



Our Bank.  
Our People.

# Investor Presentation

## Q3-2021

Robin Fleming – Group CEO  
BSP Financial Group Limited  
[ARBN: 649 704 656, Incorporated in Papua New Guinea]

The year '2021' in a large, bold, green font, with the '0' and '1' being significantly larger than the '2's.

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# Q3-2021 results overview

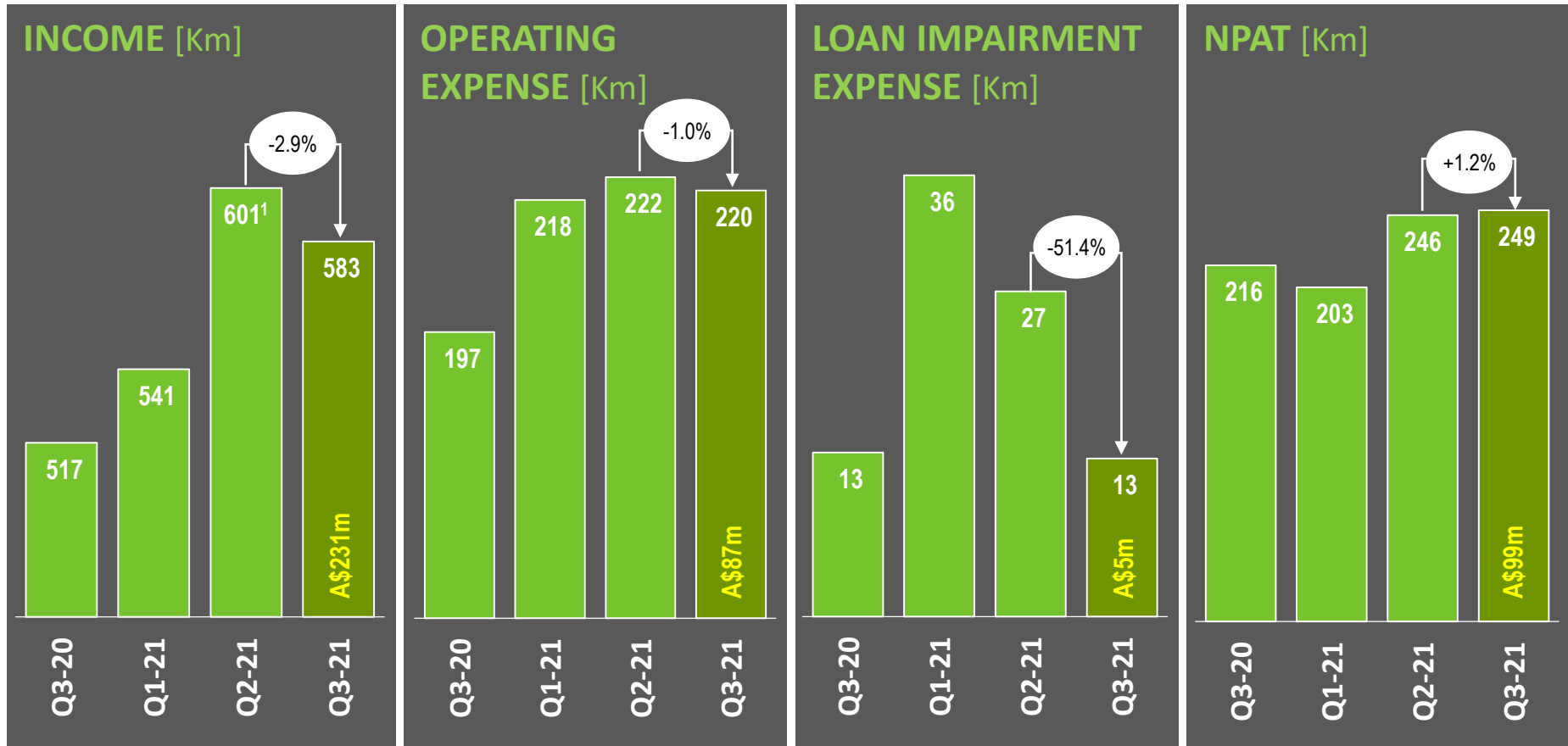
Strong Q3 results driven by improving economic conditions and cost containment.

	YTD	Q3-21	Q2-21 vs Q3-21
● Profit [NPAT, Km]	698	249	+ 1.2%
● Cost-to-income ratio [%]	38.2	37.7	+ 74bps
● Earnings per share [toea]	149.6	214.4 <sup>1</sup>	+ 1.6%
● Market capitalisation [Kb]		5.7	+ 2.1%
● Total assets [Kb]		28.9	- 0.1%
● Capital adequacy ratio [%]		23.4	+ 43bps

<sup>1</sup> Annualised

# Group NPAT trends

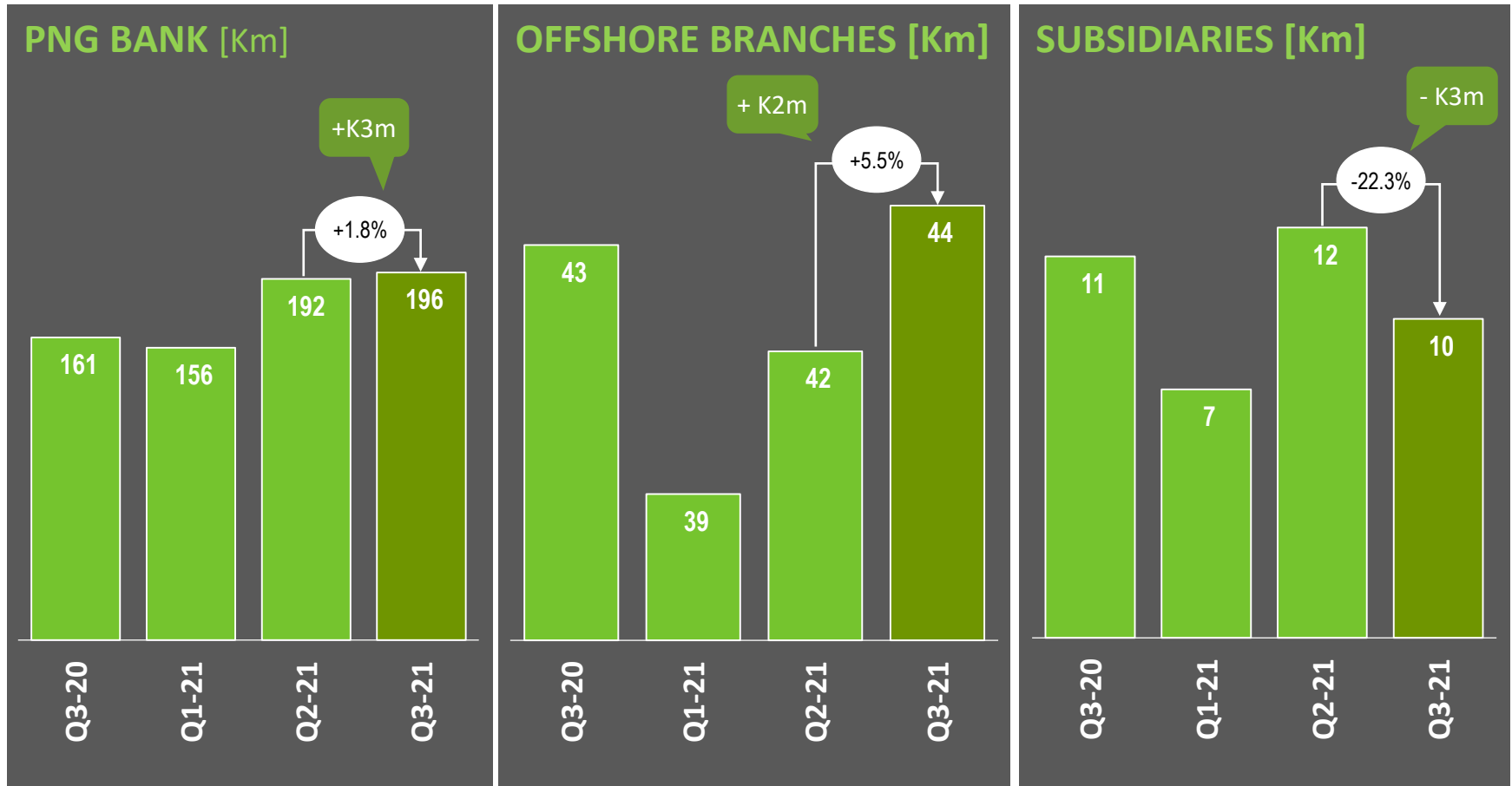
Reduction in both operating costs and lower loan impairments as loan growth slows, more than offset lower income ... resulting in a 1.2% increase in NPAT.



<sup>1</sup> Q2-21 includes increase in interest income from long standing impaired asset recoveries

# NPAT contribution by business

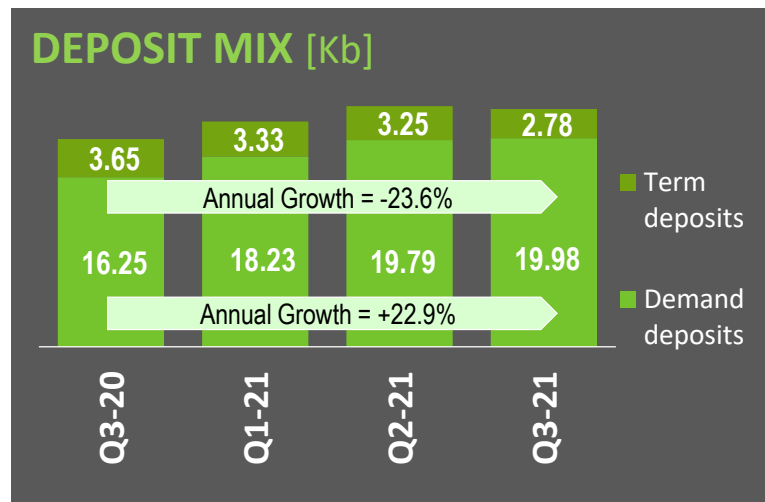
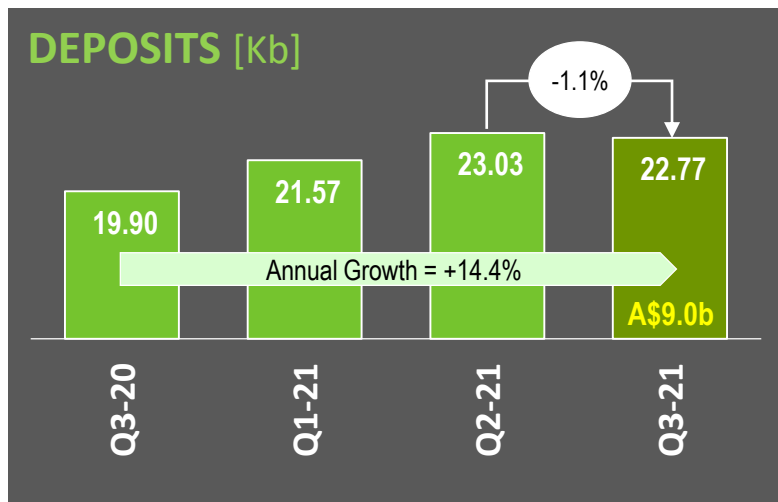
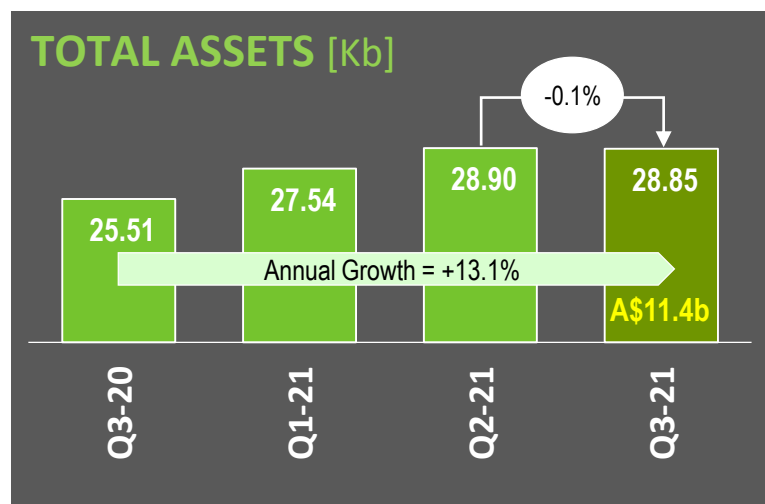
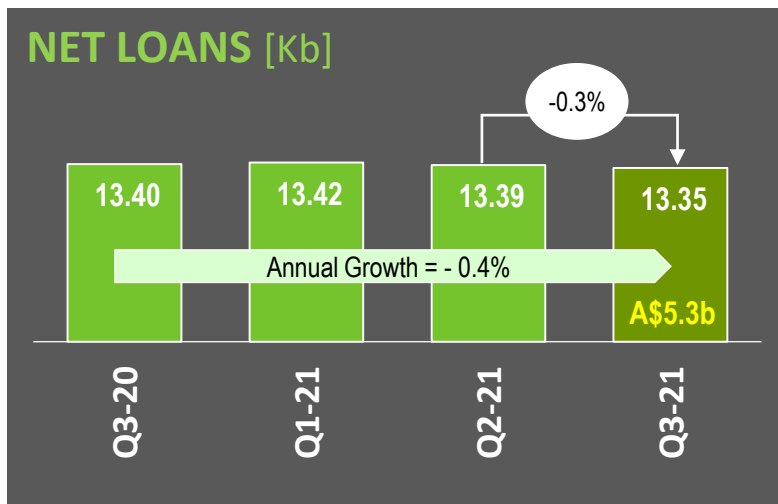
Growth in OSBs and PNG Bank were responsible for the overall uplift in Group NPAT. OSB contribution has returned to pre-COVID levels.





# Underlying performance driver trends

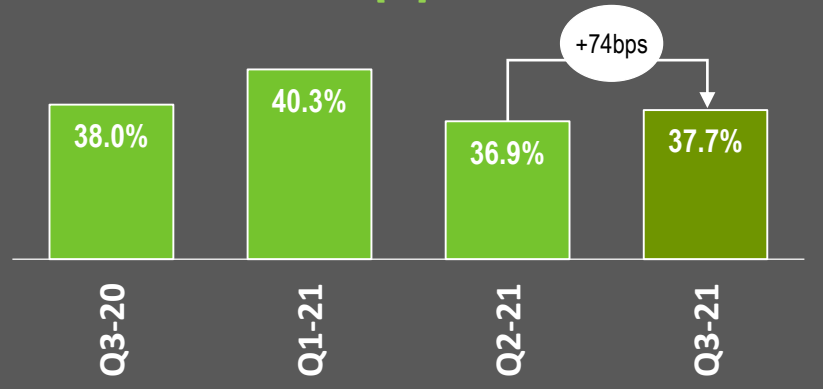
Negative overall loan growth in Q3-2021, with total system lending contracting in most countries.



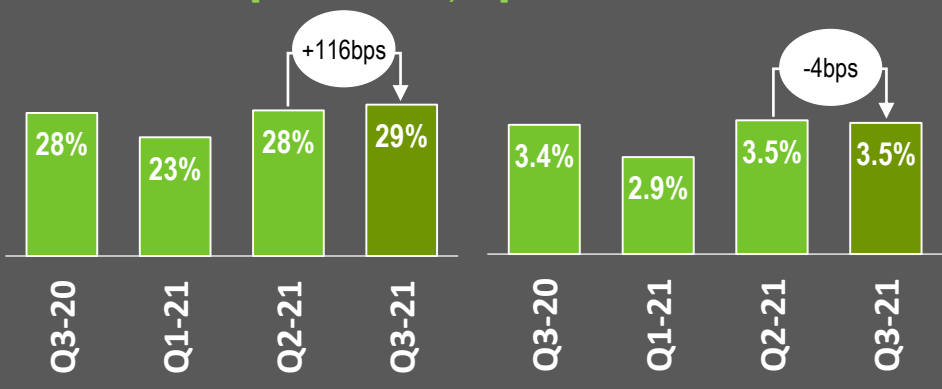
# Key ratios

Key ratios remain robust ... with improving market conditions and reduced expenses driving ROE growth

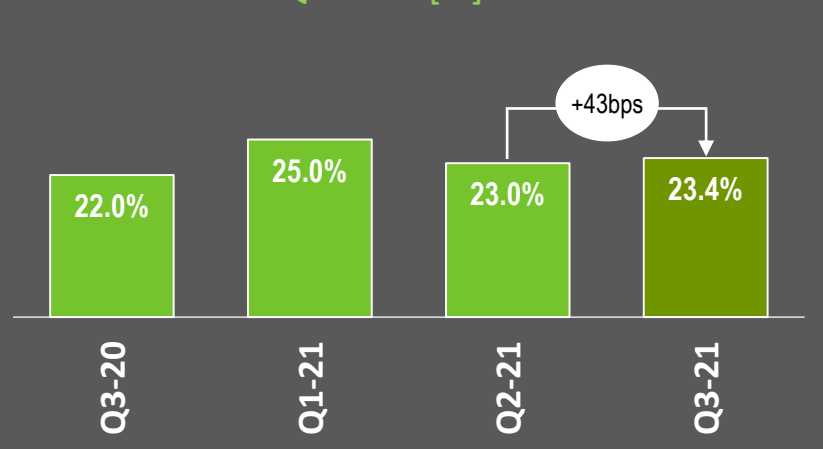
## COST TO INCOME [%]



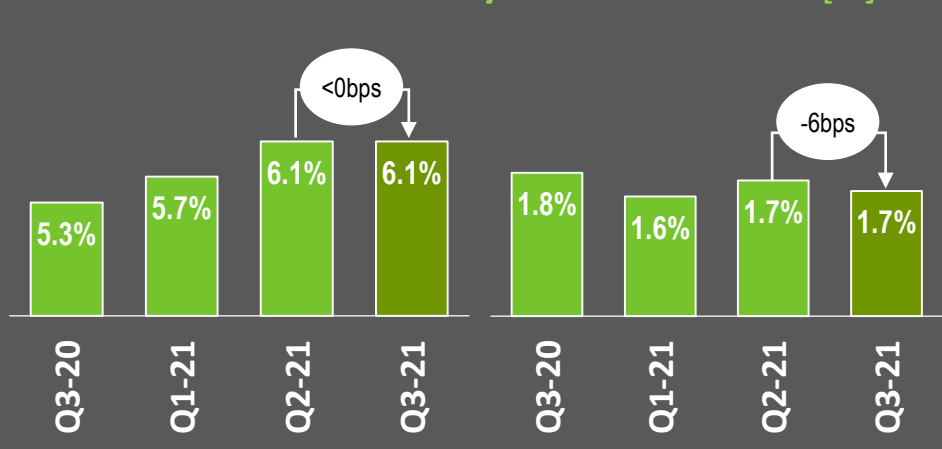
## ROE & ROA [annualised, %]



## CAPITAL ADEQUACY [%]



## PROVISIONS TO LOANS / NPL TO LOANS [%]





# Income stream trends

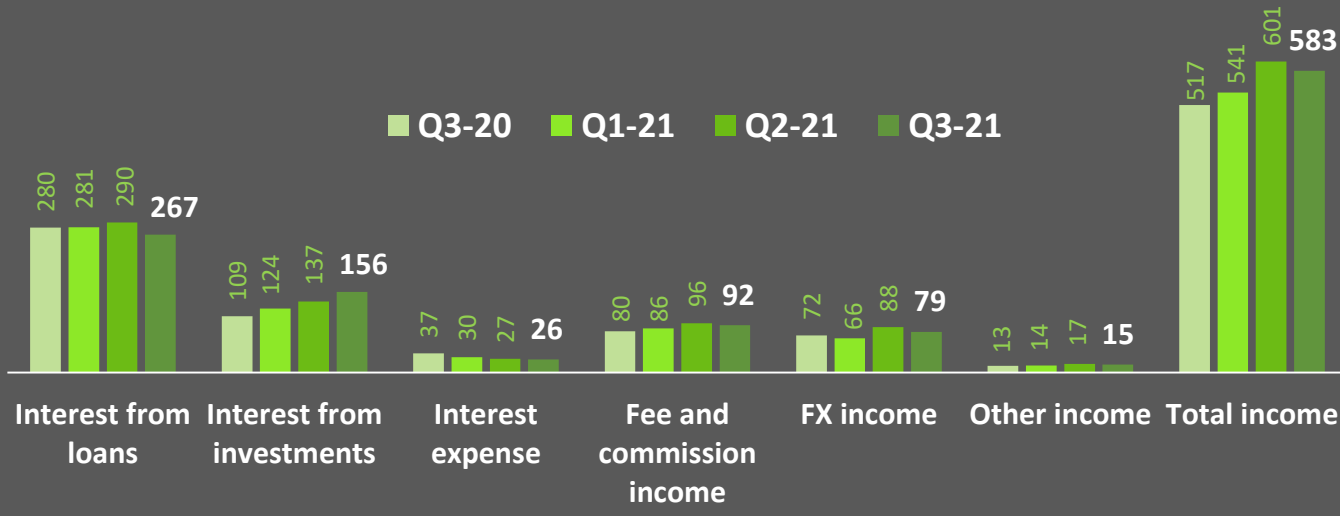
A reduction in recoveries contributed to the reduction in loan interest income in Q3-2021. Nevertheless, the Group's overall income remains relatively robust.

	Interest – loans	Interest – investments	Fee/ commission	FX income	Other income	Total income
YOY:	(4.9%) ↓	43.4% ↑	14.2% ↑	9.7% ↑	19.5% ↑	12.7% ↑

## DEFINITIONS

- **Interest from loans** – corporate and retail loans resulting from lending
- **Interest from investments** – Treasury bills and Inscribed stock driven by strong market liquidity
- **Fees & commission** – Channels income, lending fees, service charges
- **FX Income** – foreign exchange
- **Other Income** – Life insurance, finance company, etc.

## GROUP INCOME STREAMS [Km]



### Key:

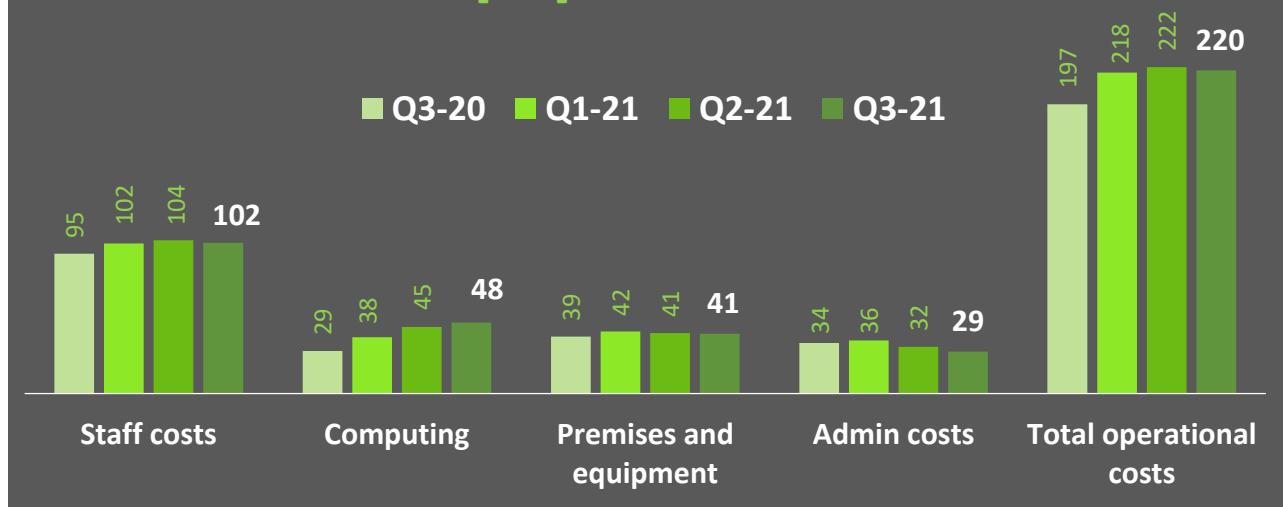
YOY = Year on year

# Expenditure trends

Increases in computing costs were offset by lower costs in other categories ... resulting in an overall expenditure reduction in Q3-2021, when compared to the prior quarter.

	Staff costs	Computing cost	Premises/equipment	Admin cost	Total operating costs
YOY:	8.0% ↑	67.1% ↑	5.1% ↑	(17.0%) ↓	11.7% ↑

## GROUP EXPENDITURE [Km]



## DEFINITIONS

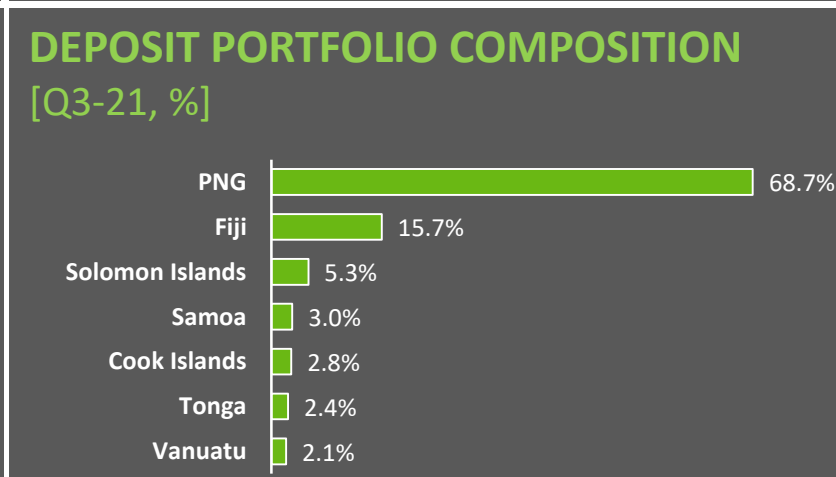
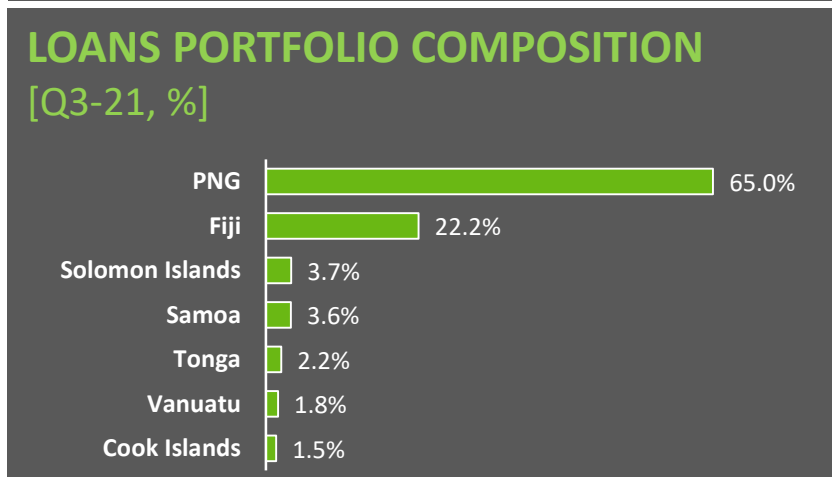
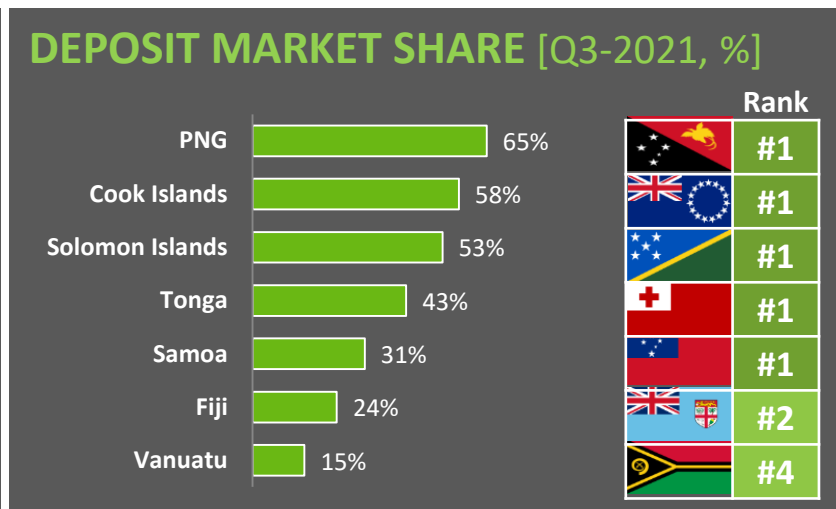
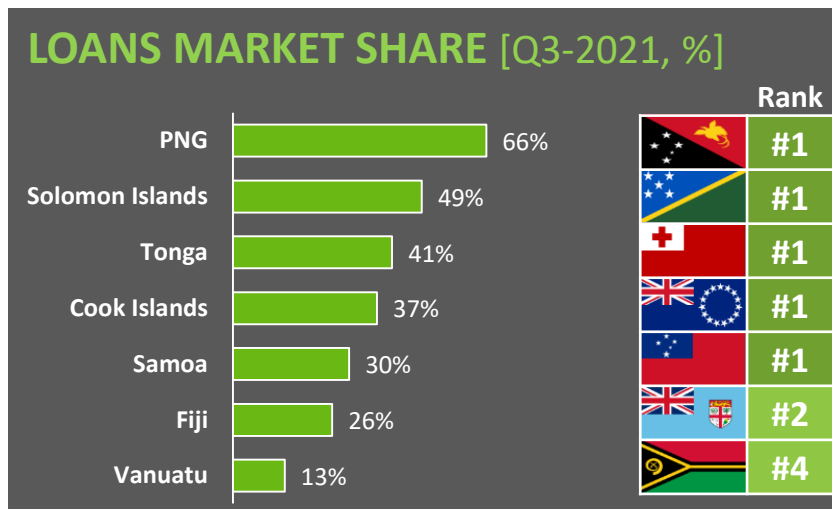
- **Staff Costs** – additional FTEs in retail, AML and technology
- **Computing Costs** – software maintenance, licenses, data links, amortisation and commencement of capitalisation of the new core banking system
- **Admin Costs** – marketing, communications
- **Premises costs** – buildings, depreciation, generators, electricity

### Key:

YOY = year on year

# Market position and portfolio composition

BSP is #1 in lending and deposits in five countries. Our loan and deposit portfolios are predominantly PNG domiciled.



# Channel network

BSP has the largest channel network in the South Pacific region ... and continues investing to improve customer service levels across the Group.

## #1 Rank

 Branches	✓
 Services Provided	✓
 Sub Branches	
 ATMs	✓
 EFTPOS	✓
 Agent	✓

## Recent and future planned investments:

- Kerema branch reopened on 9-Sep 2021.
- BSP will be expanding its Arawa branch in the Autonomous Region of Bougainville to cater for its growing customers.
- BSP is actively working to open new banking centres in Eriku, Lae and Mt Hagen to improve service levels for BSP's growing customer numbers.



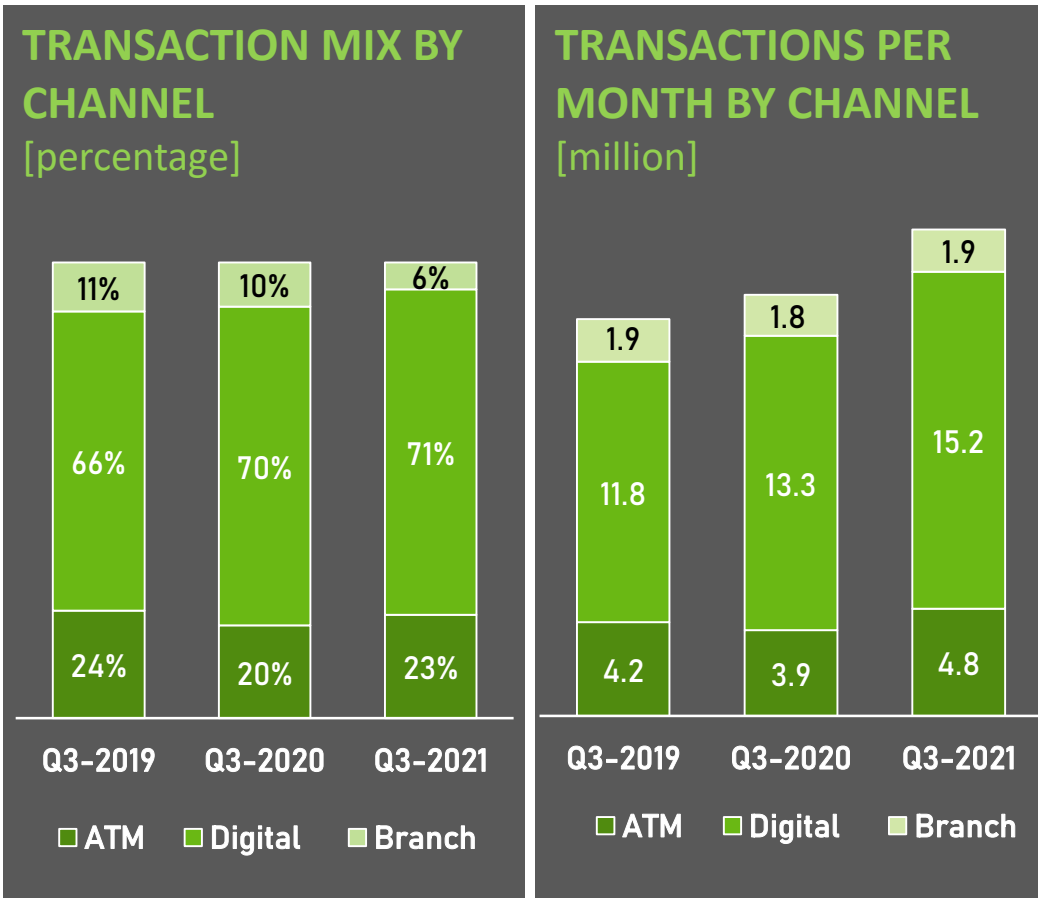
BSP Kerema reopens doors to the Gulf People



BSP Agents delivering basic banking for West New Britain on 14-Oct 21

# Channel growth trends

Increasing adoption of digital channels ... with average digital transactions per month increasing by 1.9 million in the past 12 months to 15.2 million.



## Avoid the Crowd

Use alternative methods of banking with BSP.

Customers are advised to use alternative ways of banking, given the surge in Covid-19 cases in PNG.



### MOBILE BANKING

- Account Enquiry
- Transfer Funds
- Top Up (Easipay or Mobile Credits)
- Make Payments
- Check Balance



### INTERNET BANKING

- Transfer Funds
- Make Payments
- Schedule Payments
- View Accounts
- View, download and print statements

Follow the 'Niupla Pasin' guidelines.

#### SOCIAL DISTANCING



1.5 m

#### MASK UP



#### WASH HANDS



WE ARE BSP

[www.bsp.com.pg](http://www.bsp.com.pg)



## Pay Online with BSP Pay

No card, just pay!





# Key achievements in Q3-21



## BSP PAY

BSP Pay is a domestic online payment solution launched in Q2 2021. There is merchant interest and 9 merchants now offer BSP Pay as an alternative payment option upon for payment.

Jungle Online	Tapioca Delight	RH Trading
PAU	Soul2URFeet	Shop Smart PNG
Go Food PNG	Sola PayGo	Market Wheels



## MOBILE MERCHANTS

As of Q3, 2021 BSP has registered over 225 Mobile Merchants making ease of doing business for businesses



## SCHOOL FEE MERCHANTS

As of Q3, 2021 BSP has registered over 330 Schools on Mobile Banking offering customers ease of school fee payments

## BSP FINANCIAL GROUP LTD REBRANDING

With the Bank transforming in recent years – delivering customer focused changes and expanding footprints – it was only right to refresh our brand.

The logo refresh comes as part of a larger brand identity change and strategy transformation, and has been unveiled alongside a new tagline **“Our Bank. Our People”** from what it was **“We are You. We are BSP”**, crafted to drive loyalty and build the banks reputation as a creative and innovative financial organisation in countries and communities, we operate in.

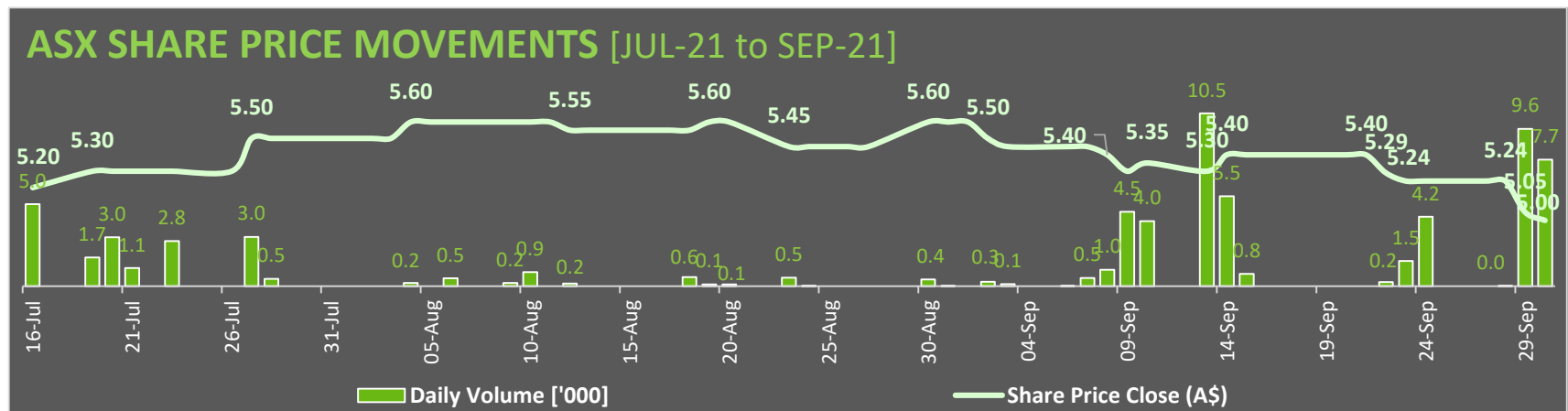
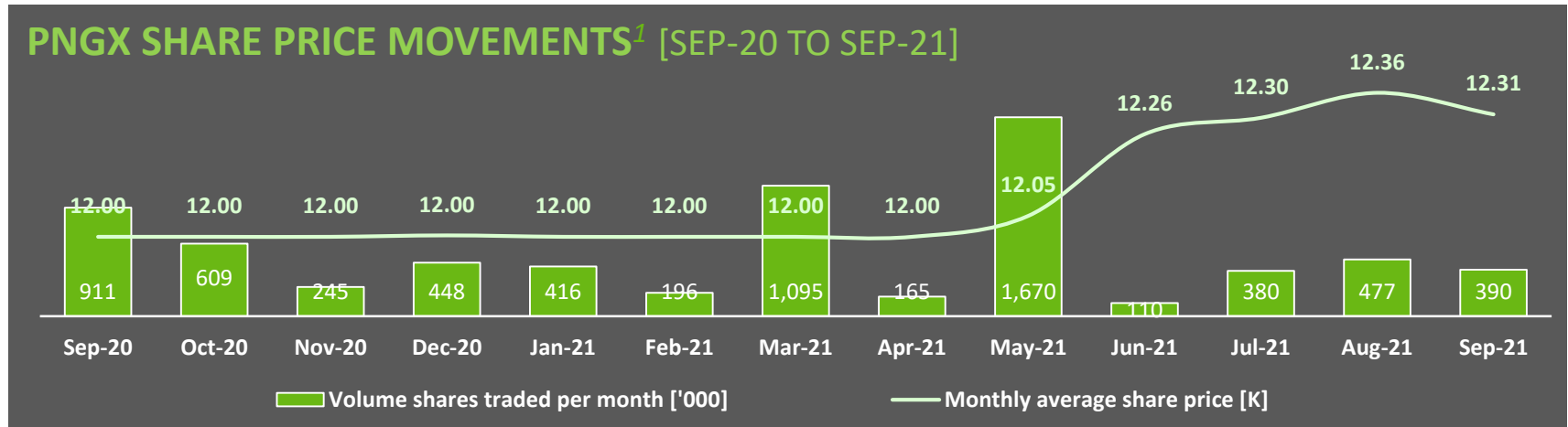




# Share price trends

BSP's PNGX share price increased by ~ 3% over the past 12 months, whereas its ASX share price softened [-9%] in September ... due in part to going ex-dividend and the overall decline in the Australian share market.

BSP's 30-Sep ASX price of A\$5.00 [K12.64], is currently trading at a premium to its PNGX price [K12.31].



<sup>1</sup> monthly share price based on average daily close

# Top 10 Shareholders

BSP's Top 10 shareholders represent 83.1% of total issued shares as at Sept-2021

## TOP 10 SHAREOLDERS [Sept-2021]

Rank	Name	% Held
1	Kumul Consolidated Holdings Ltd	18.2%
2	Nambawan Super Ltd	11.6%
3	Petroleum Resources Kutubu Ltd	9.9%
4	National Superannuation Fund Ltd	9.7%
5	Fiji National Provident Fund	8.7%
6	Credit Corporation (PNG) Ltd	7.2%
7	Motor Vehicles Insurance Ltd	6.7%
8	PNG Sustainable Development Program Ltd	5.0%
9	Teachers Savings and Loans Society	3.3%
10	Comrade Trustee Services Ltd	2.7%

# Closing comments

# Conclusion

- Profitability levels maintained at K249m in Q3-21, despite ongoing COVID-19 impacts ... with YTD Group NPAT of K698m, compared to K598m last year [+K100m, or 16.7%]
- Growth in OSBs and PNG Bank were responsible for the overall uplift in Group NPAT
- BSP Group has maintained a positive trend in key performance ratios in Q3-2021
  - Cost to income increasing slightly to 37.7%, but remains in-line with recent levels
  - Capital adequacy increasing to 23.4% ... well above BPNG's 12% requirement
  - ROE increasing to 29%
- BSP is #1 in lending and deposits in five of its seven countries ... with the South Pacific's leading channel network
- Interim dividend of K182m [K0.39 per share] paid on 18-Oct-21