



A wholly owned subsidiary of BSP Papua New Guinea

Registered Office: Level 12, BSP Suva Central Building, Cnr of Renwick Rd & Pratt Street, Suva, Fiji Islands.
Postal Address: Private Mail Bag Suva Fiji Islands, Telephone (+679) 321 4412, Fax (+679) 321 4422

Market Announcement to South Pacific Stock Exchange

“Q3 – 2019 Investor Presentation”

About BSP Convertible Notes Limited (BSP CN Fiji):

BSP Convertible Notes Limited (BSP CN Fiji) is a wholly owned subsidiary of Bank of South Pacific Limited (BSP). BSP is a Papua New Guinea based full service Bank with representation in many major Pacific economies. BSP is listed on the Port Moresby Stock Exchange (PNGX) and has a B credit rating from Standard & Poors. BSP Convertible Notes Limited (BSP CN Fiji) is a special purpose vehicle incorporated in Fiji with limited powers under its Memorandum and Articles. It is listed in the South Pacific Stock Exchange (SPX) in Fiji as **BCN**.



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31 October 2019

“Q3 – 2019 Investor Presentation”

“Market Announcement to South Pacific Stock Exchange”

Our Parent Company, Bank of South Pacific Limited based in Port Moresby, PNG has released this market announcement on PNGX.

.....
Haroon Ali
DIRECTOR

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Q3-2019 Investor Presentation

Group CEO – Robin Fleming



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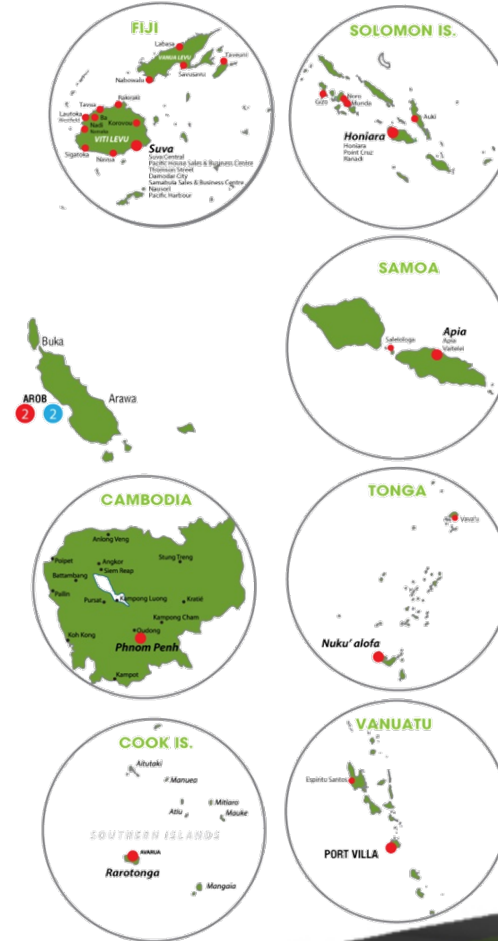
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Where BSP operates

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 4 countries



Share Price of K11.56 as at 30-Sep-19, Market cap of **K5.40b**



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%



Channel growth

Continued channel investment to improve service delivery across the BSP Group

	Total							
 Branches	82	46	17	8	3	2	4	2
 Sub Branches	45	43	0	0	0	0	0	2
 ATMs	546	317	121	32	24	12	27	13
 EFTPOS	12,758	8,740	2,030	314	409	436	438	391
 Agent	555	358	44	52	36	8	30	27











Financials



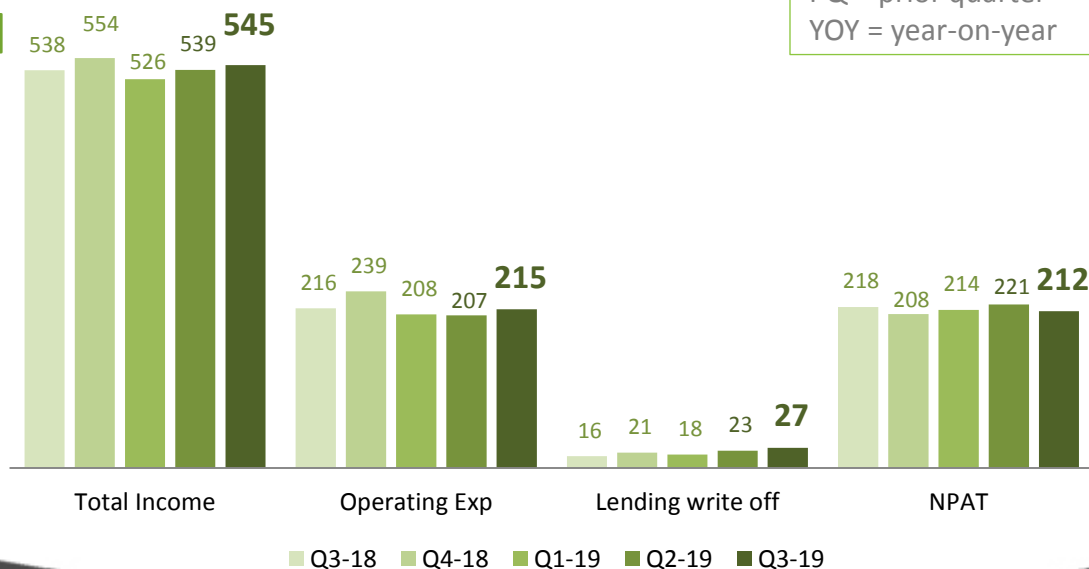
Profit and Loss [Q3-19]

BSP's NPAT increased by 1.7% on a year-on-year [Q3-18 vs Q3-19] basis. However, NPAT declined by 4.0% between Q2 and Q3, predominantly due to IFRS16 implementation cost impacts.

	Total Income	Operating costs	Lending Write-offs	NPAT
PQ	1.2% 	3.8% 	18.3% 	(4.0%) 
YOY	0.8% 	(3.4%) 	54.2% 	1.7% 

BSP GROUP QUARTERLY P&L

[Km]













HIGHLIGHTS

- Q3-19 operating income is 1.2% higher than in Q2-19, due to lower interest expenses, higher channel income associated with increased volumes, that was partially offset by lower FX and BSP Life Fiji revenues.
- Total operating expenses increased 3.8% in Q3-19, due to an IFRS16 adjustment [K6.4m] and higher non-lending write offs [K2.8m].
- Lending write offs are higher in Q3 due to an increase in PNG and Vanuatu loan provisioning, as they progress through the recovery cycle.



Balance sheet [Q3-19]

BSP experienced little movement [-0.2%] in gross loans and advances in Q3-19, while deposits increased by 1.8%. Loans and advances grew by 5.5% on a year-on-year basis.

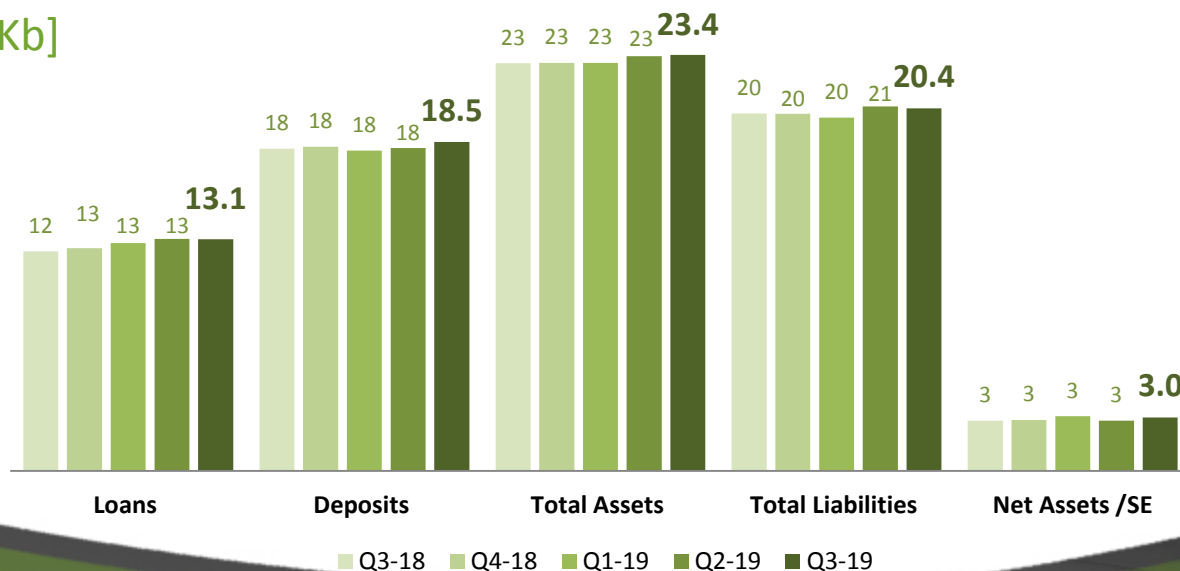
	Loans and advances	Deposits	Total Assets	Total Liabilities	Net assets / SH equity
PQ	(0.2%) 	1.8% 	0.3% 	(0.5%) 	6.6% 
YOY	5.5% 	2.1% 	2.1% 	1.4% 	6.6% 

HIGHLIGHTS

- Gross total loans decreased by K21m in Q3-19
- Deposits increased by K336m in Q3-19
- FX translation in Q3-19 for loans and Deposits were -K114m and -K149m respectively

BSP GROUP QUARTERLY BALANCE SHEET

[Kb]



Key:

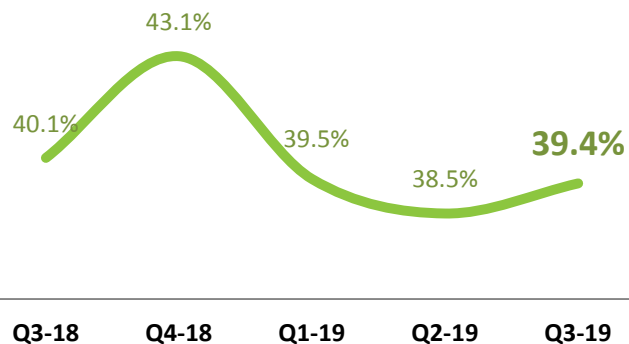
PQ = prior quarter
YOY = year on year



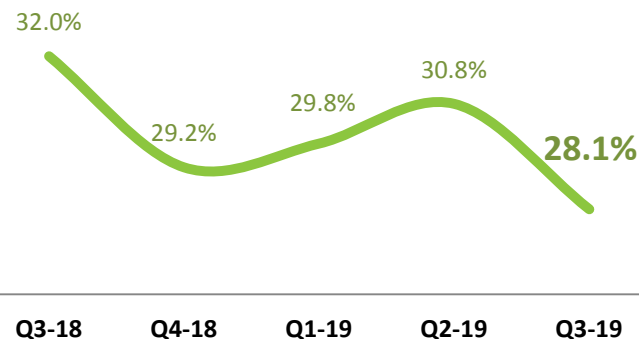
Group key ratios [Q3-19]

All key ratios remain positive

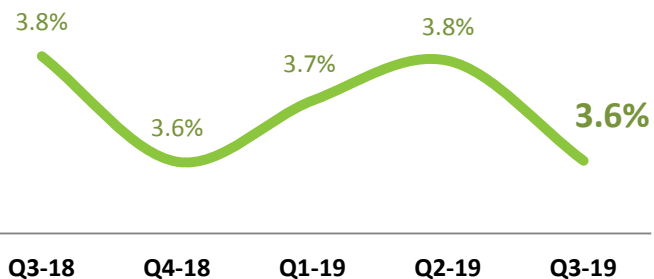
COST TO INCOME TREND



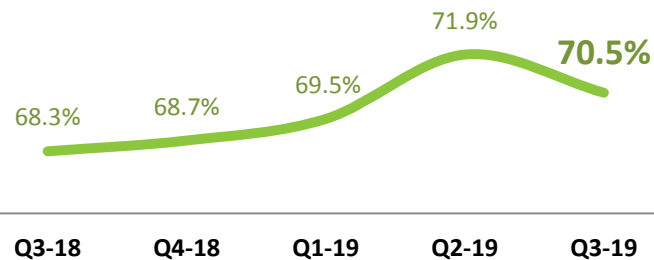
ROE [annualised]



ROA [annualised]



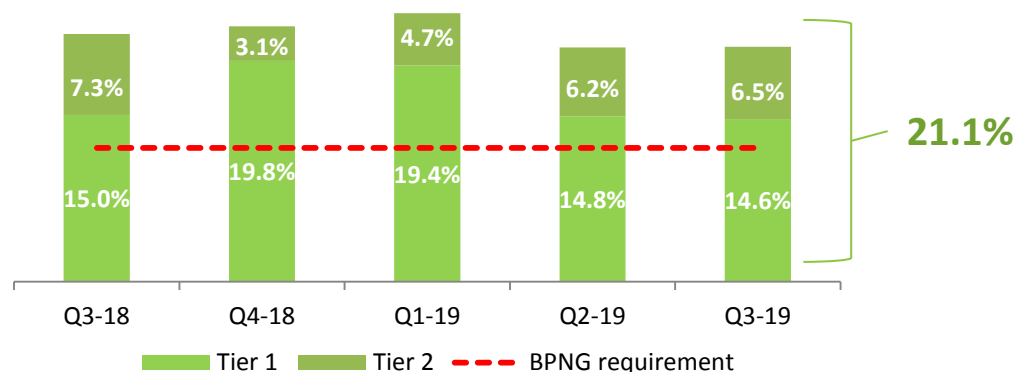
LOAN TO DEPOSIT RATIO



Group key risk ratios [Q3-19]

Our risk ratios remain stable and asset quality remains sound

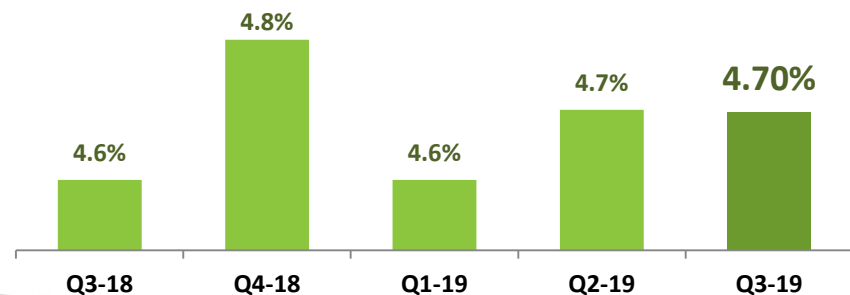
CAPITAL ADEQUACY



HIGHLIGHTS

- Capital adequacy ratio increased slightly to 21.1% in Q3-19. Remaining well in excess of the 12% prudential requirement.
- BSP's provisions to loans ratio in Q3-19 remains stable, consistent with IFRS 9 models.

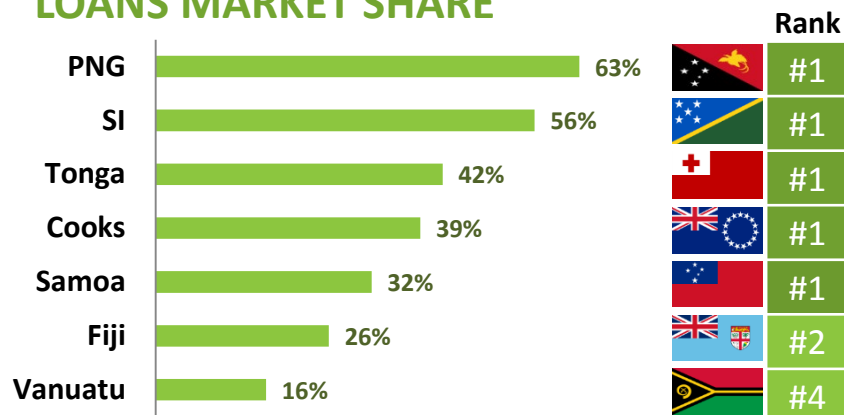
PROVISIONS TO LOANS



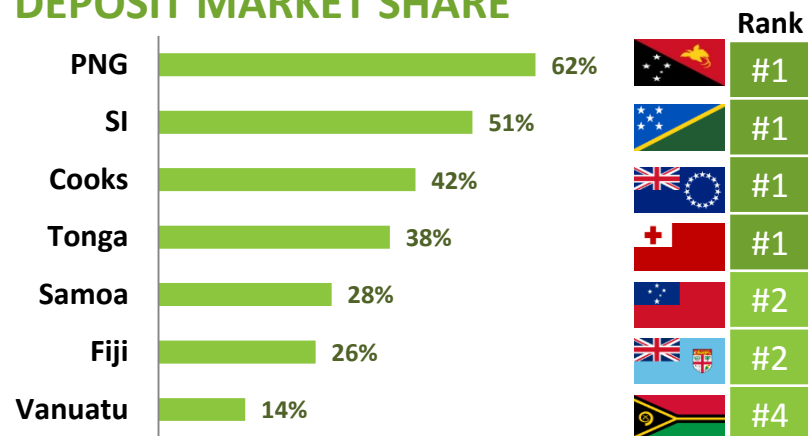
Market strength

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

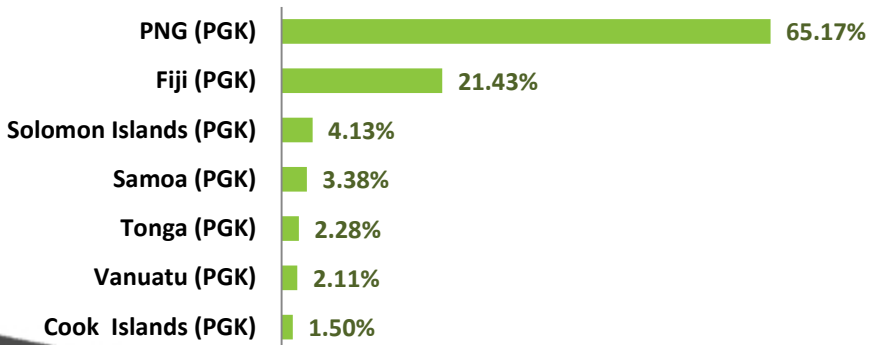
LOANS MARKET SHARE



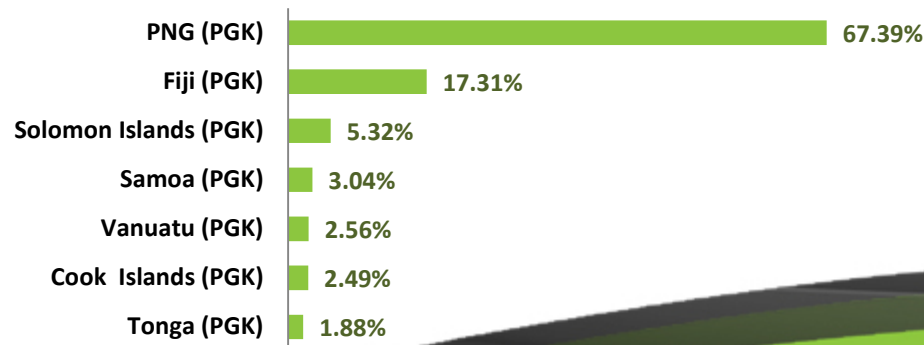
DEPOSIT MARKET SHARE



LOANS PORTFOLIO COMPOSITION



DEPOSIT PORTFOLIO COMPOSITION

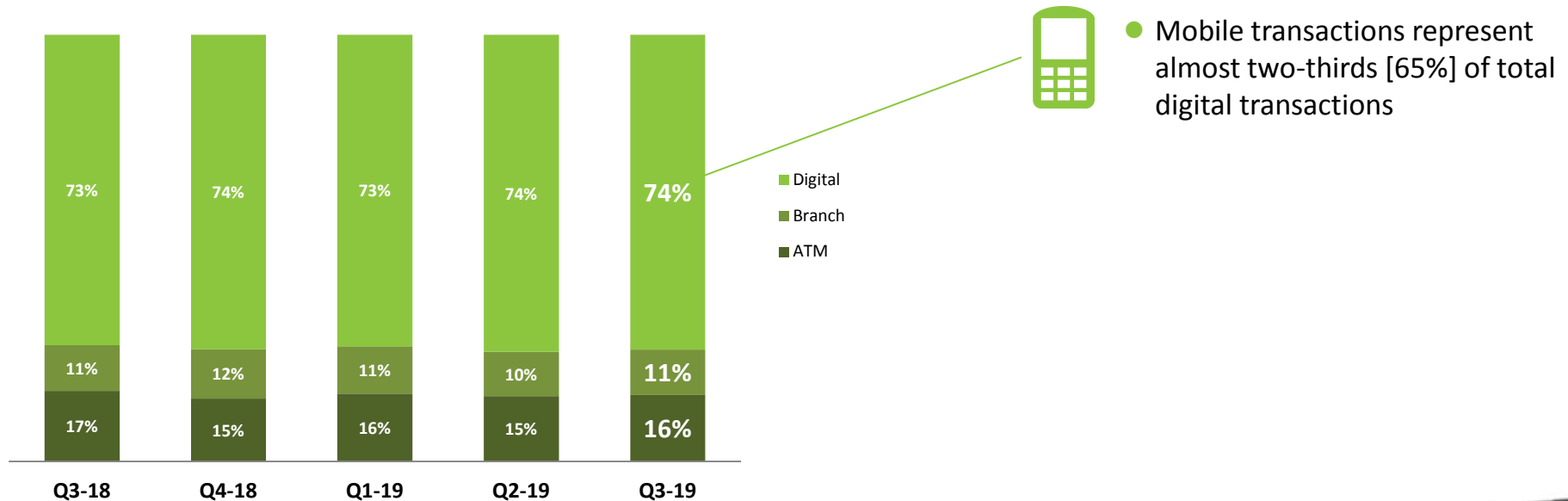


Channels [Q3-2019]

Mobile banking is our leading channel, with branches representing just 11% of total transactions in Q3-2019 ... given continued focus on improving customer experience, with ongoing investment in EFTPOS, internet and mobile banking.

QUARTERLY CHANNEL TRENDS

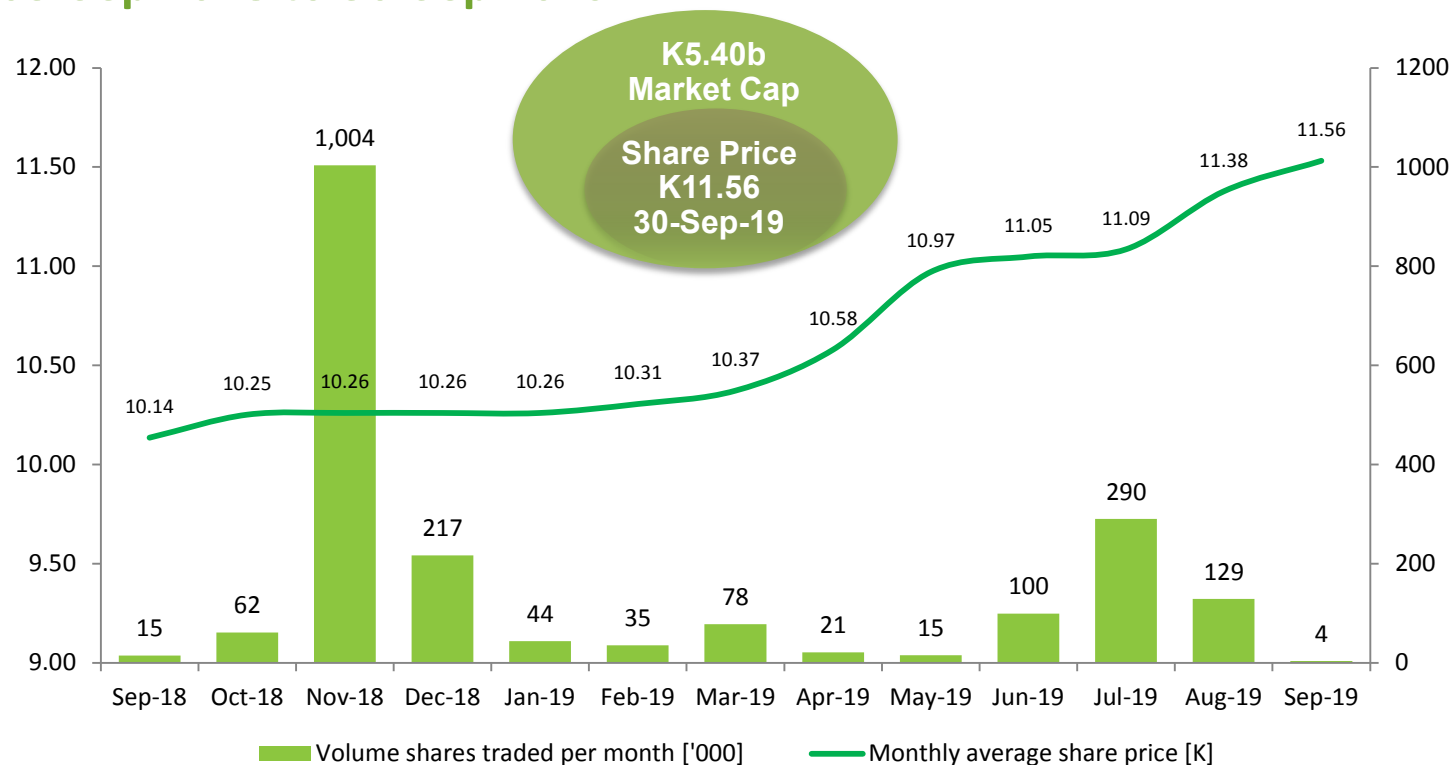
[Q3-2019]



Share price

Dividend yield of 12.0%, based on closing 30-Sep-19 K11.56 share price ... and market capitalisation of ~ K5.4b.

03-Sep 2018 to 30-Sep 2019



Details

- Interim dividend = K0.38 per share [+5.6% YoY]
- Total interim dividend = K178m
- Interim dividend payment date: 18-Oct-19
- Total half-year dividend = K472m
- Total dividends paid in 2019 = K650m

