



BSP Qtr.2/2016 Results Summary

Johnson Kalo, Deputy CEO/GCFO

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BSP's Geographical footprint-today

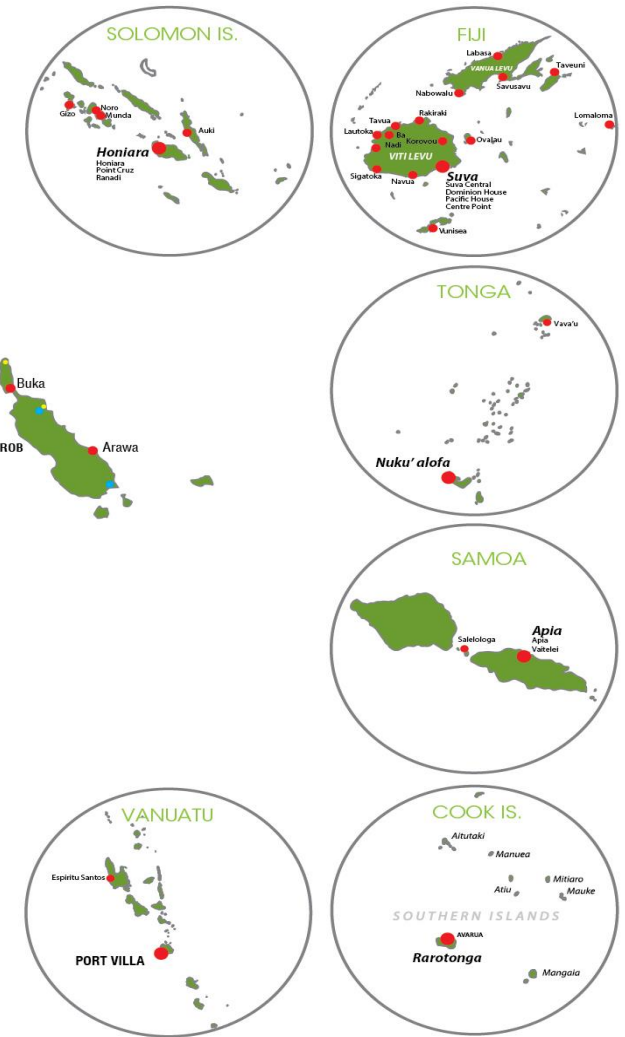
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BSP LOCATIONS

KEY
Branches
Sub-Branches
Agents



| | PNG | Fiji | Solomon Is. | Samoa | Tonga | Cook Is. | Vanuatu | Total |
|--------------|------|------|-------------|-------|-------|----------|---------|-------|
| Branches | 44 | 18 | 8 | 3 | 2 | 1 | 2 | 78 |
| Sub-Branches | 45 | 6 | 0 | 1 | 0 | 1 | 0 | 53 |
| ATMs | 306 | 114 | 26 | 11 | 8 | 9 | 13 | 487 |
| EFTPoS | 7146 | 1804 | 191 | 300 | 258 | 365 | 338 | 10402 |
| Agents | 171 | 41 | 57 | 28 | 19 | 6 | 13 | 335 |

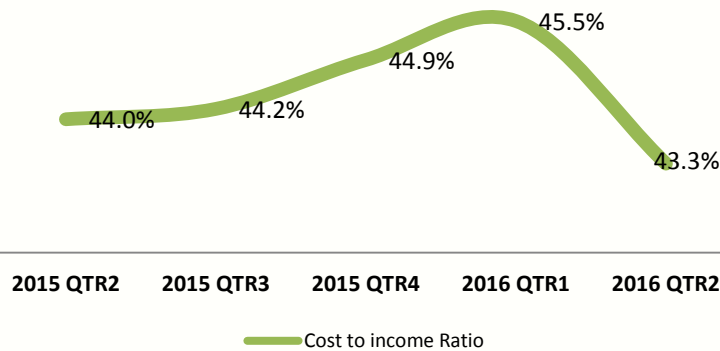


QTR2/2016 FINANCIALS

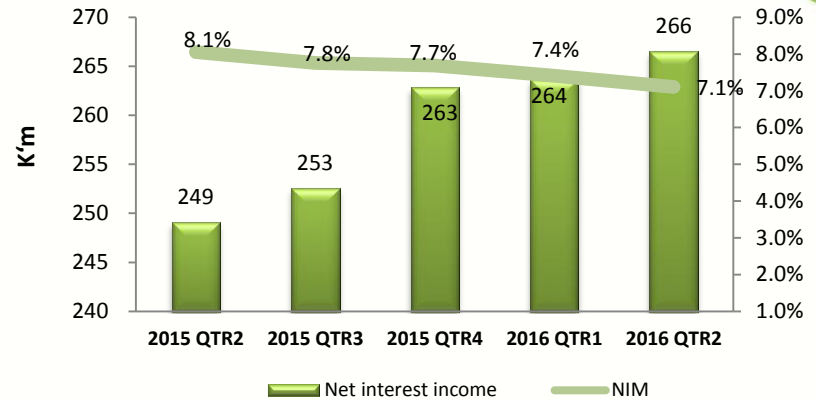
Financial Ratios

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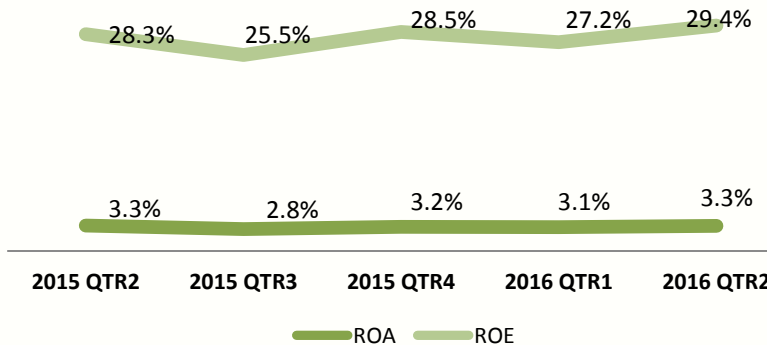
Cost to Income Ratio



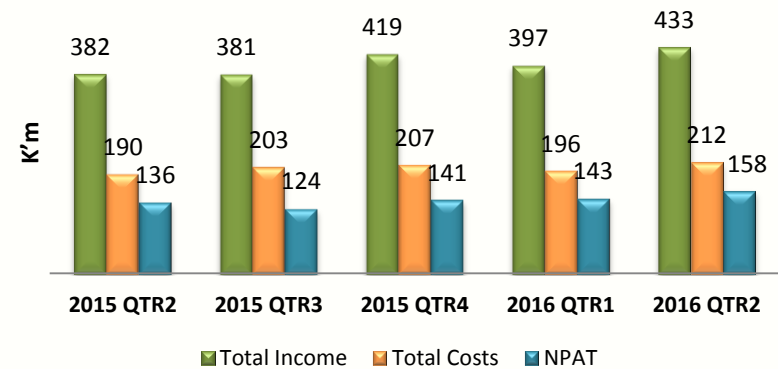
Net Interest Income and NIM (annualized)



ROE and ROA (annualised)



Profitability



Profit and Loss (K'm)

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Group Q2'16 profit after tax was up by 10% (+K15m) to K158.1m from K143.3m in Q1'16.

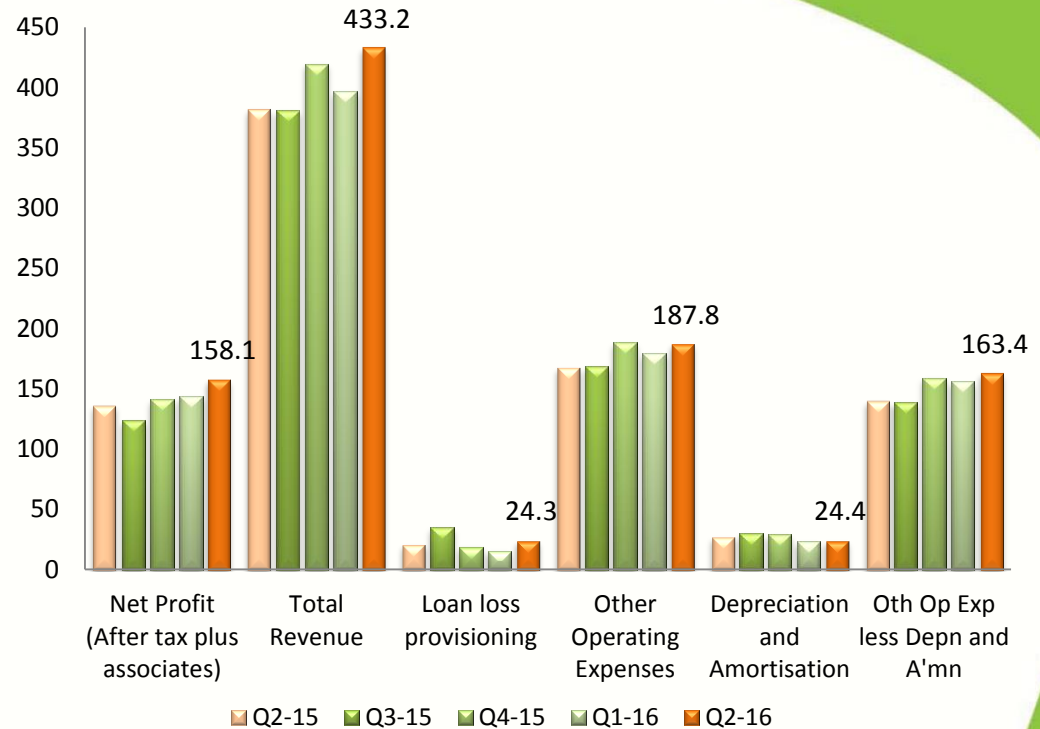
The increase was mainly from Interest and Lending income as well as FOREX income driven by more Foreign currency being traded in the quarter.

YTD NPAT (K301.4m) improved from (pcp) of 2015 (K267m), 39% of the increase coming from new Acquisitions.

Loan loss provisioning increased by K9m to K24.3m this quarter. YTD is at K39.6m reflective of the increase in the loan portfolio and alignment of new businesses outside of PNG to BSP group policies.

Depreciation & amortisation charges increased by 5% (+K1m) in Q2'16, from K23.2m in the previous quarter.

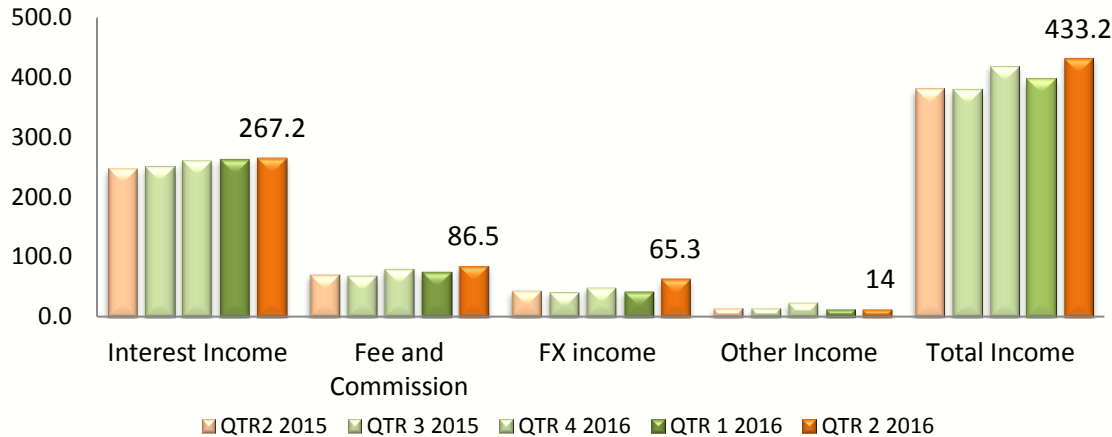
Other operating expenses (less Dep'n) were at K163.4m for Q2'16 and K321m YTD. Operating expenses continued to be managed conservatively with the Group's Cost to Income ratio improving by 2.2% to 43.3% in the quarter.



Total Income and Total Asset breakup

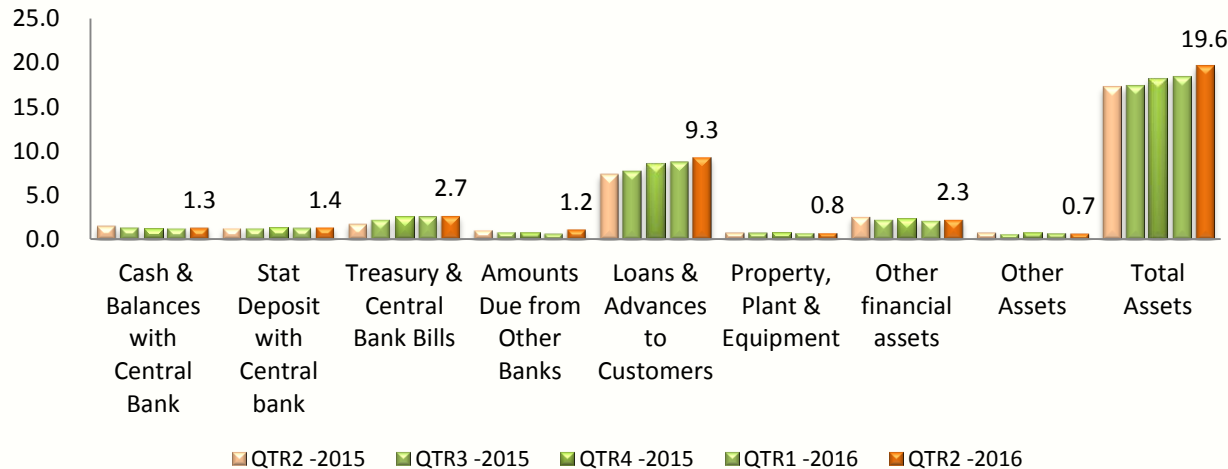
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Income Categories (K'm)



Total Income increase by 9% in Q2'16

Asset Categories (K'bn)



Total Assets increase by 6.5% in Q2'16

Balance Sheet (Kb'n)

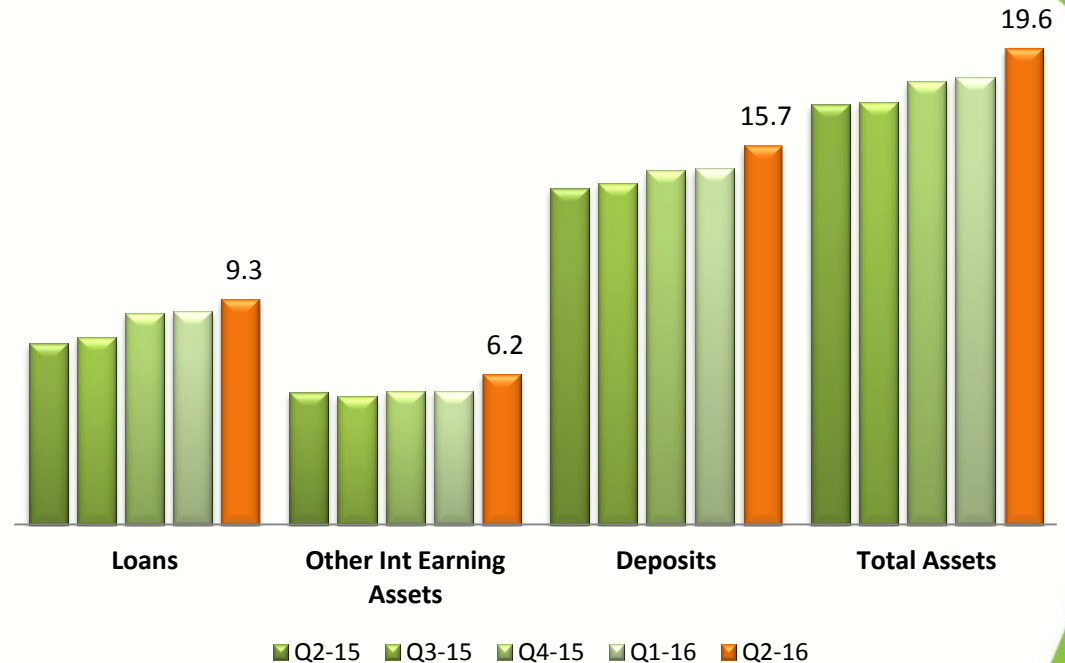
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Total Assets increased by 9% (+K1.6b) to K19.6b at end of Q2'16, compared to K18.4b in Q1'16. The build-up reflects loan book growth over the quarter in PNG as well as a translation effect from the non PNG businesses

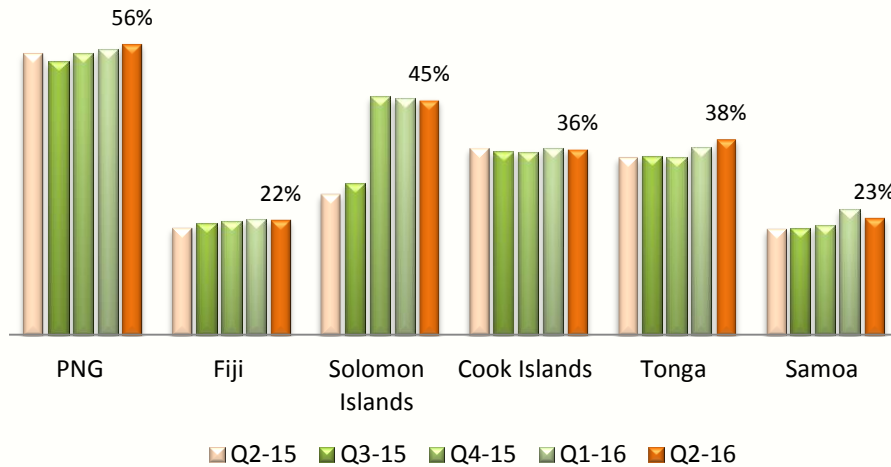
Net loans increased by 9% over Q1'16 (+K747m) to K9.3b in Q2'16, mainly from increased Corporate lending, 65% of which is contributed by PNG and Fiji.

Other Interest Earning Assets (IEA) increased by 13% from Q1'16 (+K712m) to K6.2b, with Treasury Bill investment up by 5% (K103m) and Balances From Other Banks up by 84% (K577m) in Q2'16 (45% from IFC drawdown in June), remainder from foreign currency matured placements.

Total deposits increased by 6% (+K891m) to K15.7b at Q2'16, mainly from Statutory bodies (K250m) and Landowner Groups (K33m). PNG contributed 50% (K445m) of the increase followed by Fiji at (K327m) and remainder (K146m) from Samoa, Cook Islands and Tonga



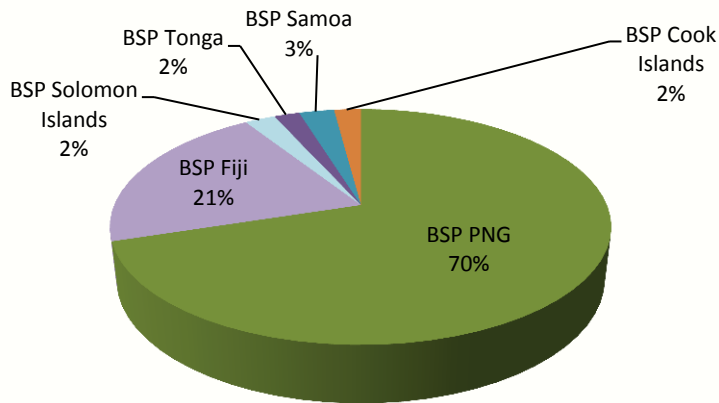
Market Share - Loans



Commentary

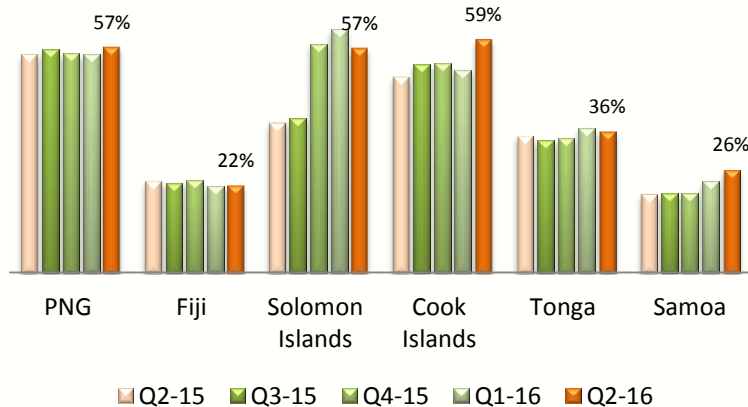
- BSP’s combined loans market share remained unchanged at 40% this qtr compared to Q1’16, and pcp 2015.
- PNG and Tonga posted an increase of 1% and 2% respectively from Q1’16 as well as improved pcp 2015.
- Fiji, Solomon's and Cook Islands remained unchanged in their share of the market whereas Samoa saw a decrease of 1% in the quarter.
- PNG comprises 70% of the total Loan Portfolio in the Group

QTR 2 2016 - % of Total Group Portfolio



Market Share - Deposits

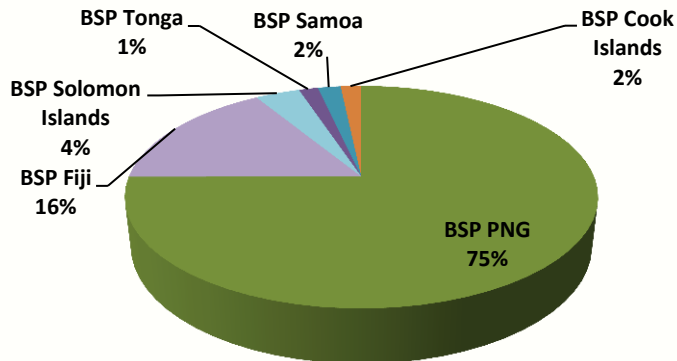
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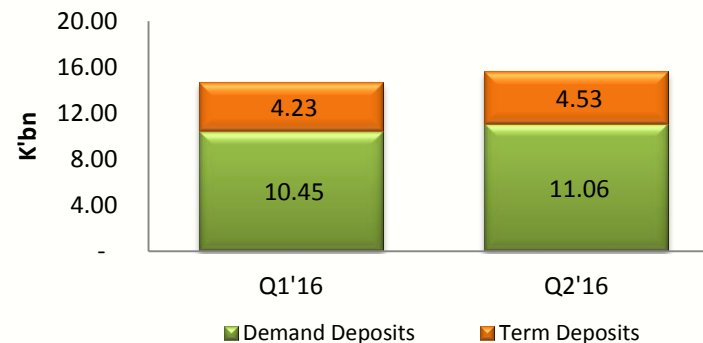
Commentary

- BSP's combined deposit market improved by 1% to 45% in Q1'16.
- Solomon Islands dropped by 5% due to BSP not actively pursuing funds given its high liquidity position
- Tonga dropped by 1% due to drop in the overall deposit market from issue of Gov't bonds by the Tongan Gov't
- The drop in both countries however have been countered by the growth in PNG, Cooks and Samoa market share.
- PNG comprises 75% of the total Deposit market share followed by Fiji at 16%.
- BSP's Total Deposits is made up of 91% in Demand Deposits and 9% in Long Term Deposits
- Deposits increased in Q2'16 from Long Term Deposits (K300m) and Demand Deposits(K600m)

QTR 2 2016 - % of Group Portfolio



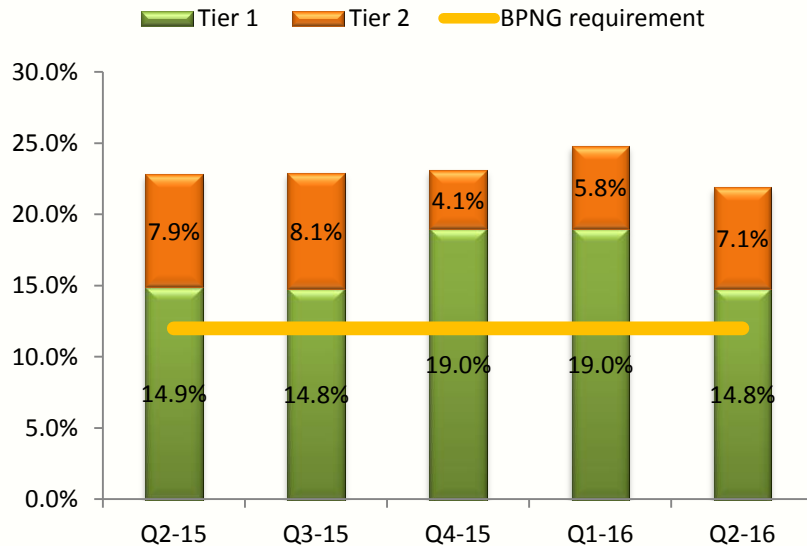
Deposits Mix



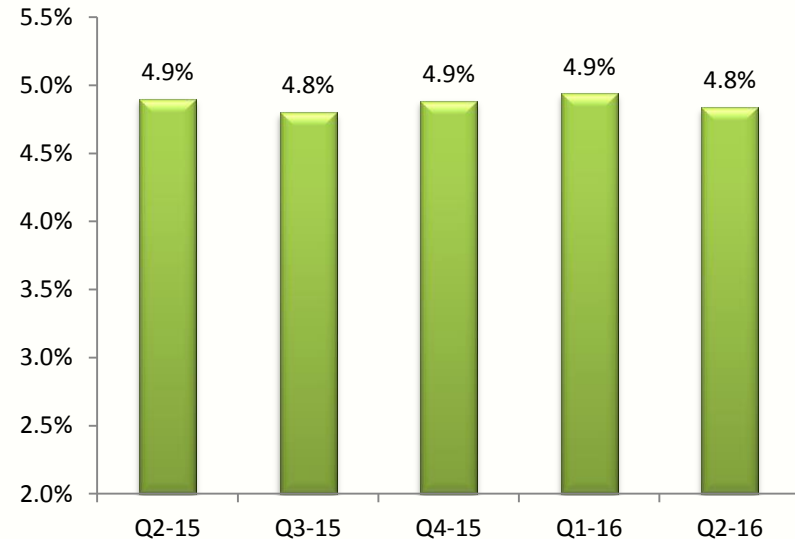
Financial Risk Management

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Capital Adequacy



Provisions to Loans



Decline in the Capital Adequacy Ratio reflected the final Dividend for 2015 paid in June 2016

Qtr. 2-2016 Performance Summary

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Revenues

- Q2'16 revenue increased by 10% from Q1'16 driven by growth in both interest and lending income as well higher FX income from increased turnover of foreign currency in Q2'16
- Operating expenses for Q2'16 slightly increased by 3.6% over Q1'16 due to staff and administration expenses.
- Bank's Cost to Income ratio improved to 43.3% in Q2'16 from 45.6% in Q1'16 reflecting the higher increase in Income relative to operating expenses

Balance Sheet

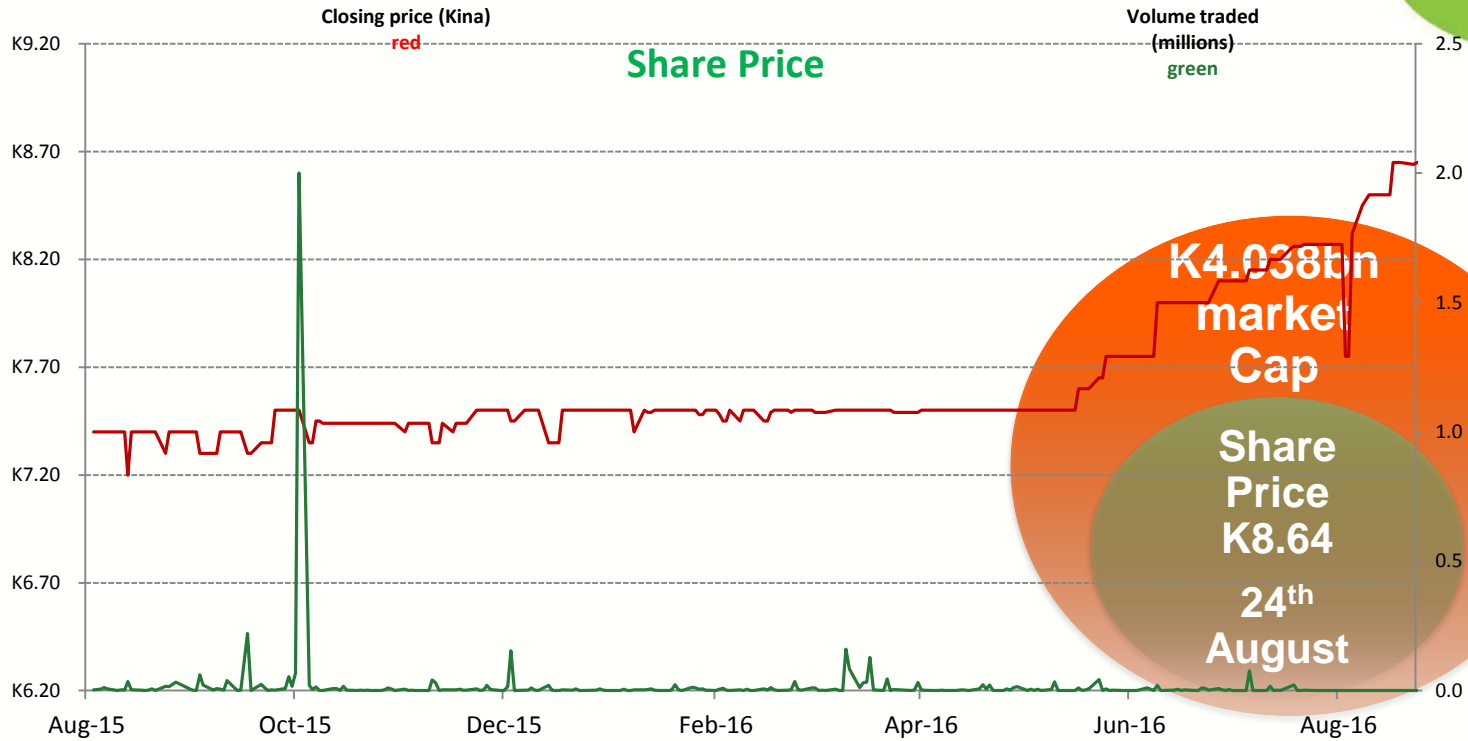
- Group loan market share remained stable
- Deposit market share increased by 1%
- BSP remains well-capitalised with capital adequacy at 21.9% in Q2'2016. Slight reduction from Q1'16 due to final dividend payment in June 16.

Other

- BSP successfully completed the acquisition of Westpac operations in Vanuatu on 1st July 2016.
- 25t interim dividend for 2016 to be paid in Oct 16
- 63t per share final paid in June 2016
- Annualised Dividend Yield at 11.3%

Share Price

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PE Ratio

13.4 times

Dividend Yield

11.3%

Thank You