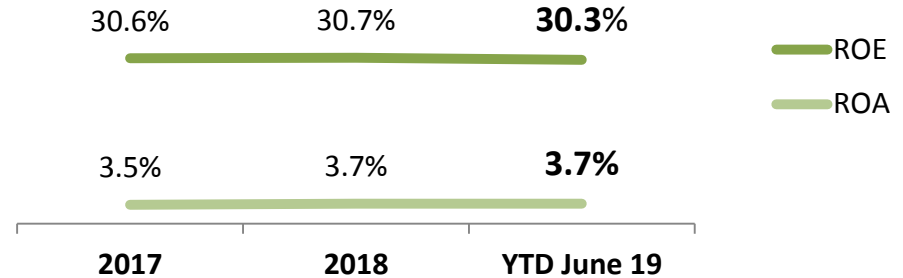
Highlights for first half of 2019 [YTD June]

Our key ratios are trending favourably ... a clear picture of our corporate health.

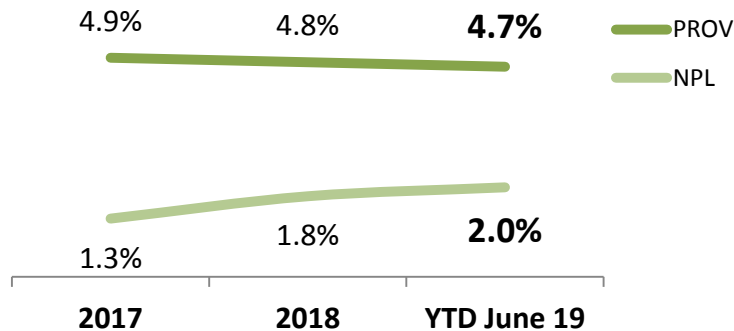
COST TO INCOME TREND



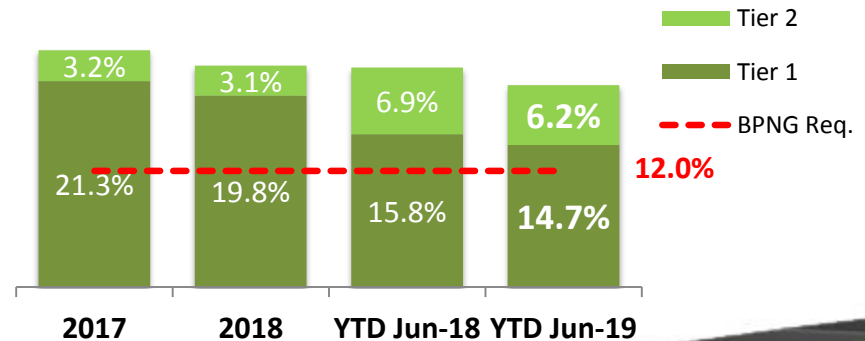
ROE AND ROA TRENDS



PROVISIONS AND NPL TO LOANS



CAPITAL ADEQUACY

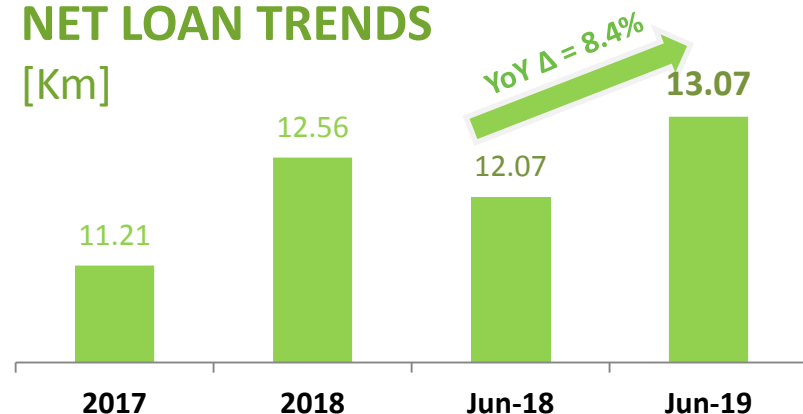


Group key performance indicator trends

BSP's loans continue to grow [+8.4%] despite economic challenges. However, deposits declined slightly [-1.3%] year-on-year, given tighter market liquidity in PNG and Fiji.

NET LOAN TRENDS

[Km]



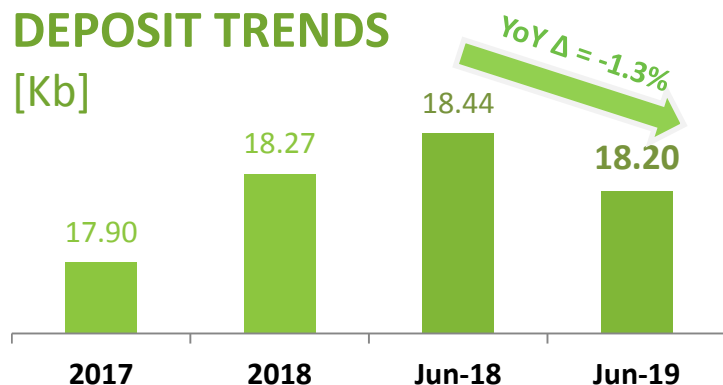
TOTAL ASSETS TRENDS

[Kb]



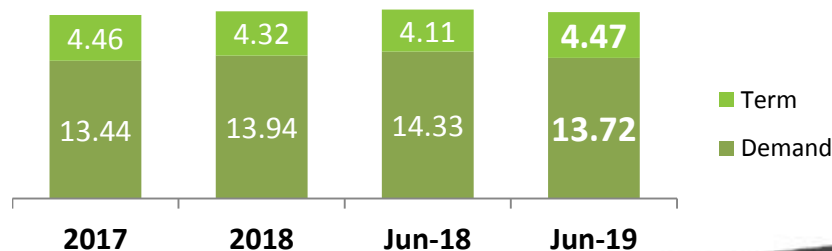
DEPOSIT TRENDS

[Kb]



DEPOSIT MIX TRENDS

[Kb]



Channel growth

Continued channel investment to improve service levels across the BSP Group

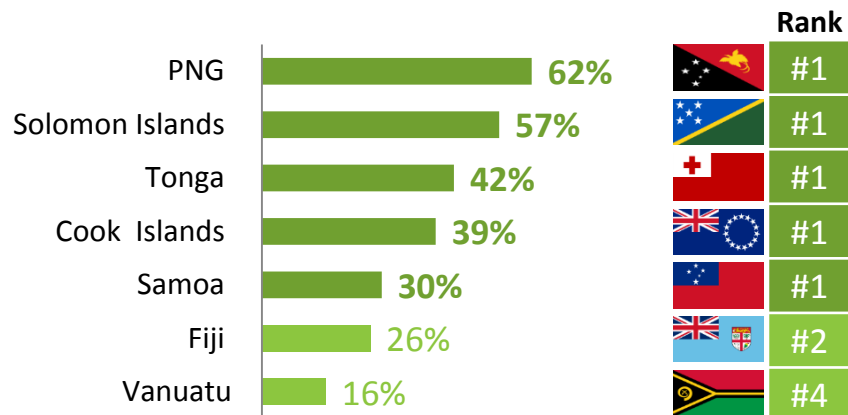
	Total							
 Branches	84	46	17	8	3	2	4	4
 Sub Branches	48	46	0	0	0	0	0	2
 ATMs	538	318	120	31	24	9	23	13
 EFTPOS	12,481	8,457	1,992	350	415	427	438	402
 Agent	556	359	44	54	38	8	28	25



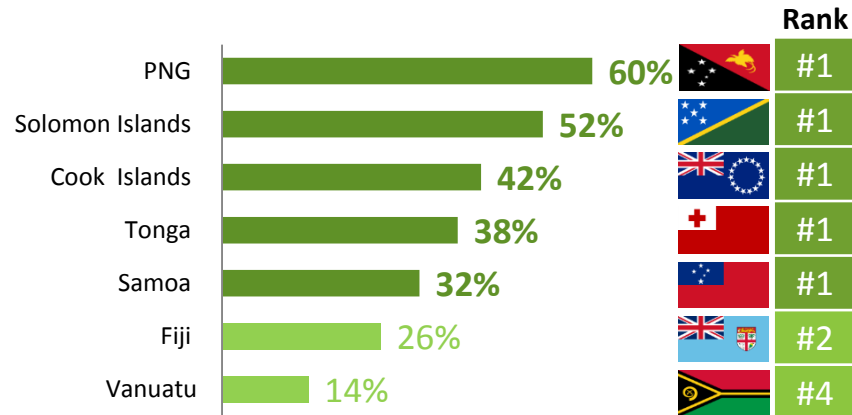
Market strength

BSP maintains its strong market position across the Pacific ... noting, its loan and deposit portfolios are predominantly PNG domiciled.

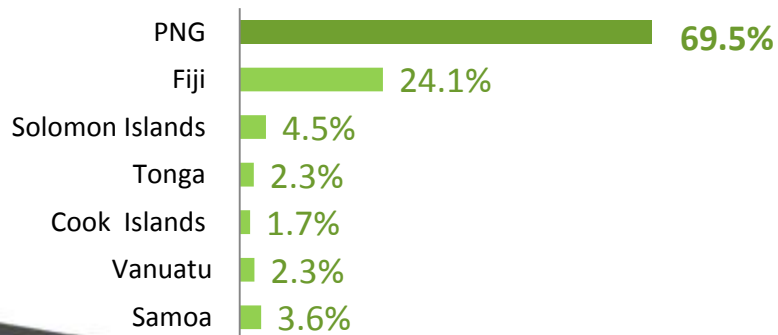
LOANS MARKET SHARE



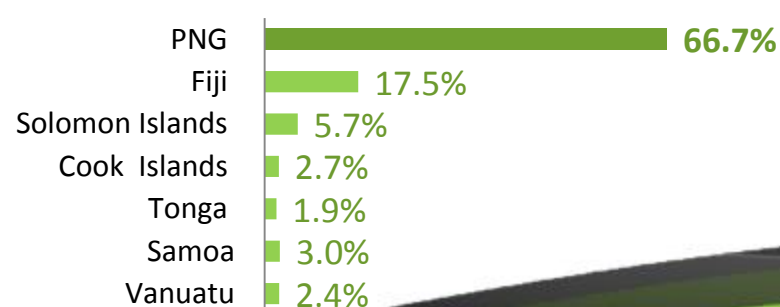
DEPOSIT MARKET SHARE



LOANS PORTFOLIO COMPOSITION



DEPOSIT PORTFOLIO COMPOSITION



Q2-2019 results



Profit and Loss [Q2-19]

BSP's NPAT increased by 3.6% in Q2-19, due to a small income increase and reduction in operating costs. BSP's year-on-year [Q2-18 vs Q2-19] NPAT increased slightly by 0.1%

	Total Income	Operating costs	Lending Write-offs	NPAT
PQ	2.4%	(0.4%)	26.8%	3.6%
YOY	(2.9%)	(8.5%)	109.0%	0.1%

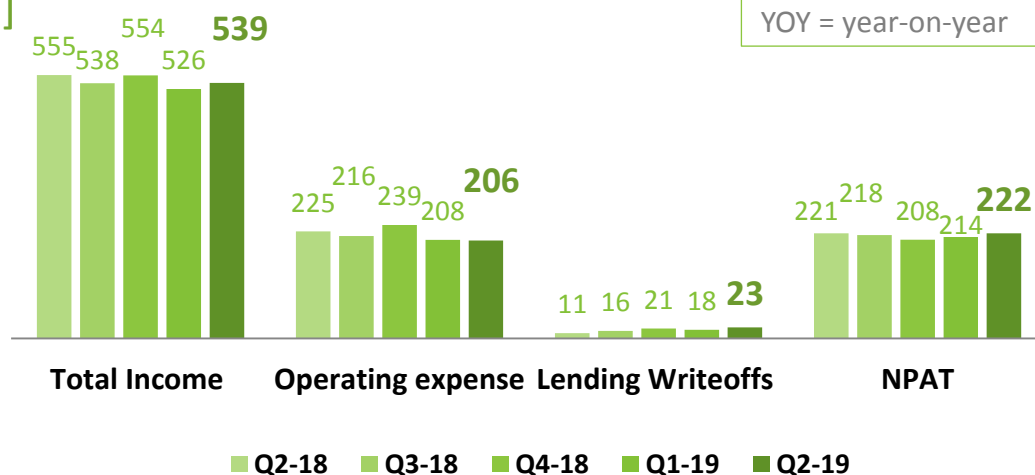
HIGHLIGHTS

- Q2-19 operating income is 2.4% higher than in Q1-19, due to FX income growth [driven by PNG, with Jun-19 experiencing high turnover].
- Total operating expenses are 0.4% lower in Q2-19, due to lower non-lending losses in Q2-19 mainly for PNG.
- Lending write offs are 26.8% higher in Q2 due to PNG retail write offs (teachers UPL)

BSP GROUP QUARTERLY P&L

[Km]

Key:
PQ = prior quarter
YOY = year-on-year



Balance sheet [Q2-19]

Loans and advances increased by 1.9%, while deposits rose slightly by 0.8% in Q2-19. Total assets have increased by 1.6% to K23.4b.

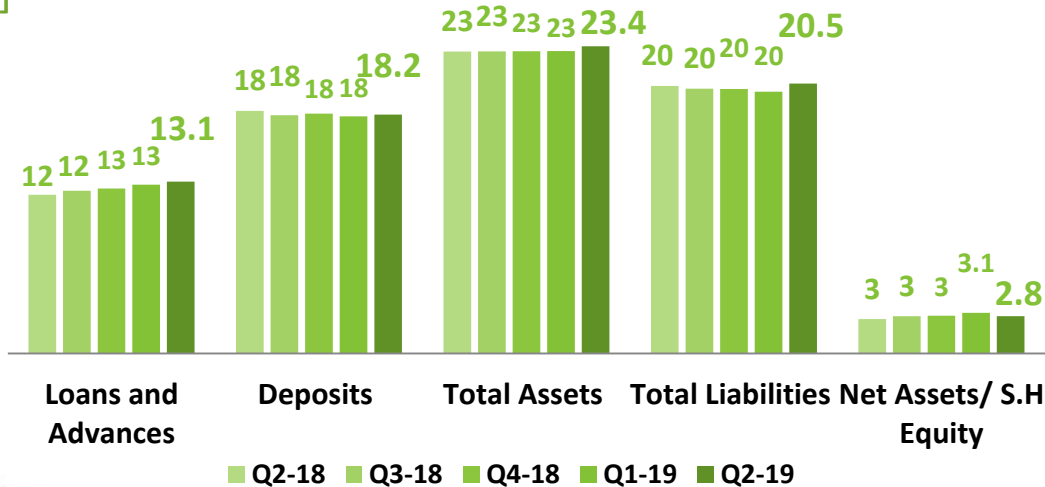
	Loans and advances	Deposits	Total Assets	Total Liabilities	Net assets / SH equity
PQ	1.9%	0.8%	1.6%	3.1%	(8.1%)
YOY	8.3%	(1.5%)	1.8%	0.9%	8.6%

HIGHLIGHTS

- Total loans increased by K238m in Q2-19 (PNG +K189m, Fiji K29m, SI -K0.90m, Samoa K11m, Tonga -K2.9m, Vanuatu K8.5m, Cook Is -K0.6m and other OSB/subs +K6m)
- Deposits increased overall by K138m in Q2-19. PNG +K2.6m, Fiji +K161m, SI -K59m, Samoa +K3.9m, Tonga +K4.1m, Cooks +K44m, Vanuatu -K3.7m and other OSB/subs -K15m
- FX translation in Q2-19 for loans was +K2.96m and Deposits -K1.04m

BSP GROUP QUARTERLY BALANCE SHEET

[Kb]



Key:

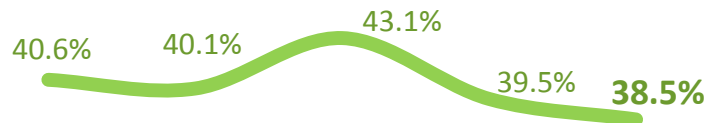
PQ = prior quarter
YOY = year on year



Group key ratios [Q2-19]

All key ratios remain positive

COST TO INCOME TREND



Q2-18 Q3-18 Q4-18 Q1-19 Q2-19

Cost to income Ratio

ROE [annualised]



Q2-18 Q3-18 Q4-18 Q1-19 Q2-19

ROE

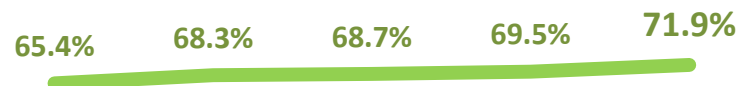
ROA [annualised]



Q2-18 Q3-18 Q4-18 Q1-19 Q2-19

ROA

LOAN TO DEPOSIT RATIO



Q2-18 Q3-18 Q4-18 Q1-19 Q2-19

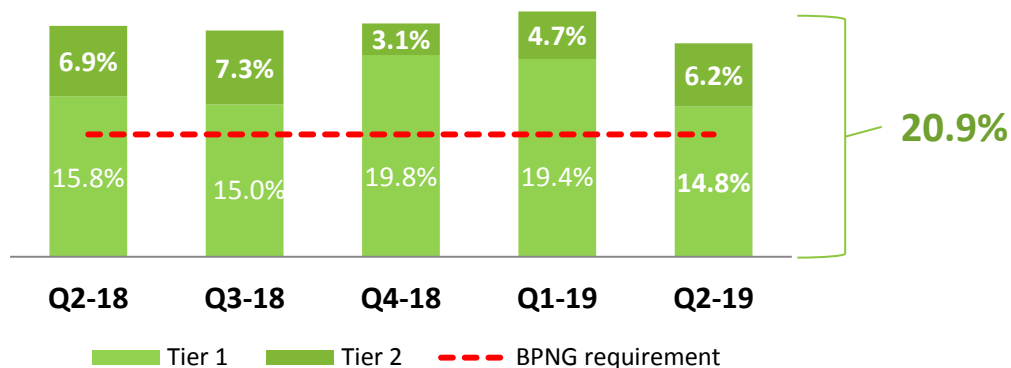
Series2



Group key risk ratios [Q2-19]

Our risk ratios remain stable and asset quality remains sound

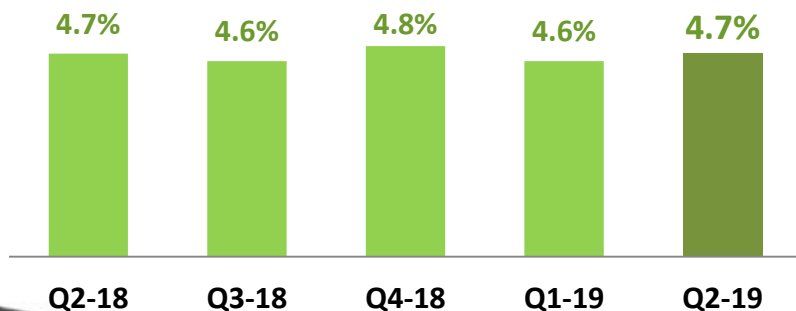
CAPITAL ADEQUACY



HIGHLIGHTS

- Capital adequacy ratio decreased slightly to 20.9% in Q2-19 following payment of final dividend. Remaining well in excess of the 12% prudential requirement.
- BSP's provisions to loans ratio in Q2-19 remains relatively stable, consistent with IFRS 9 models.

PROVISIONS TO LOANS

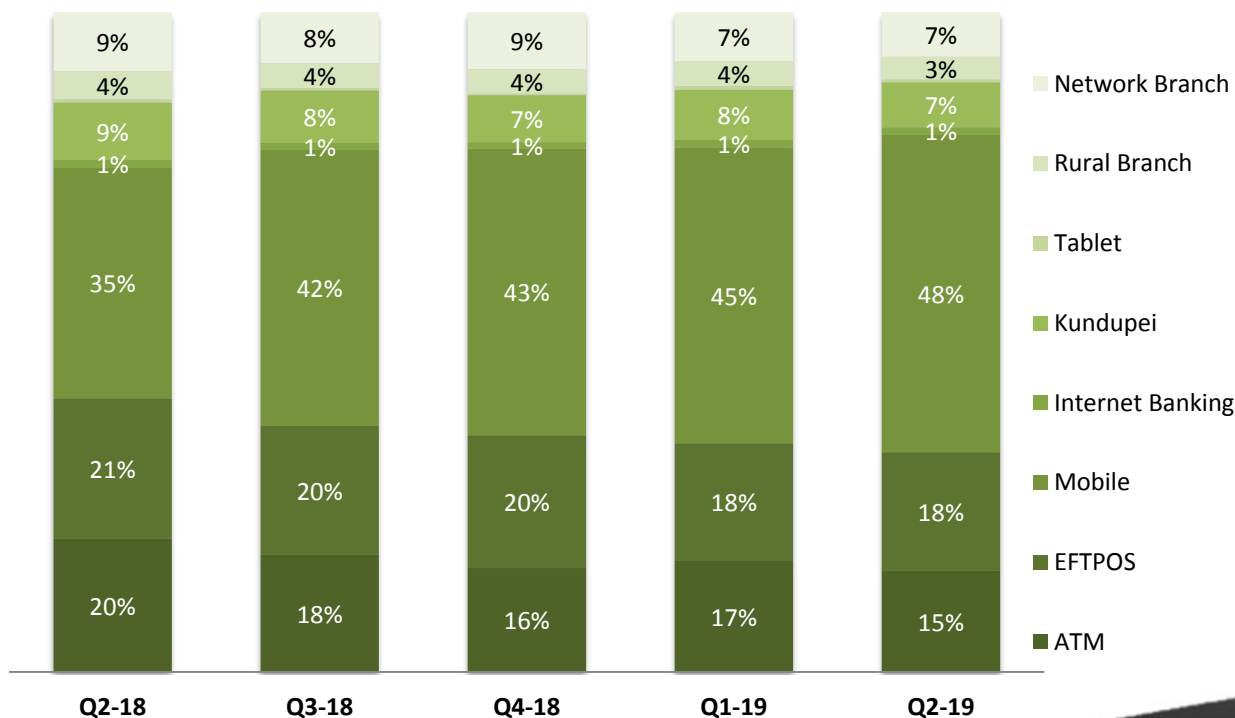


Channels [Q2-2019]

Mobile banking is our leading channel, with branches representing only 7% of total transactions in Q2-2019 ... 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

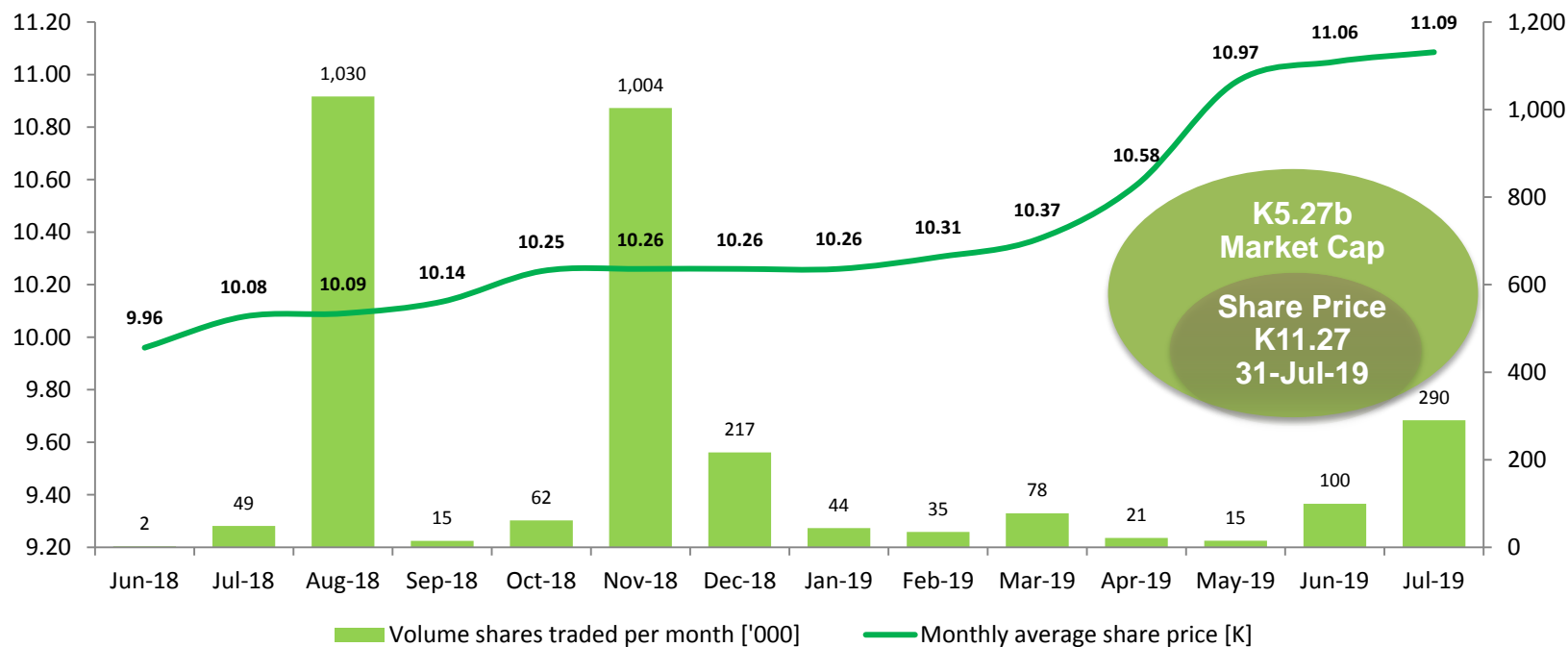
[Q2-2019]



Share price

Dividend yield of 12.3%, based on closing 31-Jul-19 K11.27 share price ... and market capitalisation of K5.27b.

1-Jun 2018 to 31-Jul 2019



2019 interim dividend

5.6% interim dividend increase to 38 toea.



PLANNED PROCESSING DATES

- Ex-date: 02-Oct-19
- Record date: 09-Oct-19
- Payment date: 18-Oct-19



Thank You

