

Investor Presentation
Q2' June 2017

WE ARE BSP

BSP

Disclaimer

NOT FOR PUBLICATION OR DISTRIBUTION, DIRECTLY OR INDIRECTLY

This presentation has been prepared and issued by Bank of South Pacific Limited (the "Company"), and may not be reproduced in whole or in part, nor may any of its contents be disclosed to any other person without the prior written consent of the Company.

This presentation is provided by the Company for general information purposes only, without taking into account any recipient's personal objectives, financial situation or needs. It should not form the basis of or be relied on by the recipient in considering the merits of any particular transaction and does not purport to contain all of the information that an interested party may desire. It is not an offer to buy or sell, or a solicitation to invest in or refrain from investing in, any securities or other investment product. This presentation has not been filed, lodged, registered, reviewed or approved by any regulatory authority in any jurisdiction and recipients of this presentation should keep themselves informed of, and comply with and observe, all applicable legal and regulatory requirements. The distribution of this presentation in certain jurisdictions may be restricted by law and, accordingly, recipients of this presentation represent that they are able to receive this presentation without contravention of any unfulfilled registration requirements or other legal restrictions in the jurisdiction in which they reside or conduct business. Nothing in this presentation constitutes investment, legal, tax, accounting or other advice. The recipient should consider its own financial situation, objectives and needs, and conduct its own independent investigation and assessments of the contents of this presentation, including obtaining investment, legal, tax, accounting and other advice as it considers necessary or appropriate. Any costs incurred by recipients in making such investigations and assessments, etc. are not the responsibility of the Company or any of its advisers, directors, employees or agents.

Provision of this presentation is not a representation to any recipient or any other person that the shares or business of the Company or any of its subsidiaries will be sold. The Company may at any time negotiate with one or more interested parties and enter into a definitive agreement without prior notice to any or all interested parties. The Company also reserves the right to terminate, at any time, further participation in the investigation and proposed process by any party, to modify any of the rules or procedures set forth herein or any other procedures without prior notice or assigning any reason therefore or to terminate the process contemplated hereby. The Company reserves the right to take any action, whether in or out of the ordinary course of business, which the Company in its sole discretion deems necessary or prudent in the conduct of its business or the process contemplated by this presentation.

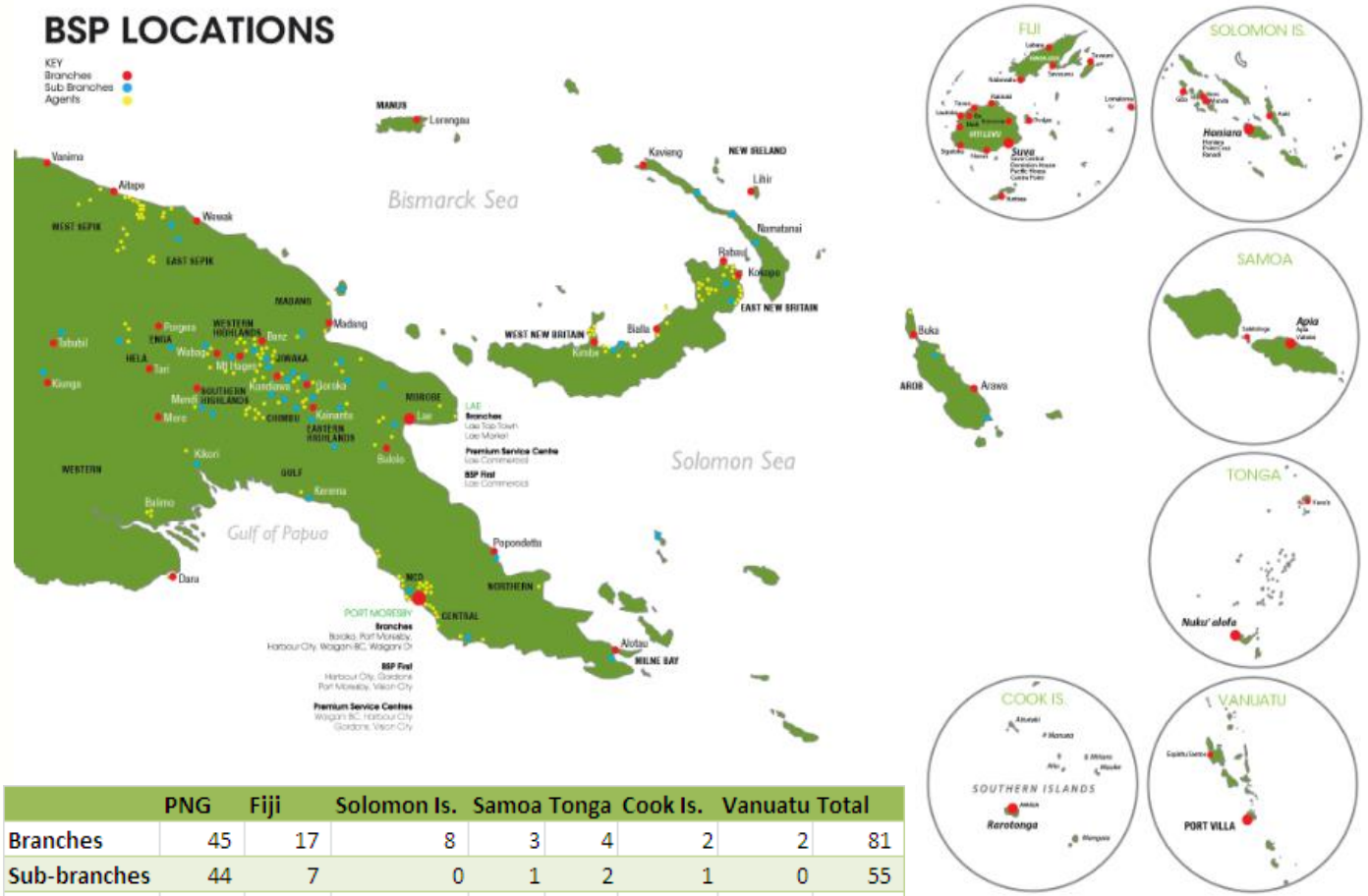
This presentation has been prepared on the basis of publicly available information and/or selected information and does not purport to be all-inclusive or to contain all of the information that may be relevant to the presentation. Neither the delivery or supply of this presentation (or any part thereof) nor the provision of information referred to herein or provided in connection with the evaluation of the Company by interested parties shall, under any circumstances, (a) constitute a representation or give rise to any implication, that there has been no change in the affairs, business or financial position of the Company or any of its subsidiaries, associated companies or affiliates or in the information herein since the date hereof or the date on which this presentation has been provided or delivered or (b) provide a basis of any credit or other evaluations and should not be considered as a recommendation by the Company that any recipient of the presentation or such other document or information contemplated herein should proceed with a further investigation of the Company or enter into any transaction with the Company or any person in relation to the Company. Neither the Company nor any other person are under any obligation to update or correct this presentation.

The Company and its related bodies corporate and other affiliates, and their respective officers, employees, advisors, representatives, consultants and agents ("Relevant Parties") make no representation or warranty, expressed or implied, as to, and no reliance should be placed on, the fairness, accuracy, completeness, timeliness or reliability of the contents of this presentation or any other written or oral communication transmitted or made available to any interested party, whether as to the past or future. To the maximum extent permitted by law, none of the Relevant Parties accept any liability (including, without limitation, any liability arising from fault of negligence on the part of any of them) for any loss whatsoever arising from the use of this presentation or its contents or otherwise arising in connection with it or as a result of any omission, inadequacy or inaccuracy herein. Only those representations and warranties that are provided in a definitive agreement when, and if, it is executed, and subject to such limitations as may be provided in such agreement shall have any legal effect. This presentation may contain forward-looking statements, forecasts, estimates and projections ("Forward Statements"). No independent third party has reviewed the reasonableness of any such statements or assumptions. None of the Relevant Parties represents or warrants that such Forward Statements will be achieved or will prove to be correct. Actual future results and operations are subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Company, and could vary materially from the Forward Statements. Similarly, no representation or warranty is made that the assumptions on which the Forward Statements are based may be reasonable. No audit, review or verification has been undertaken by an independent third party of the assumptions, data, historical results, calculations and forecasts presented. In receiving this presentation, each recipient acknowledges that it shall not deal or cause or procure any person to purchase, acquire, dispose of or deal in any securities of the Company in breach of any laws and regulations relating to insider dealing, market abuse or securities in general of Singapore and elsewhere.

The recipient acknowledges that no person is intended to act or be responsible as a fiduciary to the recipient, its management, stockholders, creditors or any other person.
By accepting and providing this presentation, the recipient expressly disclaims any fiduciary relationship with any person and agrees that the recipient is responsible for making its own independent judgements with respect to any transaction and any other matters regarding this presentation.

The Company is not authorised under the Banking Act 1959 (Cth) (the "Banking Act") and is not supervised by the Australian Prudential Regulation Authority. The Company's products are not covered by the depositor protection provisions in section 13A of the Banking Act and will not be covered by the financial claims scheme under Division 2AA of the Banking Act.

BSP's Geographical footprint



	PNG	Fiji	Solomon Is.	Samoa	Tonga	Cook Is.	Vanuatu	Total
Branches	45	17	8	3	4	2	2	81
Sub-branches	44	7	0	1	2	1	0	55
ATM's	314	114	26	17	12	9	14	506
EFTPoS	8,852	1,747	309	347	319	377	356	12,307
Agents	395	43	75	33	19	7	14	586

Leading Bank in the South Pacific

- ✓ #1 in PNG and Solomon Islands by total assets
- ✓ #2 in Fiji by total assets
- ✓ #1 in Tonga in Market share loans/deposits
- ✓ Listed on Port Moresby Stock Exchange
- ✓ Market capitalisation of K4.5 billion as at 6 July 2017



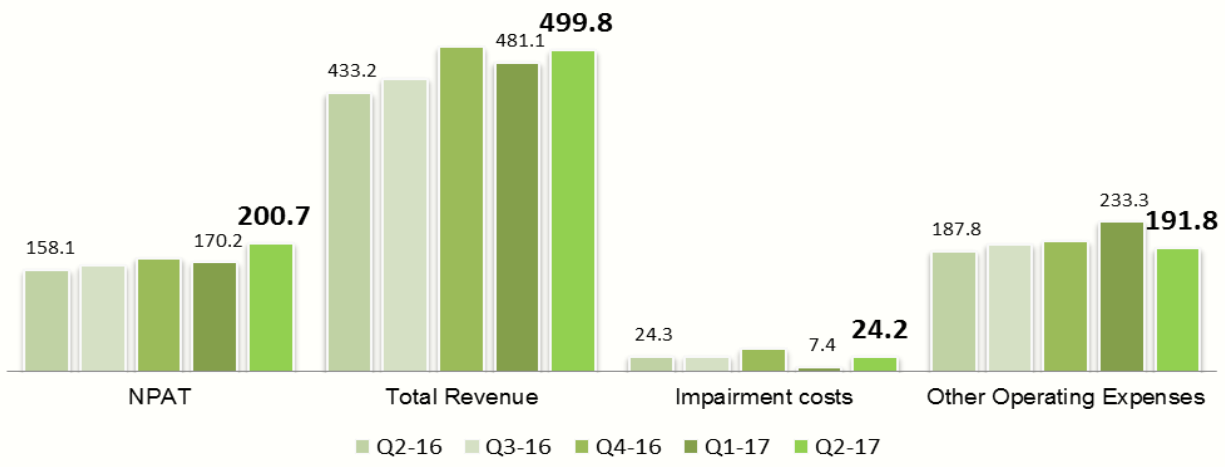
Profit and Loss (30th June 2017)

NPAT 18%PCP, 26%YOY

Total Income 4%PCP, 15%YOY

Operating costs 18%

Cost to Income 38%



- Net Interest income contributed K8m increase from last quarter
- Non interest income contributed K6m increase from last quarter
- Total costs decreased in the quarter by 10%, 2% up YOY

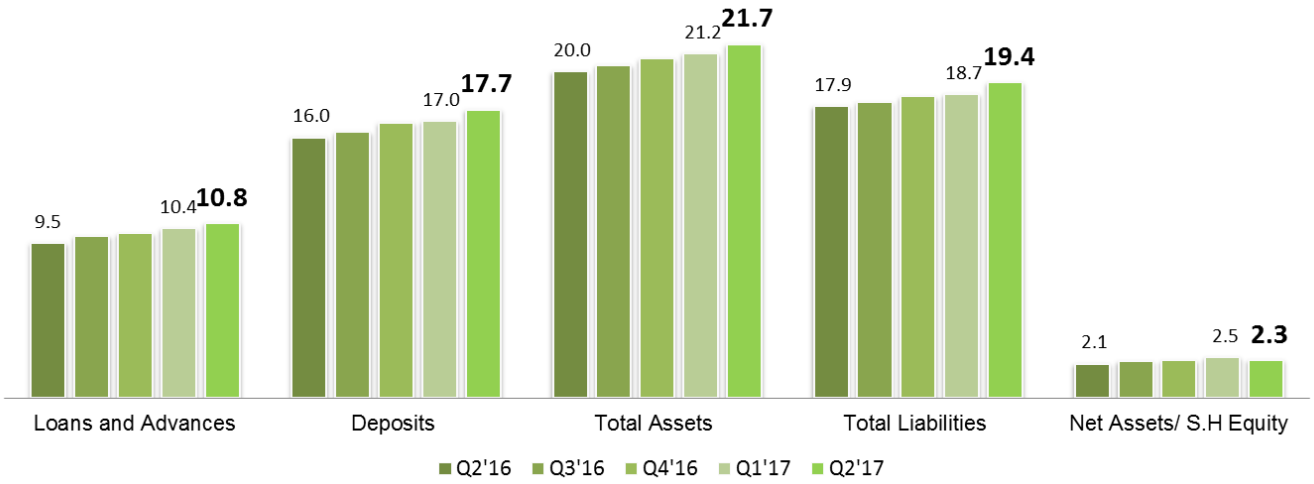
Balance Sheet (30th June 2017)

Loans 3% PCP, 14%YOY ↑

Deposits 4%PCP, 10%YOY ↑

Total Assets 3%PCP, 8%YOY ↑

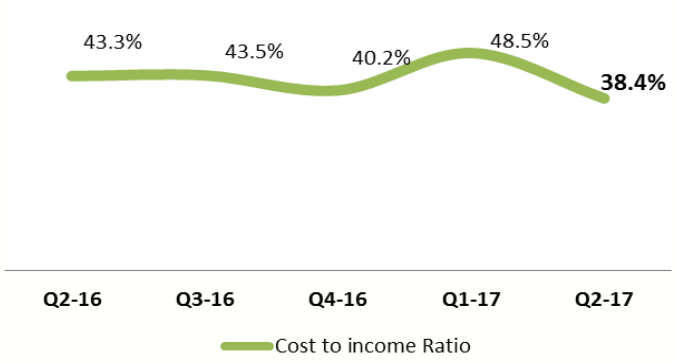
Net Assets 8% ↓



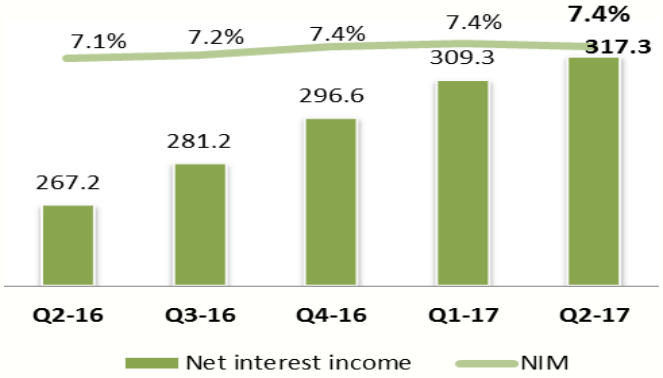
- Total loans increased by K330m in the quarter (PNG K170m, NPC's K160m)
- PNG loan increases– Corporate K69m, Retail K53m
- Deposits increased by K690m in the quarter (PNG K327m, NPC's K363m inclusive of FX translation)

Financial Ratios

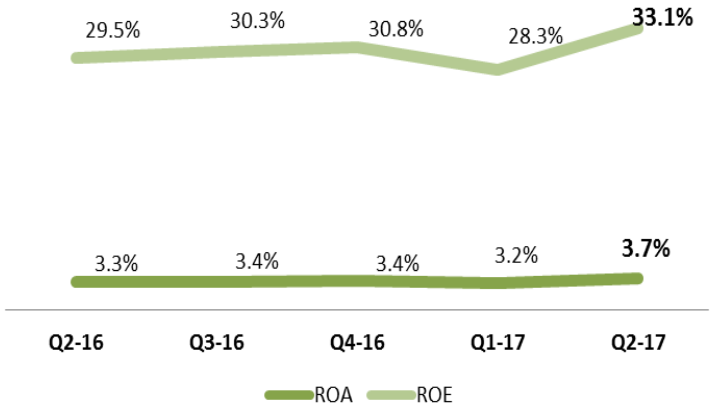
Cost to income ratio



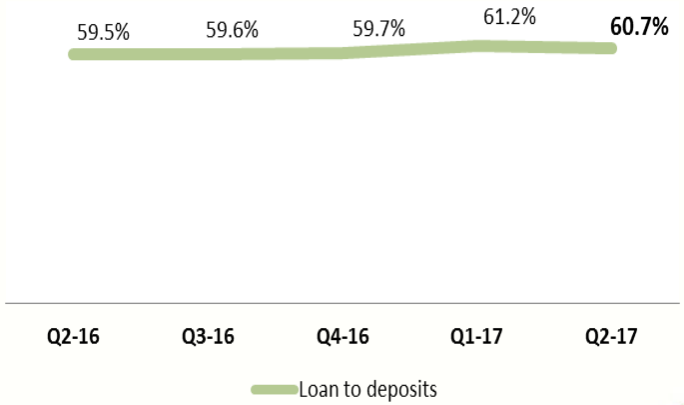
Nim and Net Interest Income



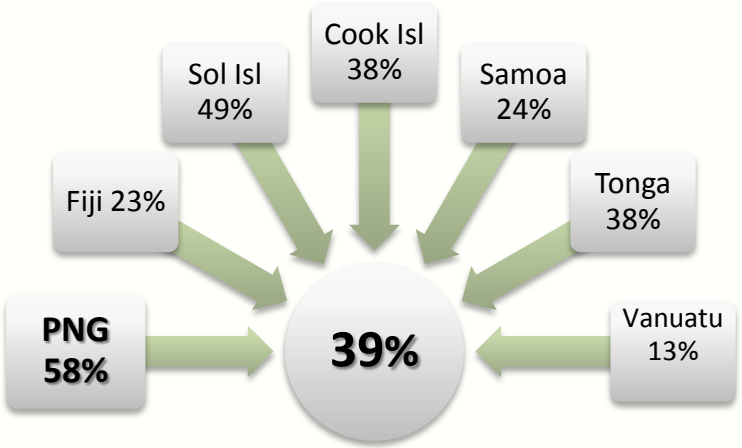
ROA, ROE (annualised)



Loan to Deposit ratio



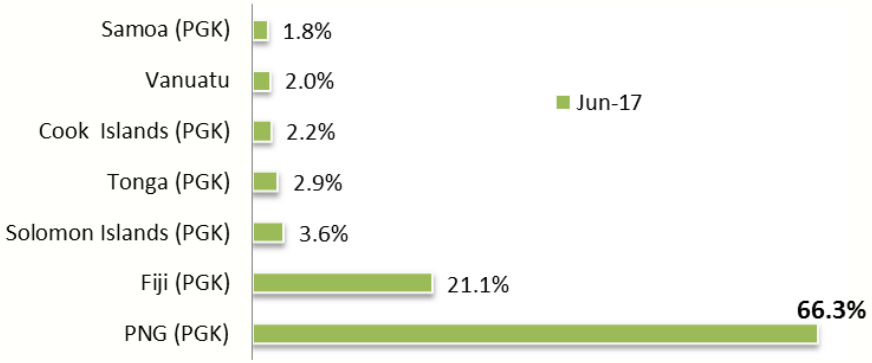
Market Share - Loans



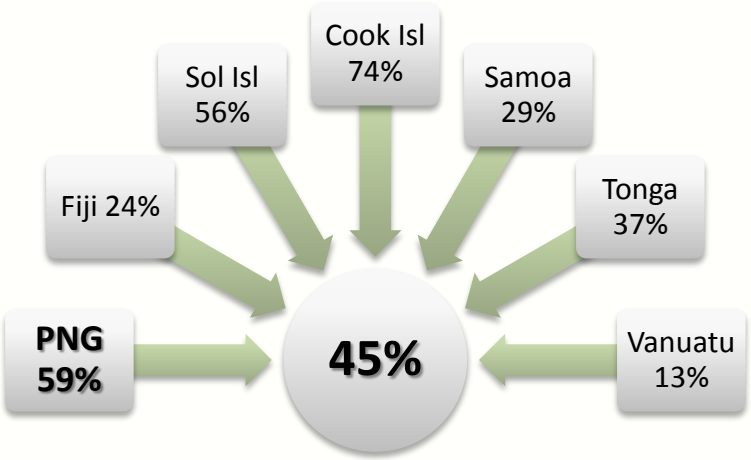
Commentary

- **BSP's combined market share for loans stands at 39% as at Q2-17**
- **PNG has the largest share with around ~ K7bn in loan volumes … an increase of K196m in the quarter**
- **BSP Fiji is the 2nd largest and holds ~K2.2bn in loans … an increase of K50m in the quarter**
- **The remaining business combined hold ~K1.3bn in loans … and increased by ~K60m**
- **BSP's loan portfolio remains predominantly in PNG … accounting for 66% of the group's loan balances**

Loan portfolio composition



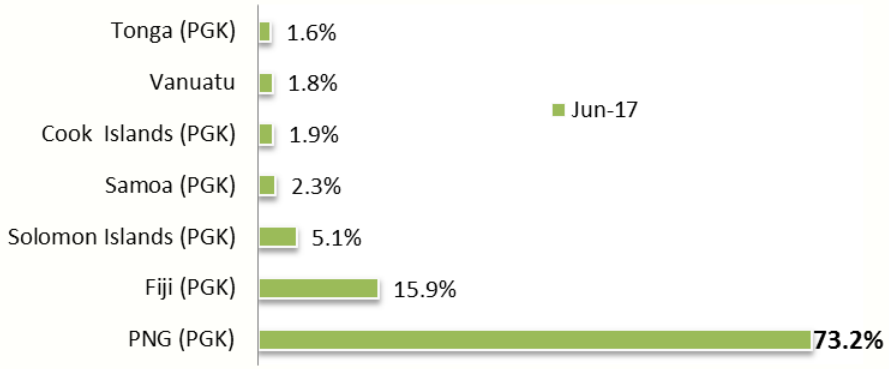
Market Share - Deposits



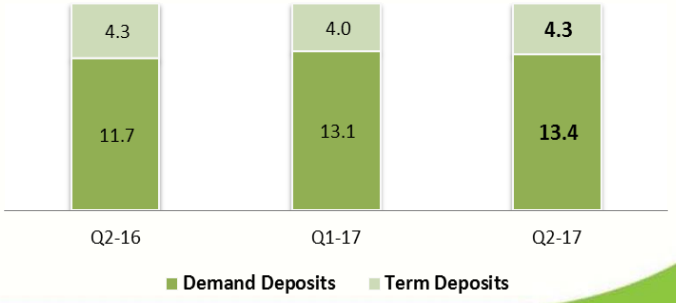
Commentary

- **BSP's combined deposit market share increased 2% to reach 45% in Q2-17**
- **PNG holds the largest share and its deposits grew by K327m in the quarter … increasing its share by 2% to 59%**
- **Fiji grew its deposits by K192m, taking its share to 24%**
- **The rest of the business contributed ~K161 in deposit growth in Q2-17**
- **Demand and Term deposits increased by 2% and 8% respectively in the quarter from Q1-17**

Deposit portfolio composition



Deposit Mix (Kb'n)

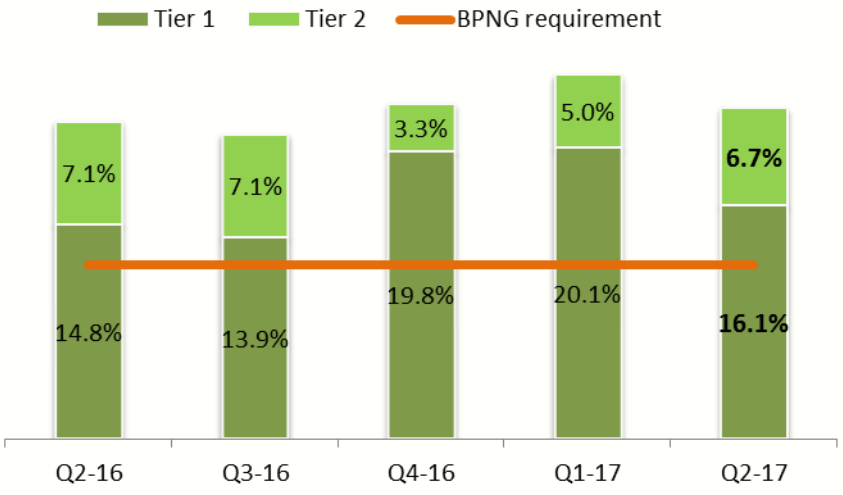


Financial Risk Management

Capital Adequacy ratio is 22.8% in Q2-17, compared to 25.1% in Q1-17 … remaining well in excess of the 12% prudential requirement.

BSP's Provisions to Loans ratio remains at 4.9% at Q2-17 … similar to Q2-16

Capital Adequacy

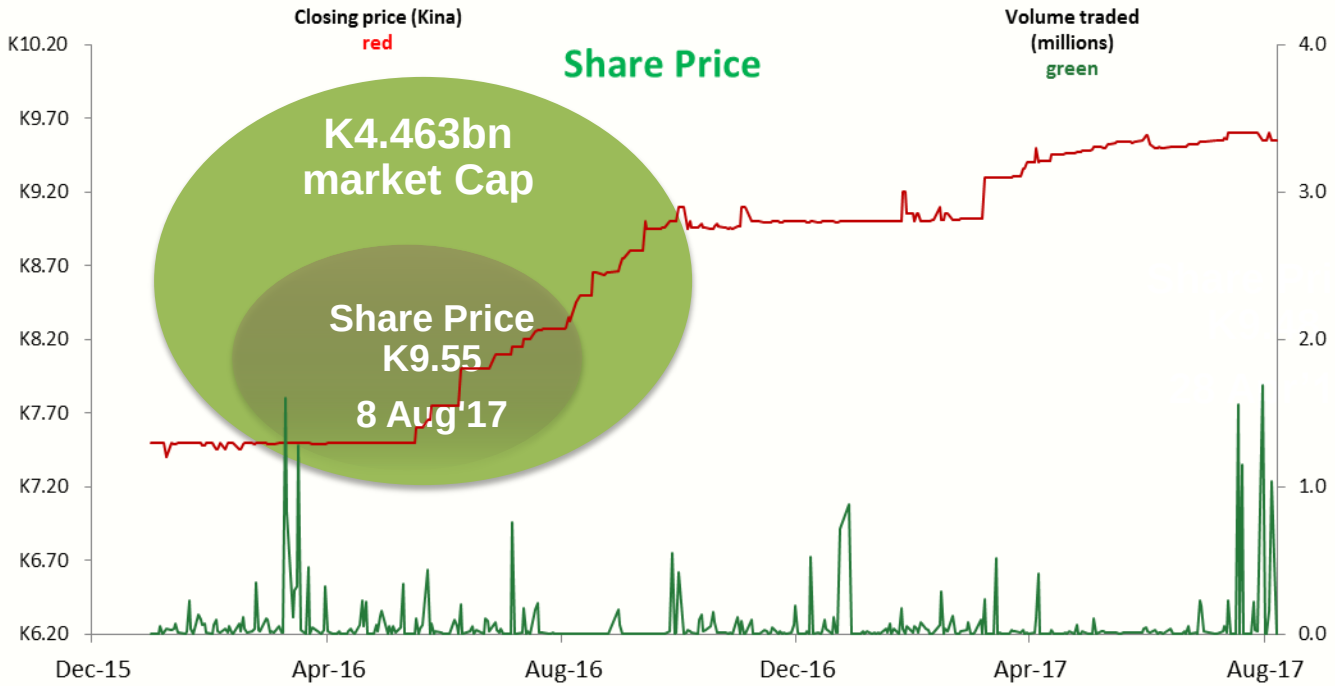


Provisions to Loans



Share Price

Dividend Yield: 11.6% (share price K9.55)



Summary for Q2 (30th June 2017)

- **Group NPAT is up 18% in the quarter , YOY 27% up**
- **Cost to income ratio improved to 38.1%**
- **Capital adequacy at 22.8% … maintained well above BPNG requirement**
- **Loan provision consistent with prior period and YOY at 4.9%**
- **Dividend Yield at 11.6%**
- **Increasing contribution from Non PNG business both in Loans and Deposits.**
- **Interim dividend of 0.32t per share to be paid on the 20th October 2017**

Thank You