

29 April 2026

First Quarter Trading Update 2026

1Q2026 Financial Highlights¹

UNAUDITED NPAT	REVENUE	COST-TO-INCOME RATIO	CAPITAL ADEQUACY
K278m	K900m	45.0%	23.9%
↑ 14.6%	↑ 18.5%	↑ 140bps	↓ 50bps

Group Results Commentary

BSP has made a strong start to the 2026 financial year, with continued momentum across our business.

Unaudited net profit after tax of K278 million was up 14.6% on 1Q25, reflecting continued operational discipline and the strength of our diversified earnings base. Our capital position remains strong, with a capital adequacy ratio of 23.9%, well above regulatory requirements.

We continue to make good progress executing our Modernising for Growth program. As anticipated, these investments have contributed to higher operating expenses during the quarter. We are approaching peak expenditure for the program during 2026 and 2027 after which we expect our cost-to-income ratio to normalise within our 42%–45% target range.

Papua New Guinea was placed on the Financial Action Task Force's grey list in February 2026. To date, we have not observed any material impacts on our customers or operations, and do not currently expect significant disruption. BSP maintains robust compliance, KYC and AML frameworks and is committed to supporting national efforts to exit the grey list.

The global environment has become more uncertain, with ongoing conflict in the Middle East contributing to higher oil prices and potential supply chain disruptions. This raises the risk of elevated inflation and softer economic growth globally and across our region.

In this context, we continue to take a prudent and disciplined approach to risk management. Asset quality remains sound, and portfolio performance is in line with expectations. We are actively monitoring emerging risks across our lending book and assessing whether any additional provisioning may be required. As at 31 March, no changes to provisioning assumptions have been applied.

BSP is committed to supporting the communities in which we operate. Through our continued investment in financial inclusion, improved access to banking services, and community programs, we play an important role in driving economic participation and development across the South Pacific.

Mark T. Robinson
Group Chief Executive Officer

¹ 1Q26 financial performance is compared with 1Q25, unless stated otherwise. Sums may vary from 3Q25 Trading Update due to differentiated approach to rounding.



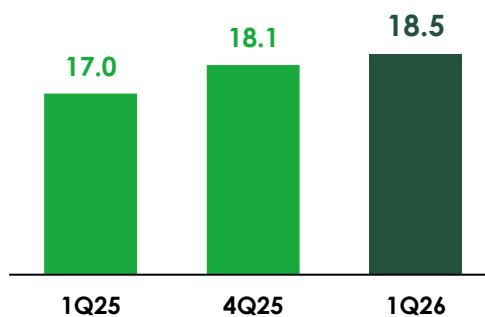
Performance Overview

- **NPAT.** Unaudited statutory NPAT was K278 million, up 14.6%.
- **Revenue.** Total operating income rose 18.5% on pcp, due to 15.9% growth in net interest income, 31.4% growth in FX income, and a 16.6% increase in fee income. Gross loans increased by K1.5 billion on pcp reflecting 9.7% growth, while total deposits grew 17.9% over the same period.
- **Expenses.** Total operating expenses increased 22.3% as BSP continues investing in modernising the business to better serve our customers. The cost-to-income (CTI) ratio rose from 43.6% in 1Q25 to 45.0% in 1Q26. The Group expects CTI to remain within the target range of 42-45% over the medium term.

Group Deposit Composition
[K'billion]



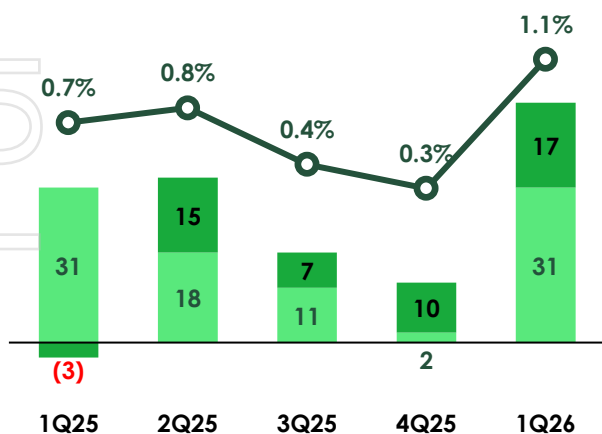
Group Loans
[K'billion]



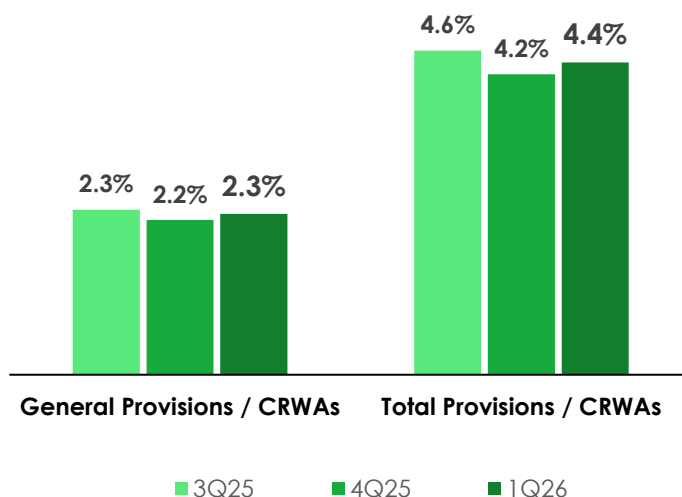
Provisions and credit quality

- **Credit Quality.** Credit impairment expenses increased by 61.0%, predominantly due to a small number of business customer-specific provisions across the region during the quarter. Credit provisioning to lending balances remain in line with expectations.

Lending Impairment Charges
[K'million]



Provision Coverage



■ General Provisions

■ Specific Provisions

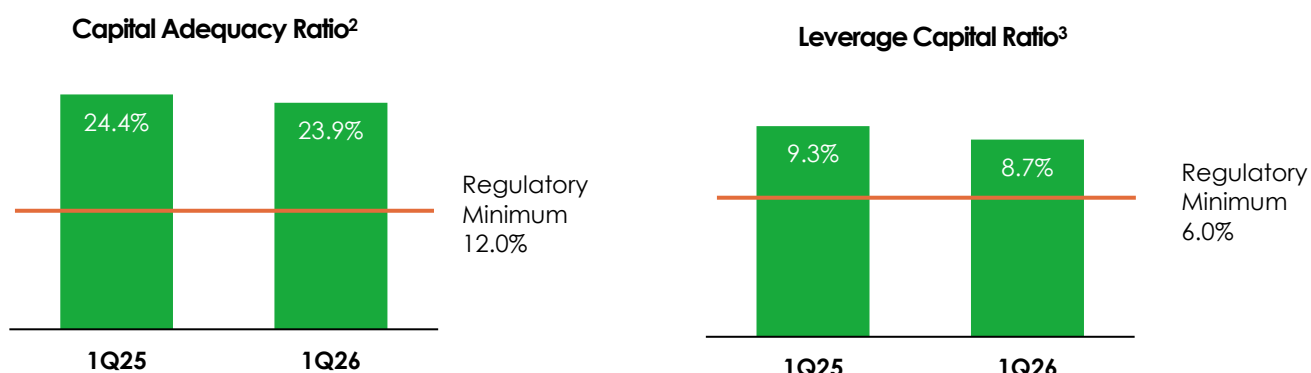
● Provision movement (annualised) as % of total loans



Capital, Funding & Liquidity²

- **Capital Adequacy Ratio (CAR)** stood at 23.9% at the end of 1Q26, representing a decrease of 50 basis points compared to 1Q25.
- **Leverage Capital Ratio (LCR)** was 8.7% in 1Q26, down 60 basis points on pcp.

As in previous periods, our CAR and LCR remain comfortably above the minimum regulatory thresholds, demonstrating the Group's continuing financial strength as we invest in our strategic initiatives.



Summary Financials

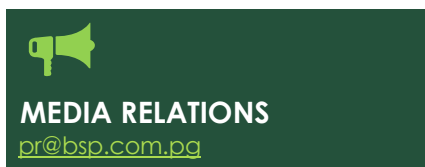
PGK (billions)	1Q25	1Q26	Movement 1Q26 vs 1Q25
Revenue	760	900	▲ 18.5%
Net Interest Income	497	576	▲ 15.9%
FX Income	147	193	▲ 31.4%
Fee Income	100	117	▲ 16.6%
Insurance/Other Income	16	14	▼ 10.1%
Operating expenses	(331)	(405)	▲ 22.3%
Operating profit	429	495	▲ 15.5%
Credit impairment (charges)/release	(32)	(52)	▲ 61.0%
Earnings before tax	396	443	▲ 11.8%
Tax	(154)	(165)	▲ 7.4%
Statutory NPAT (unaudited)	243	278	▲ 14.6%

² Capital Adequacy Ratio, based on Bank of Papua New Guinea prudential standards.

³ Leverage Capital Ratio, based on Bank of Papua New Guinea prudential standards.



For Further Information



This announcement was authorised for release by BSP's Disclosure Committee.

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