

24 February 2025



Full Year Results 2024

Investor Presentation

BSP Financial Group Limited
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Vaai**

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Overview

Mark T. Robinson, Group Chief Executive Officer



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BSP

OUR PURPOSE

Championing Prosperity for the South Pacific

OUR VISION

The South Pacific's International Bank

OUR VALUES



We Care

We *respect, value* and *empower* each other, embracing *diversity* and fostering *resilience*.



We Aspire

We strive for *excellence, integrity* and *continuous improvement* in everything we do.



We Grow

We work and thrive as a team with and for the *wellbeing* and *prosperity* of each other.

OUR STRATEGIC PRIORITIES



Better serve our customers

Simplify and enhance our processes and platforms

Invest in digital and data capabilities

Attract, develop and retain the best people

Our market



BSP is the largest financial institution in the South Pacific.

The Market

- Robust GDP growth in all markets in which we operate
- Megaprojects and foreign investment stimulating Pacific economies
- Wealth building in urban centres
- Increasing digital connectivity by mobile usage ... Starlink, data infrastructure, etc.
- Rural / remote populations require innovative financial services
- Maturing regulatory environment
- Increasing competition in financial services

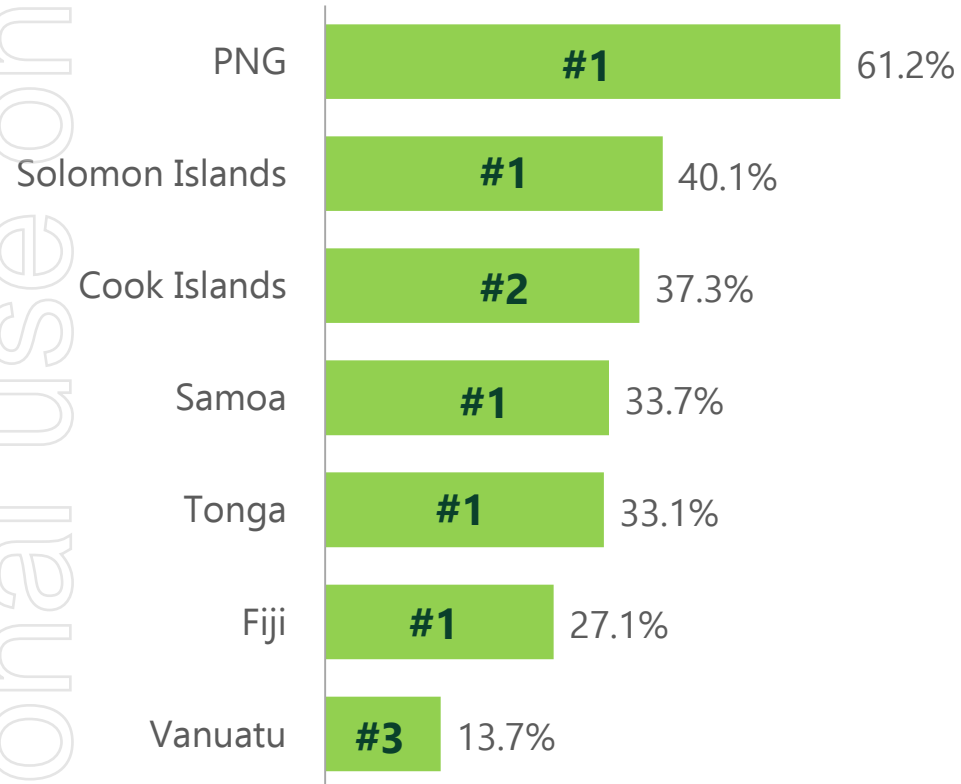
BSP

- Investing in technology to better serve our customers and deliver exceptional customer experience
- Simplify and enhance our processes and platforms
- Invest in digital and data capabilities to improve decision making
- Attract, develop and retain the best people

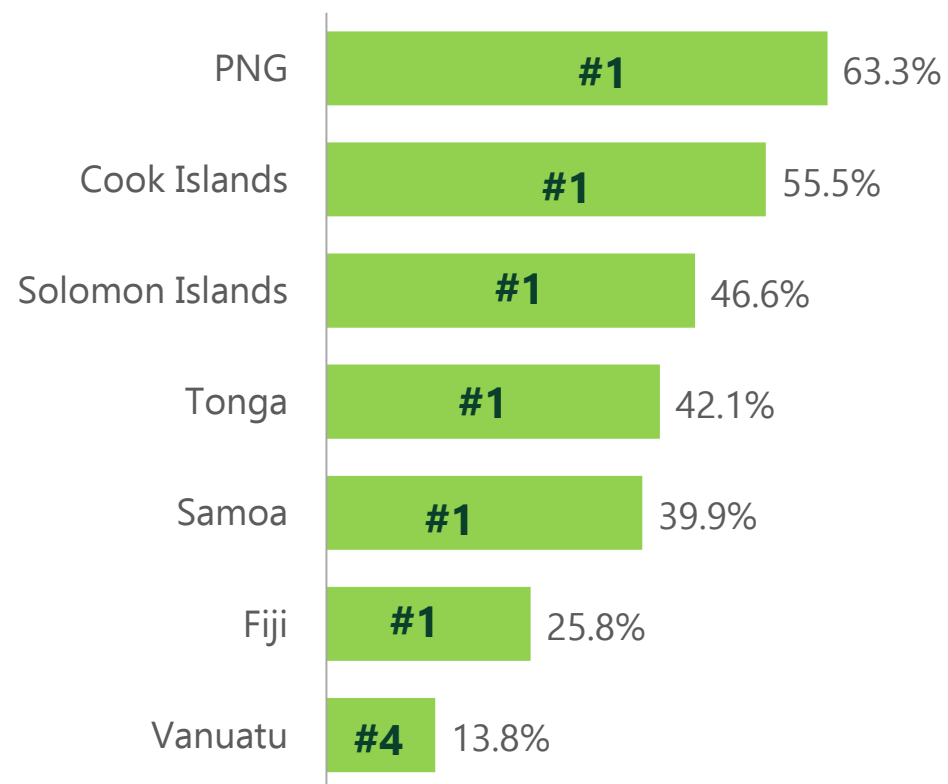
South Pacific market leader



LENDING MARKET SHARE



DEPOSIT MARKET SHARE



Source: Latest market share data provided by central banks for all countries except Cook Islands, which is a business estimate.

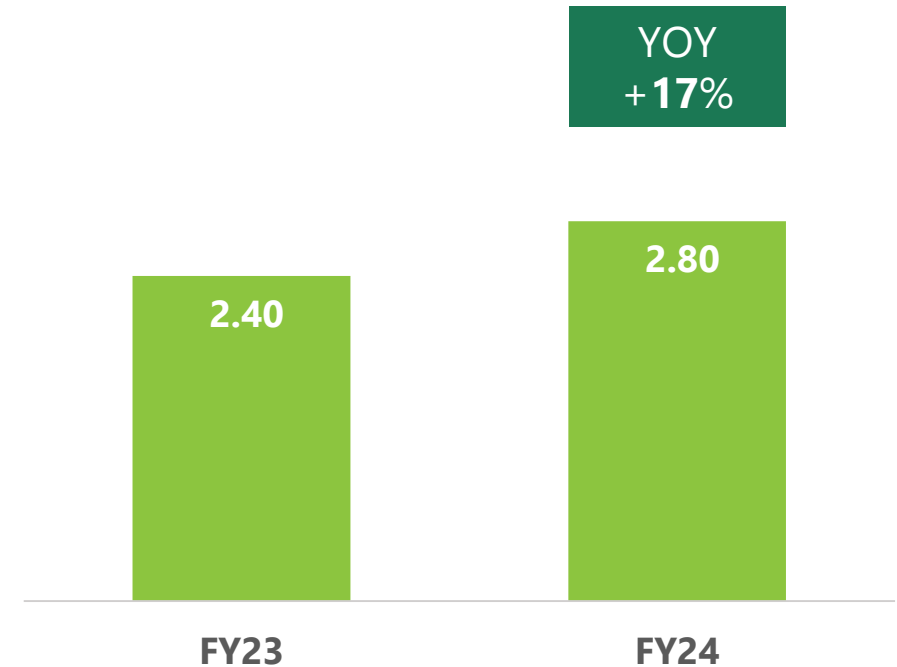
High growth in our digital channels

We continue to invest in market leading digital channels across the South Pacific.

AVERAGE MONTHLY TRANSACTIONS [YOY]

	19.3m Digital	▲ 20%
	5.9m EFTPOS terminals	▲ 20%
	4.7m ATM	▲ 1%
	1.2m Branch & Agents	▲ 10%

ACCOUNTS¹ [millions]



¹ Excludes dormant transactional accounts

Results summary



Robust group performance.

PGK [millions]	FY23 ¹	FY24	Change
Revenue	2,749	2,979	8%
Operating expenses	(1,013)	(1,231)	22%
Operating profit	1,736	1,748	1%
Bad & doubtful debt expenses	(182)	18	200
Profit before tax	1,553	1,766	14%
Income tax	(663)	(787)	19%
Underlying NPAT	890	979	10%
JV ² impairment	-	(36)	-
ACT ³ settlement	-	95	-
STATUTORY NPAT	890	1,038	17%

¹ 2023 figures will differ from figures presented in FY23 Investor Presentation

² South East Asia joint venture (JV) asset finance business

AUD ⁴ [millions]	FY23 ¹	FY24	Change
Revenue	1,154	1,172	2%
Operating expenses	(425)	(485)	14%
Operating profit	729	688	(6%)
Bad & doubtful debt expenses	(76)	7	84
Profit before tax	652	695	7%
Income tax	(278)	(310)	11%
Underlying NPAT	374	385	3%
JV ² impairment	-	(14)	-
ACT ³ settlement	-	37	-
STATUTORY NPAT	374	408	9%

³ Additional Company Tax settlement

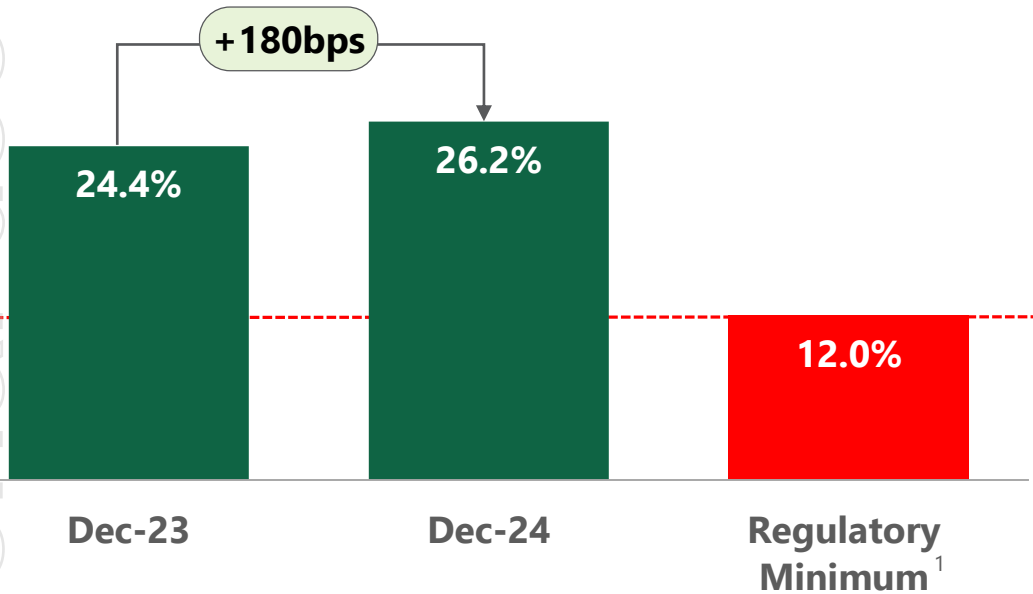
⁴ Average exchange rate of 0.4198 AUD=1PGK for FY-23, and 0.3935 AUD=1PGK for FY-24

Strong capital management

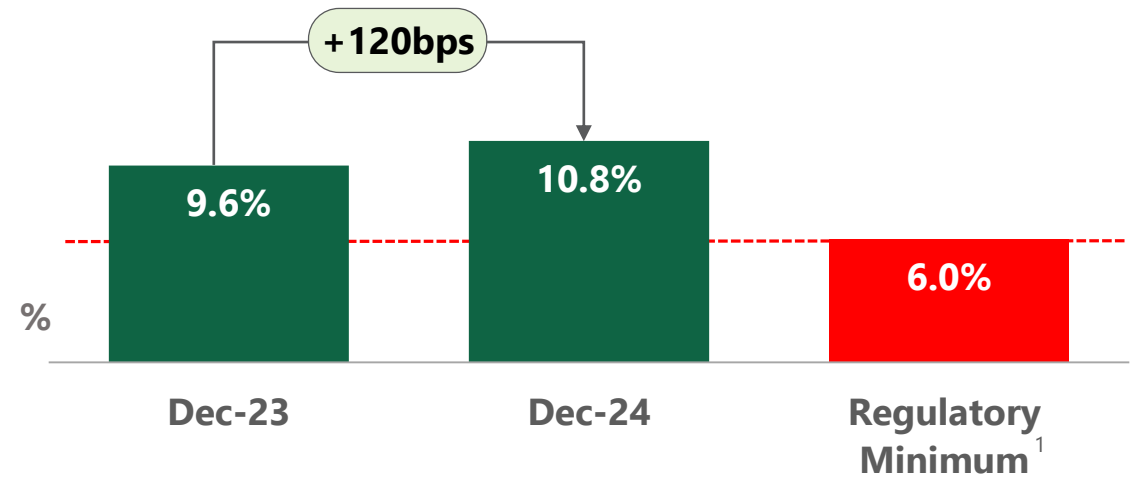


Capacity to invest for growth.

CAPITAL ADEQUACY



LEVERAGE RATIO



¹ BPNG prudential minimum

Shareholder metrics and final dividend



Attractive returns for our investors.

Closing share price¹

K19.90

As at 31 Dec 24

Net tangible assets per share

K9.30

▲ 9%

Earnings per share

K2.22

▲ 17%

Return on equity

23.3%

▲ 180 bps

From

K1.06

FY23 final dividend

From

K1.43

FY23 total dividend

Combined final and interim
dividend payout ratio

75%

FY24 final dividend

K1.21

▲ 14%

Record date

25 Feb 25

Payment date

21 Mar 25

FY24 total dividend

K1.66

▲ 16%

Combined final and interim
dividend payout ratio

75%

¹ \$6.60 on the ASX, as at 31 Dec 24

FY24 Result Presentation



Maryann Lameko-Vaai, Acting Group Chief Financial Officer

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Strong FY24 financial performance



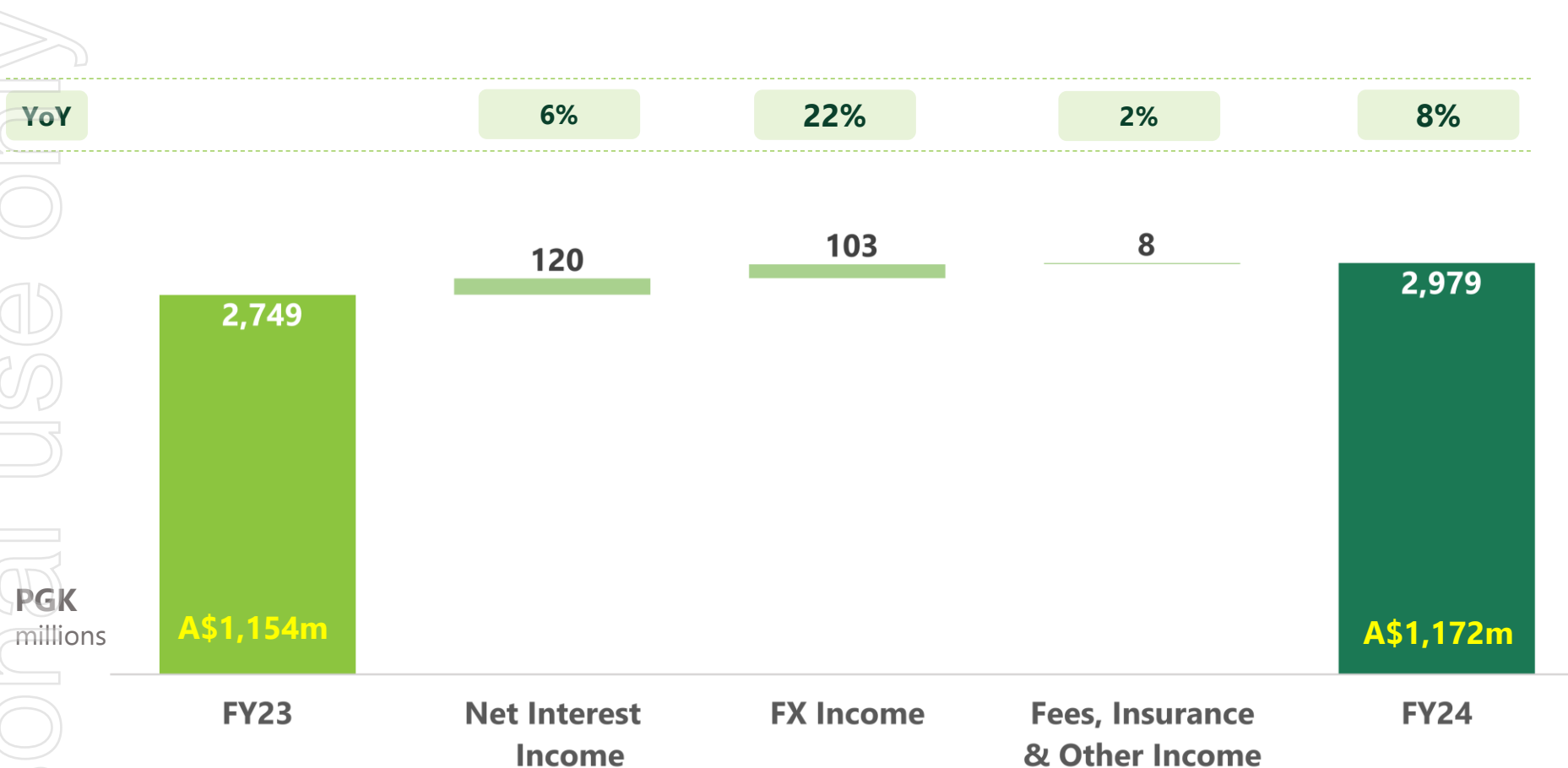
Solid growth in both earnings and dividend per share.

PGK [millions]	FY23	FY24	Change	AUD [millions]	FY23	FY24	Change
Statutory NPAT	890	1,038	17%		374	407	9%
ACT settlement ¹	-	(95)	-		-	(37)	-
JV impairment	-	36	-		-	14	-
Underlying profit	890	979	10%		374	385	3%
Earnings per share [PGK]	1.91	2.22	17%	[AUD]	0.80	0.87	9%
Dividend per share [PGK]	1.43	1.66	16%				

¹ On 19 February 2024, BSP entered into a settlement of the judicial review of the PNG Government's imposition of Additional Company Tax with the Commissioner General of Internal Revenue. K95 million was refunded to BSP in April 2024, which was realized to P&L after tax. The balance of K95 million was paid to the Internal Revenue Commission as full and final settlement of the litigation concerning the imposition of the Additional Company Tax.

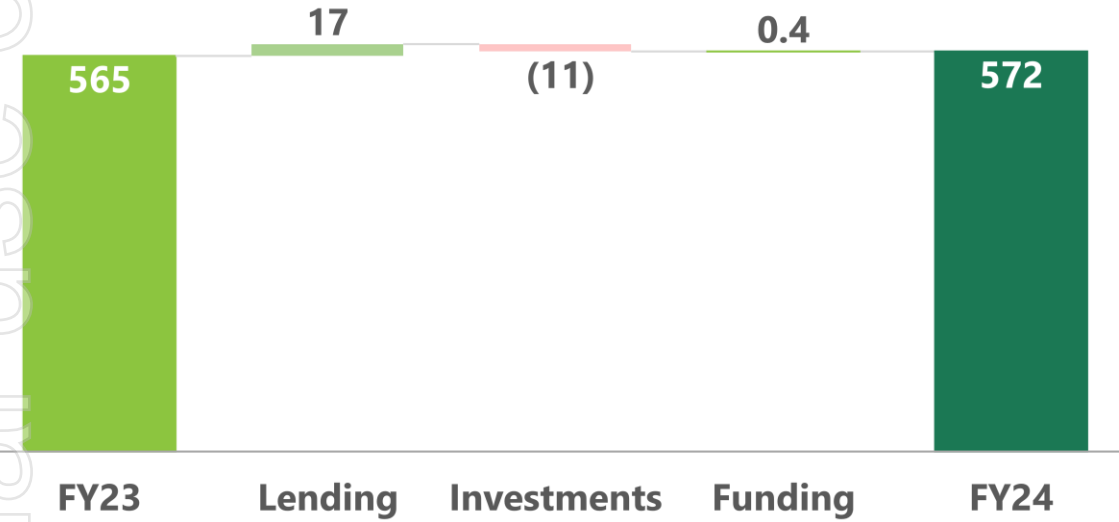
Total income

Solid revenue growth, boosted by net interest and FX income.

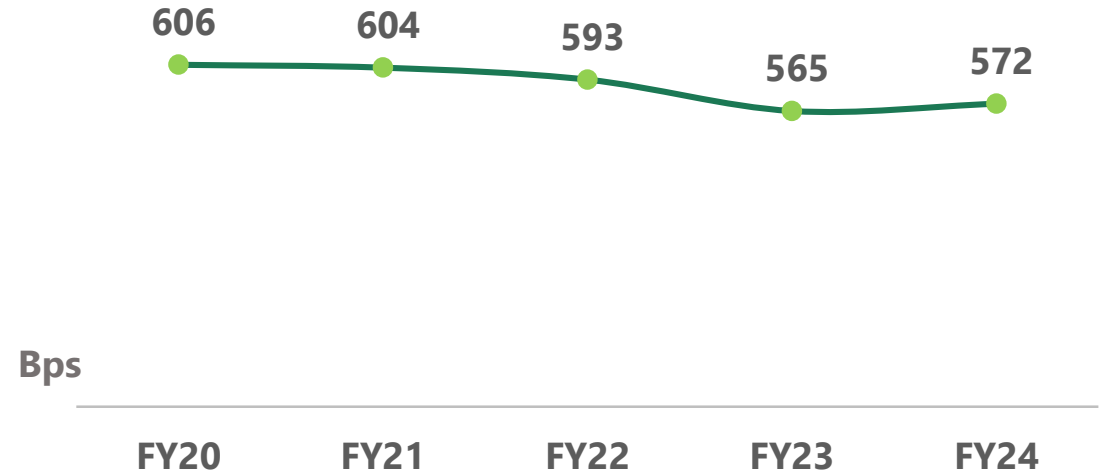


Net Interest Margin

2024 NET INTEREST MARGIN DRIVERS

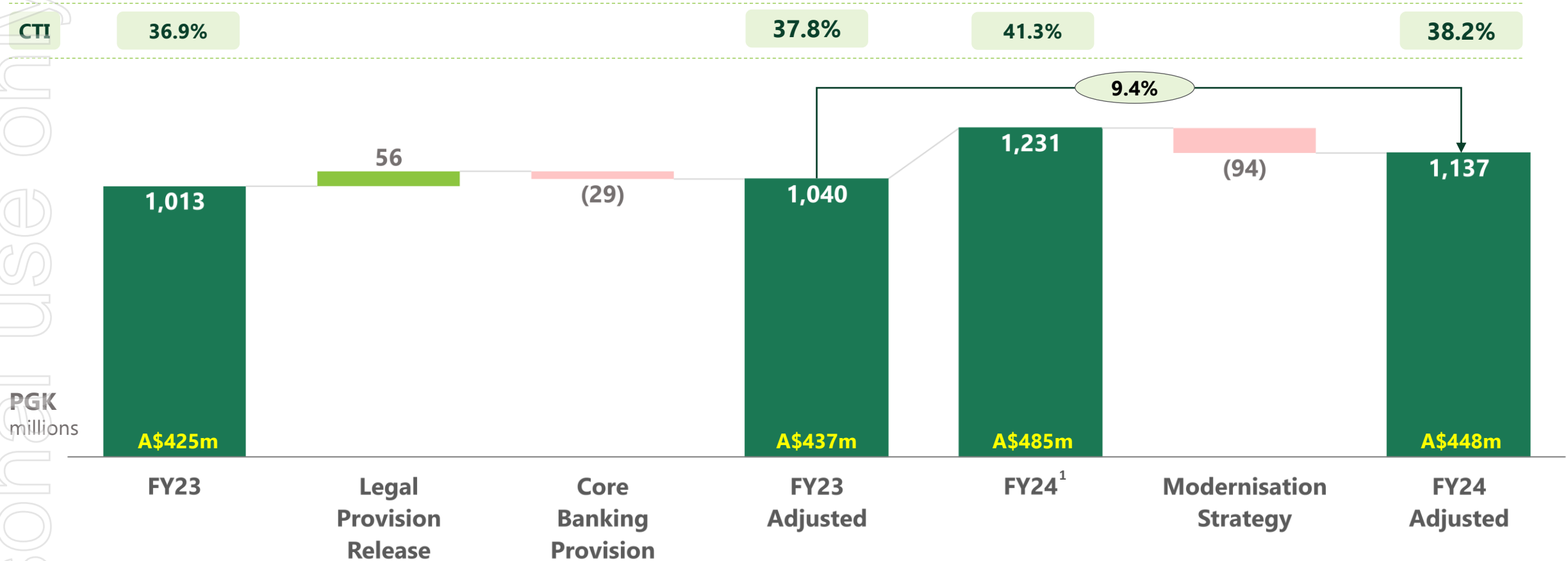


NET INTEREST MARGIN TRENDS



Operating expenses

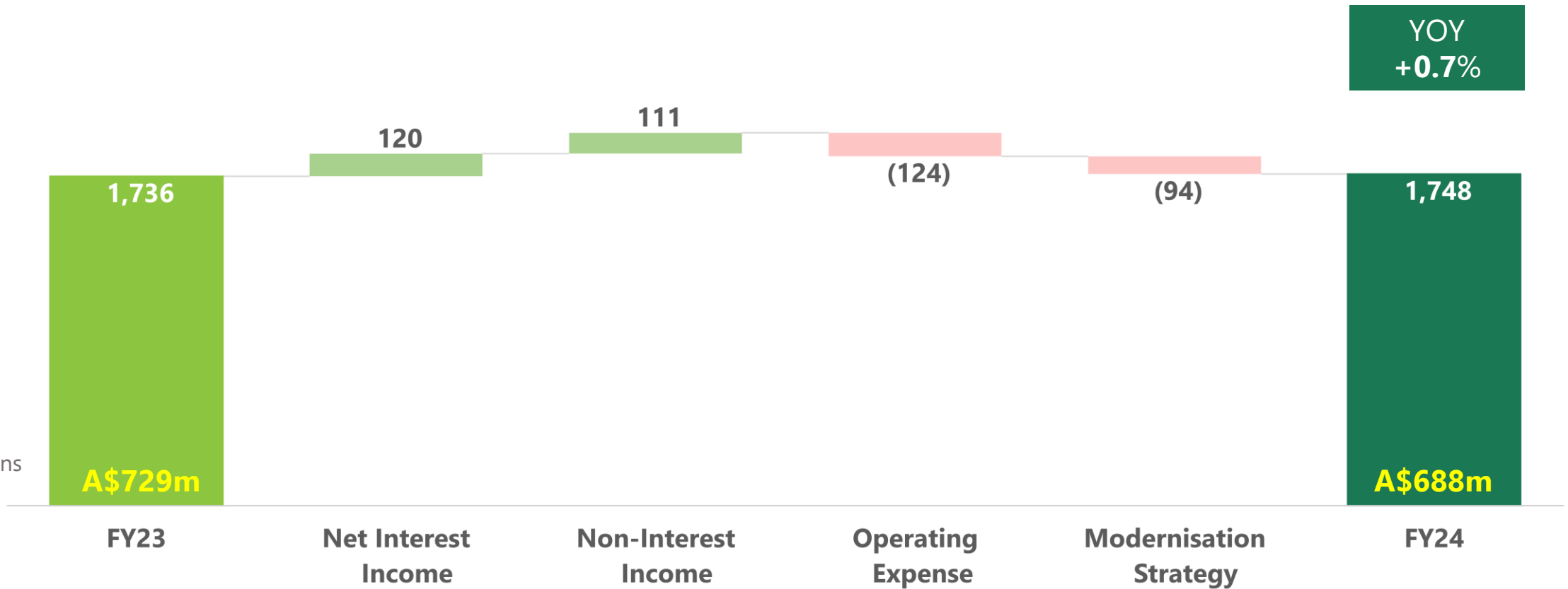
CTI ratio remains competitive, while accommodating modernisation expenditure.



¹Varies from Form 4E value K1,267m, given the exclusion of JV impairment of K36m.

Operating profit¹

Revenue growth was higher than expense growth including modernisation expenditure.

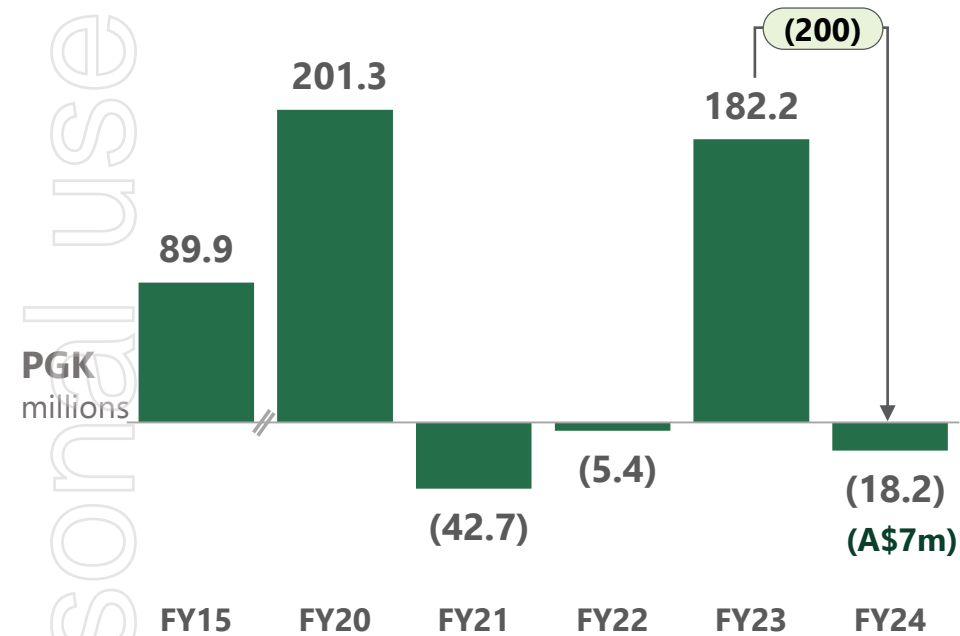


¹Excludes JV impairment and ACT recovery

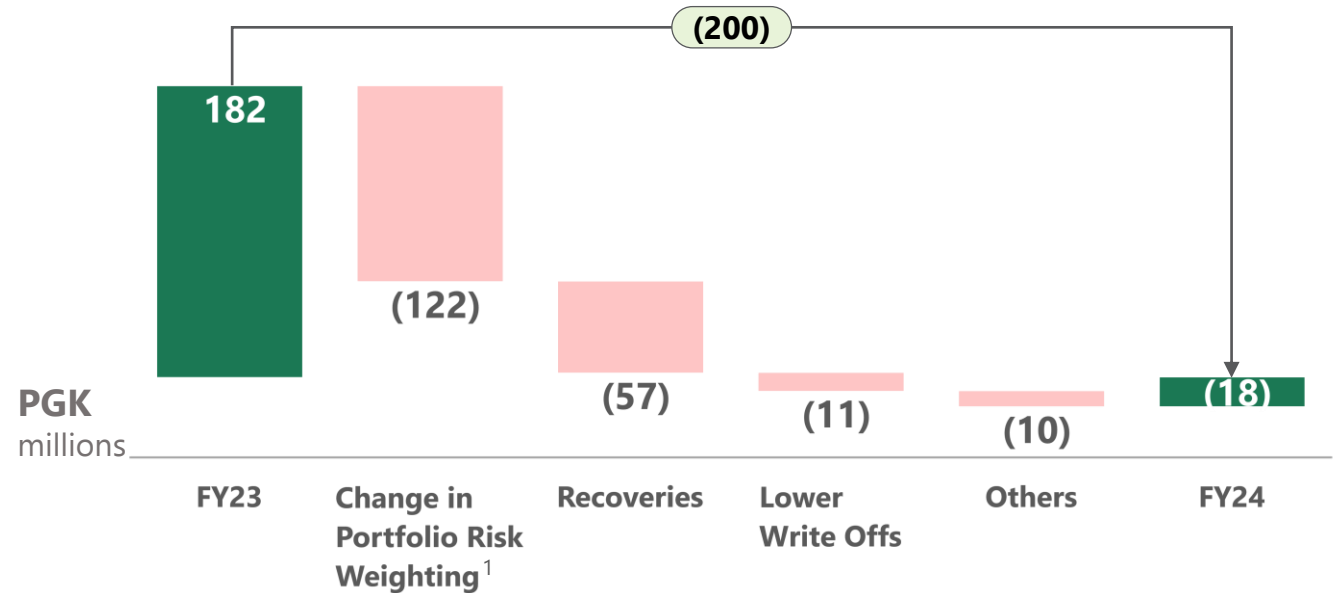
Credit quality

Bad and doubtful debt expenses reduced significantly, due to improved credit quality and prudent credit decisioning.

BAD & DOUBTFUL DEBT



2024 BAD & DOUBTFUL DEBT DRIVERS



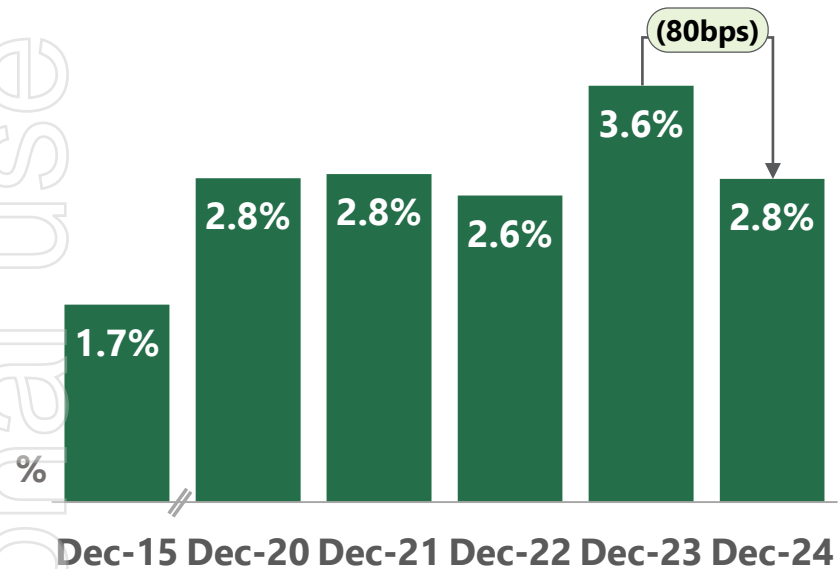
¹ Due to improved credit environment

Credit quality (cont.)

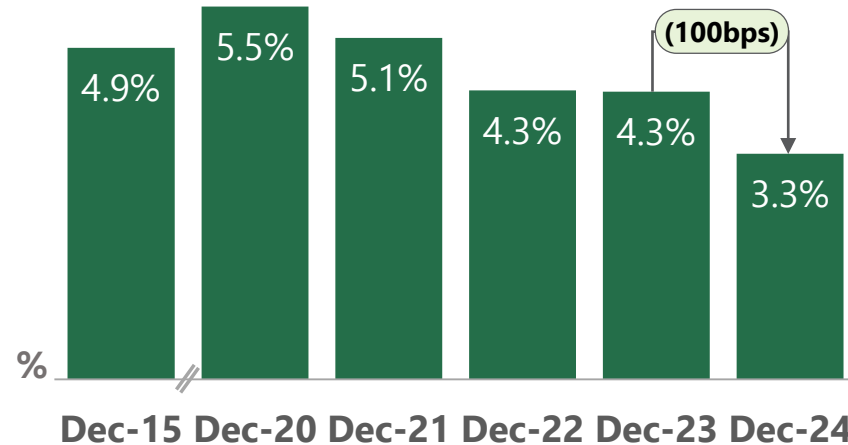
Improving delinquency rates and required provisions.

DELINQUENCY RATES

90+ days, as a percentage of total loans



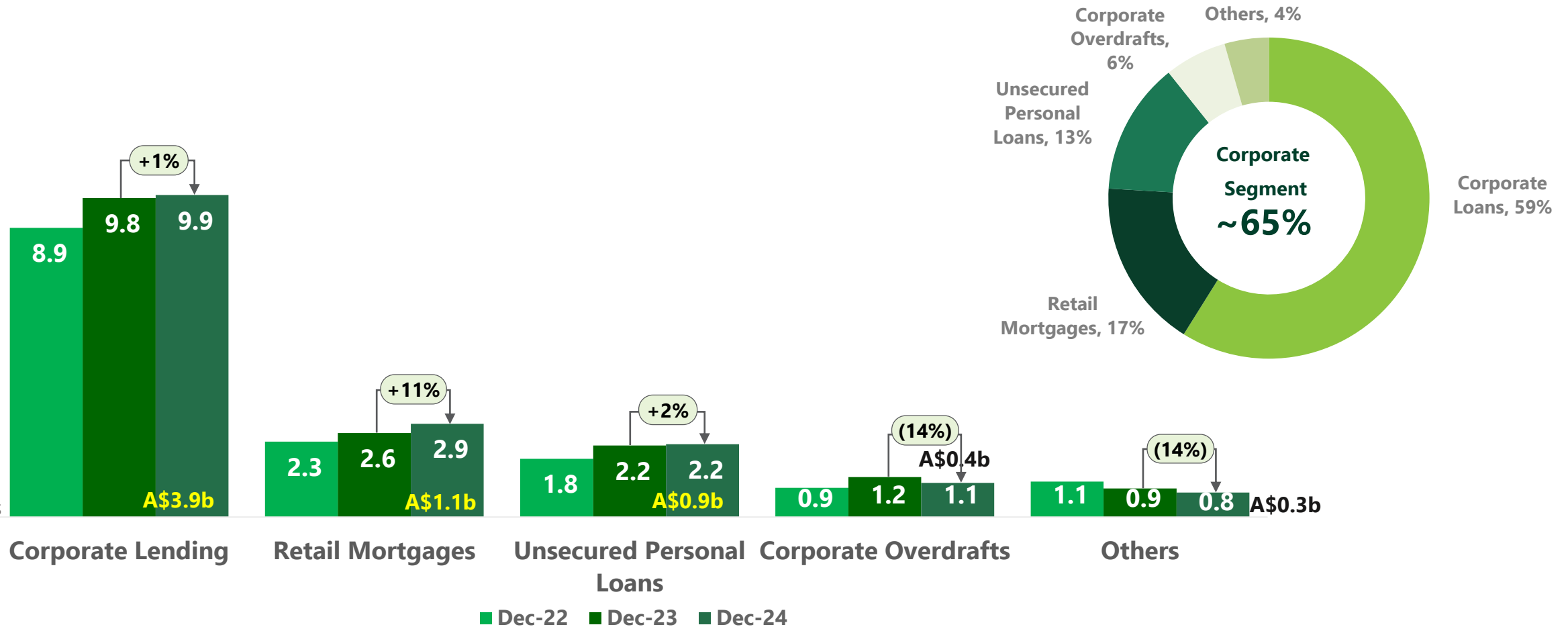
PROVISIONS TO LOANS



Loan book composition

The corporate segment remains our largest borrower, during a period of subdued demand.

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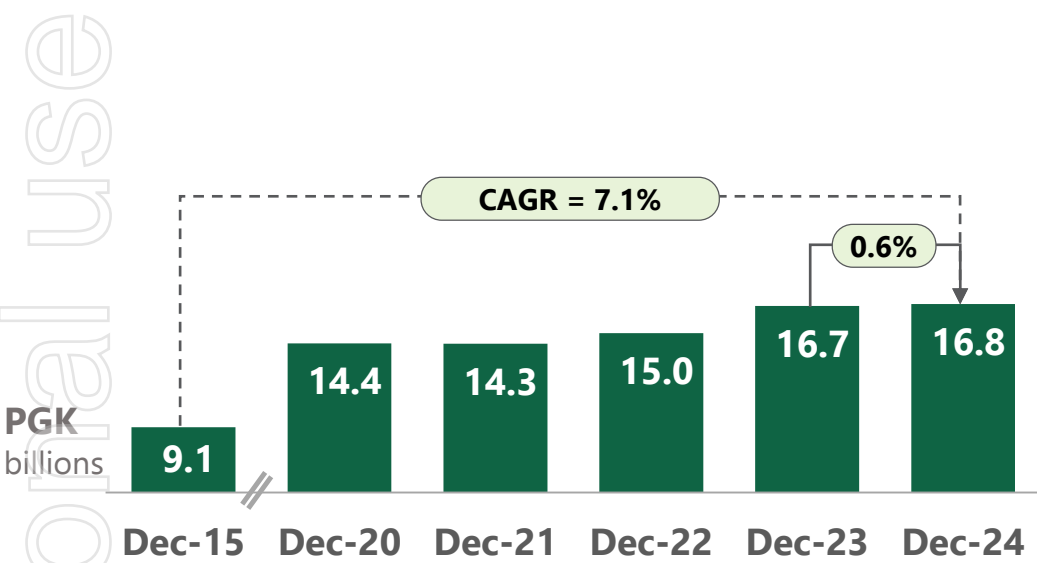


Balance sheet

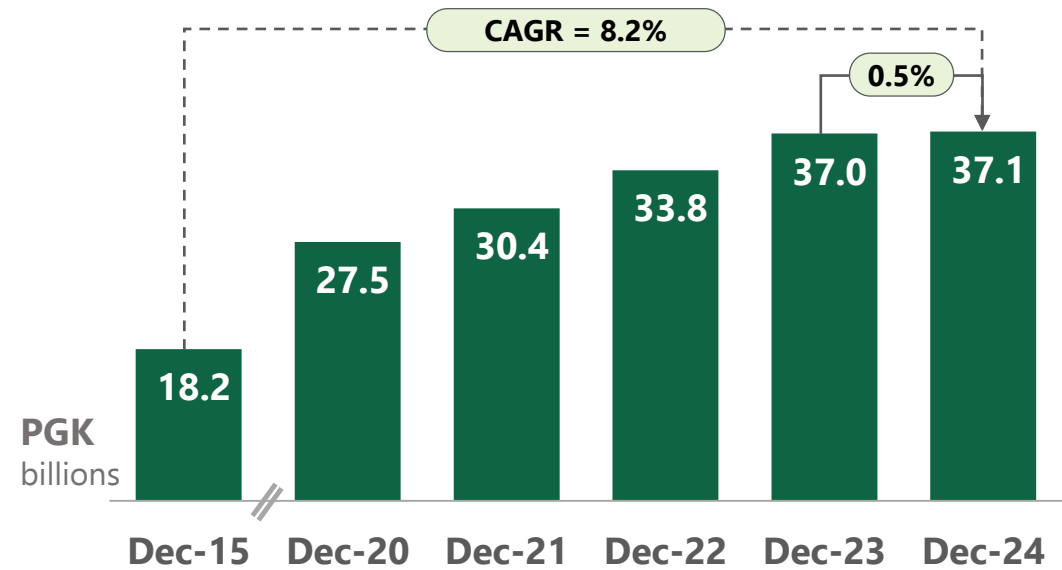


Strong growth in our loans and total assets over the last 10 years.

GROSS LOANS



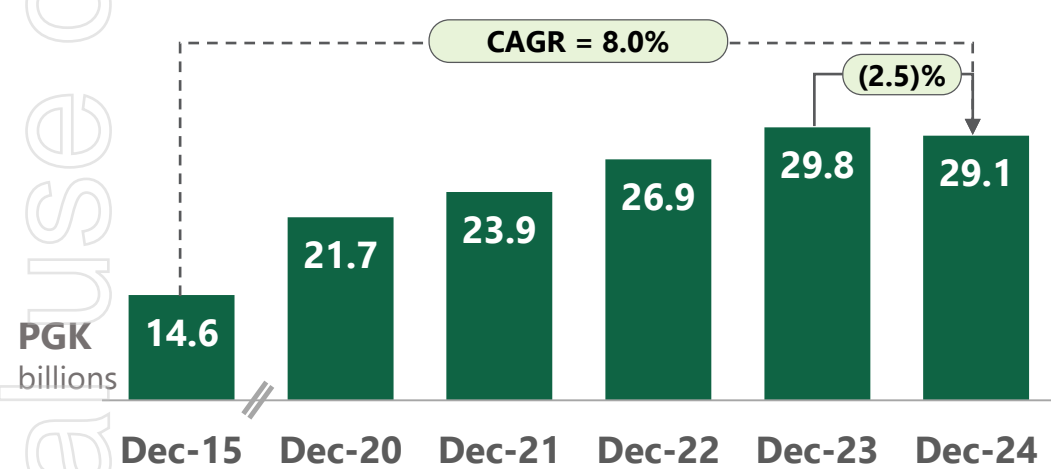
TOTAL ASSETS



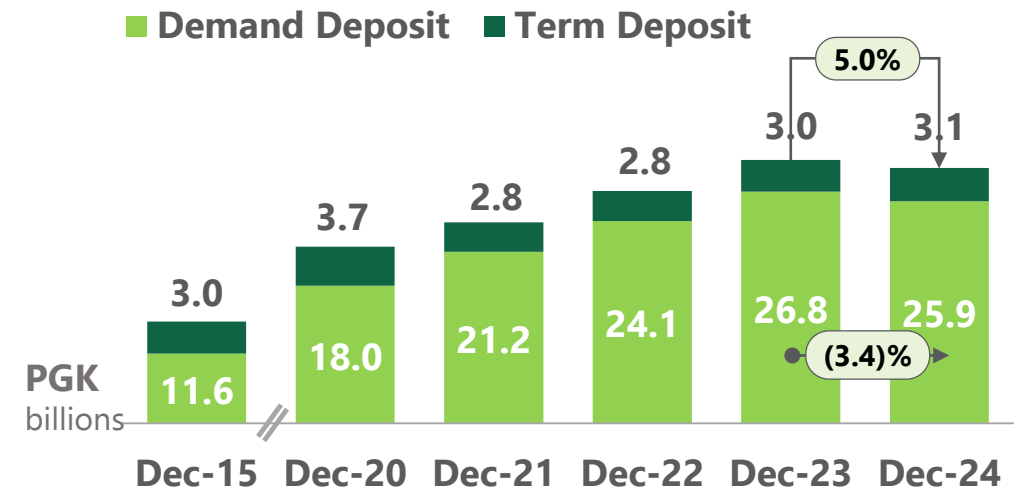
Deposits

Strong growth in deposits over the last 10 years. The small decline in 2024 was partly due to the timing of various government deposits and some corporates year-end actions.

DEPOSITS



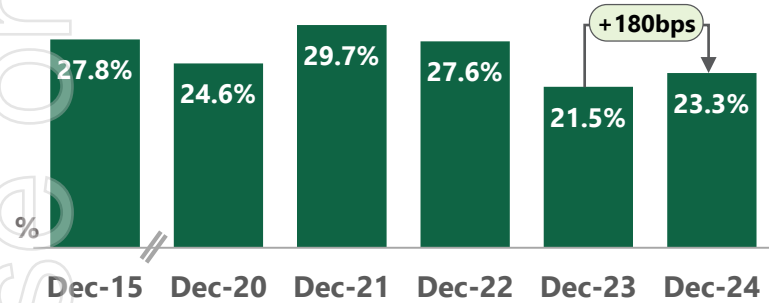
DEPOSIT MIX



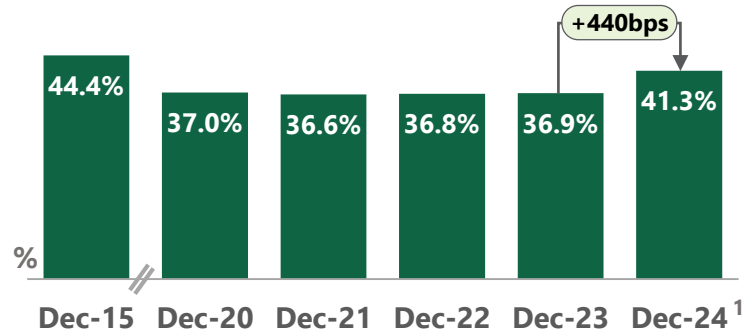
Key ratios

Robust core business fundamentals.

RETURN ON EQUITY

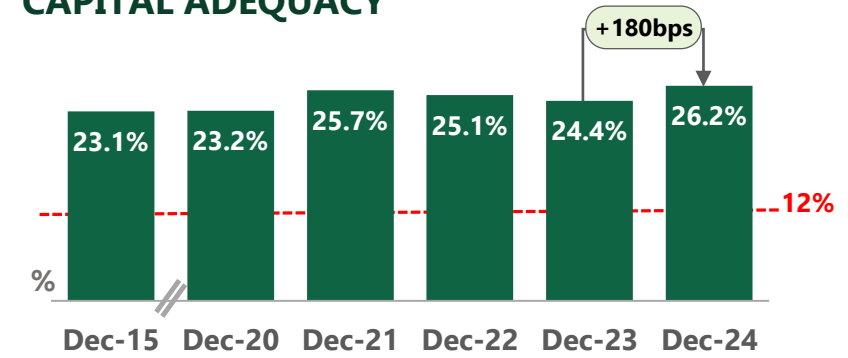


COST TO INCOME

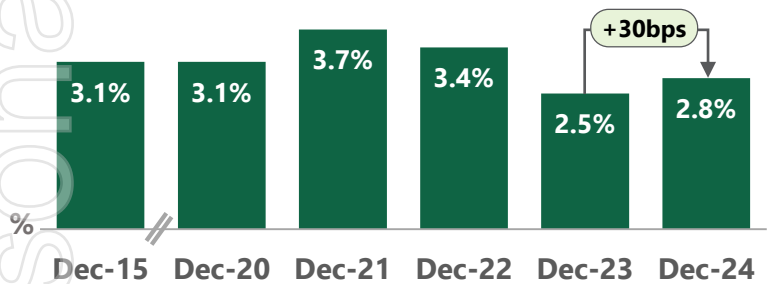


¹42.5%, inclusive of JV impairment

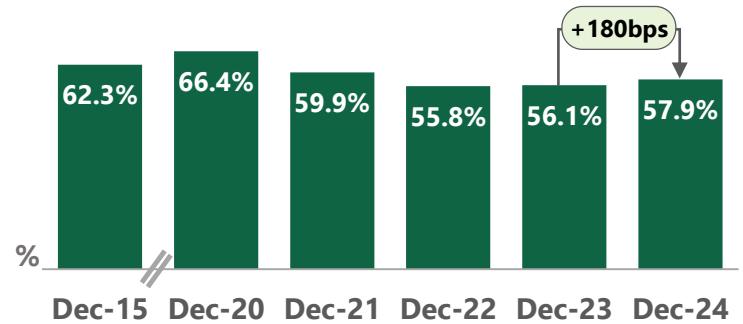
CAPITAL ADEQUACY



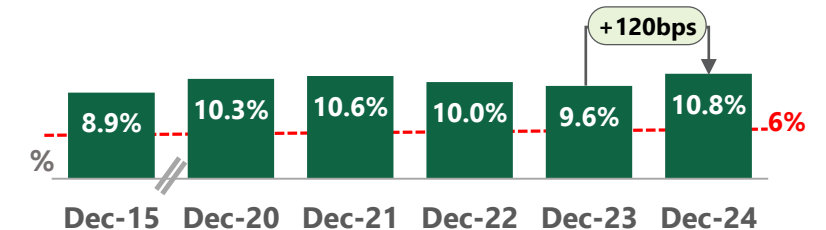
RETURN ON ASSETS



LOANS TO DEPOSITS



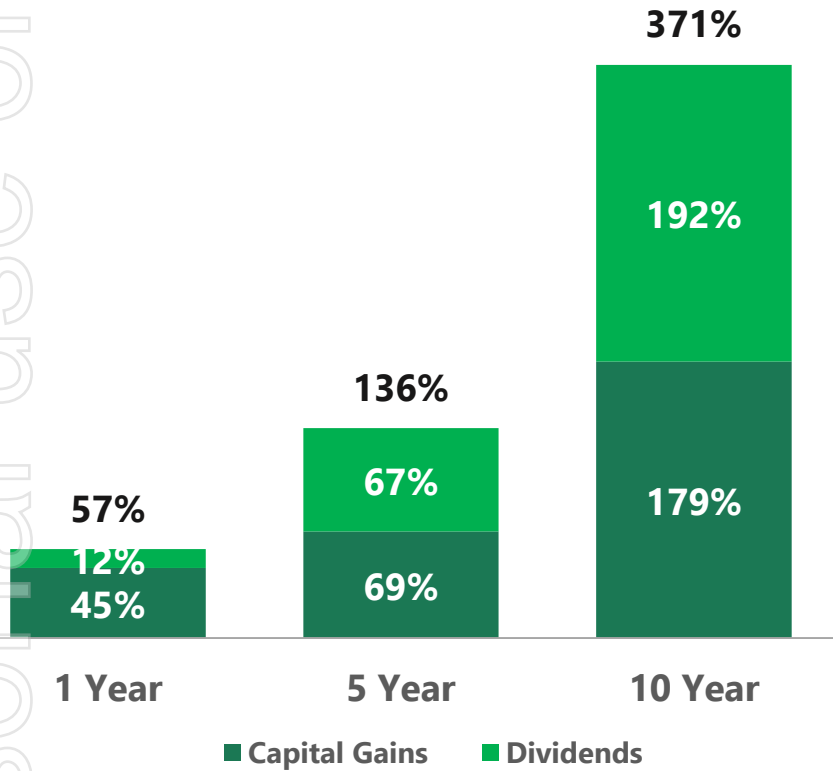
LEVERAGE RATIO



Shareholder returns

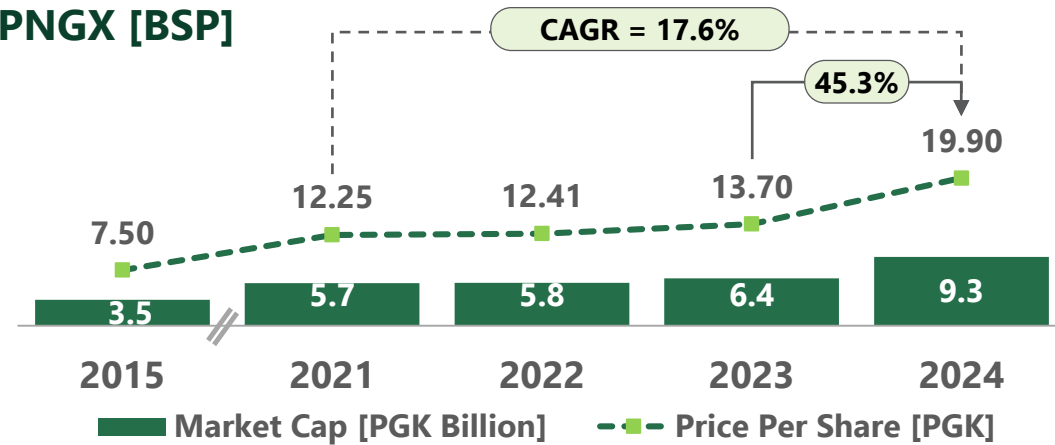
Attractive capital gains and dividend performance.

TOTAL SHAREHOLDER RETURN [TSR¹]

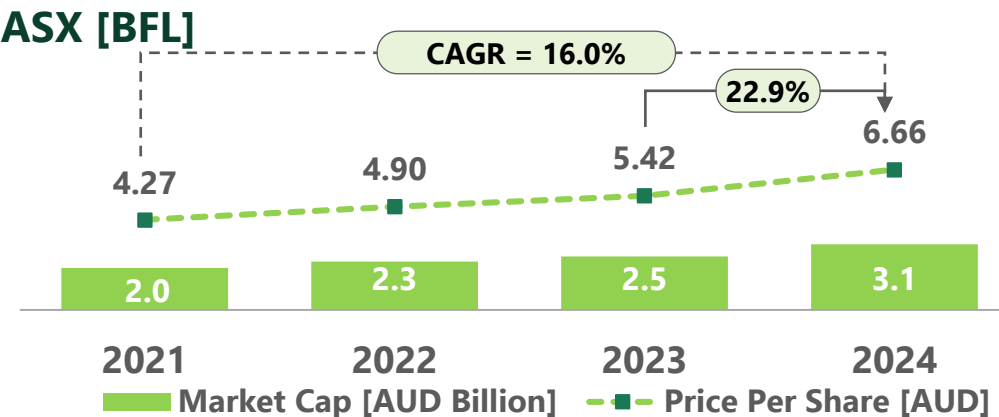


¹ TSR = capital gains [PNGX share price movement] plus dividend paid, divided by closing 31-Dec share price

PNGX [BSP]



ASX [BFL]



Summary

Mark T. Robinson, Group Chief Executive Officer



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Positioned Well for the Future

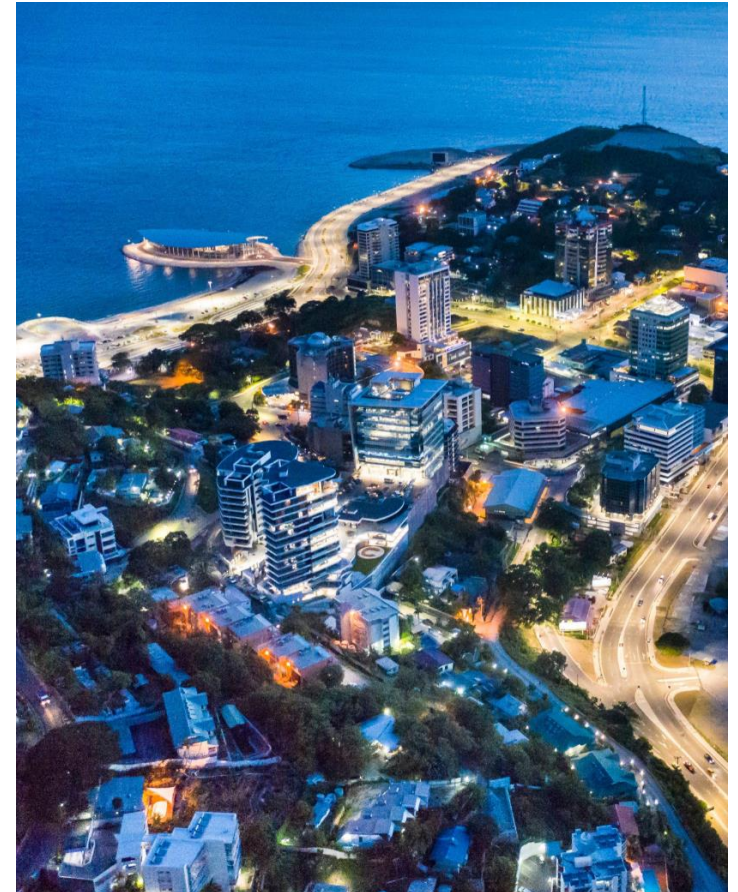
Our strong performance in FY24 continues to lay a solid foundation for BSP's future growth and success. Our conservative strategy for managing capital means we are well-placed to navigate the current environment and realise future growth opportunities.

Across the Pacific region there are a number of considerations that may influence our future performance, including:

- Market conditions such as economic growth, fluctuations in inflation and interest rates, global commodity prices, major volatility events, and the influence of geopolitical developments.
- Potential tax or regulatory changes.
- Increasing competition.

Nevertheless, BSP is well-placed to deliver superior performance, leveraging its:

- Robust and proven risk management framework and culture.
- Strong and conservative balance sheet ... capacity to modernise and grow the business.
- Modernisation Strategy that is progressing well.
- Market leadership position. BSP has the size and strength to cushion the impacts of the challenges we face. BSP has a strong history of profits and shareholder returns.



Summary

The international bank of the South Pacific.



Strong growth fundamentals ... with more customers choosing to bank with us and we remain the market leader in our region.



Our balance sheet is robust, and our business has strong momentum, as we invest for growth with an intense focus on our customers, automating and streamlining processes, and disciplined risk management.



We have declared a final dividend of K1.21 for FY24, which coupled with our dividend payment from earlier this year [K0.45], will bring our annual FY24 dividend to K1.66 and total dividends paid out to shareholders to K776 million.



Thank You

**Full Year
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