

22 February 2024



Full Year Results 2023

Investor Presentation

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Overview

Mark T. Robinson, Group Chief Executive Officer



Building a better future



Caring for our customers and our communities

Improving customer experience

- Enhance customer segment value propositions
- Create seamless omni-channel experience
- Technology investment to enhance customer experience and improve operational capability [onboarding, decisioning, etc.]

Investing for the future

- Partnering with leading technology and advisory firms
- Approved investments of K345 million over three years to upgrade our operational and technology capabilities
- Established BSP Academy to grow talent

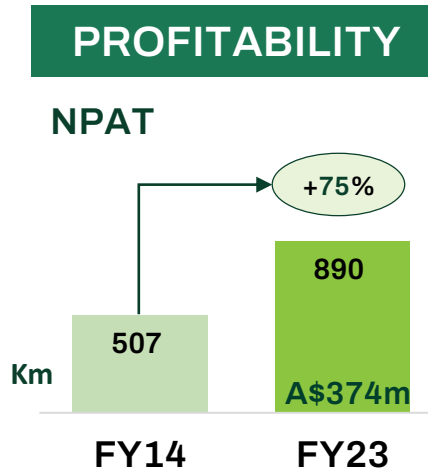
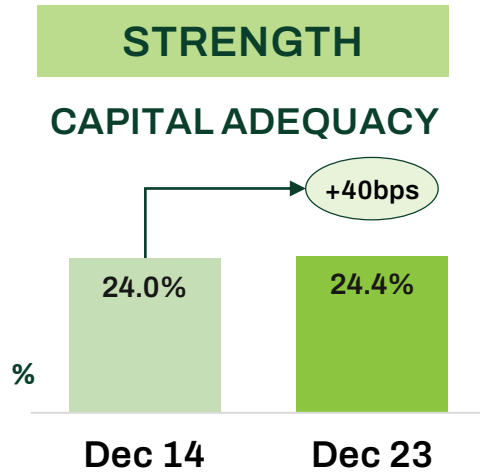
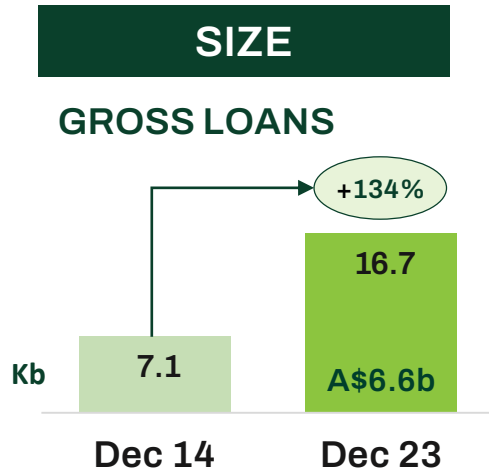
Strong and stable

- Strong balance sheet and disciplined risk management
- Paid dividends of K3.5 billion (A\$1.4b) in the last 5 years
- Tax payments of K3.1 billion (A\$1.2b) in the last five years
- Largest financial institution in the South Pacific

BSP's evolution

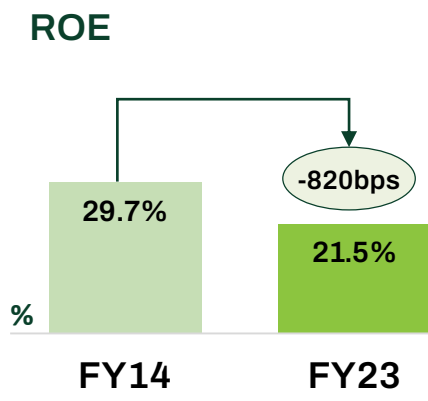
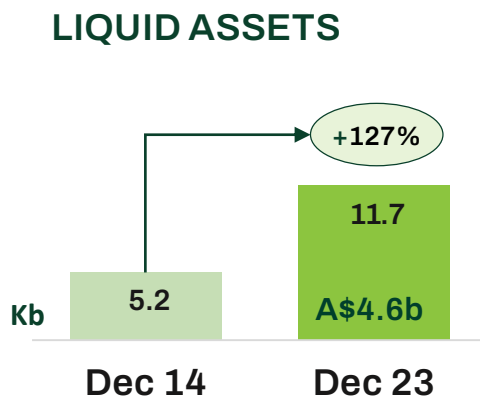
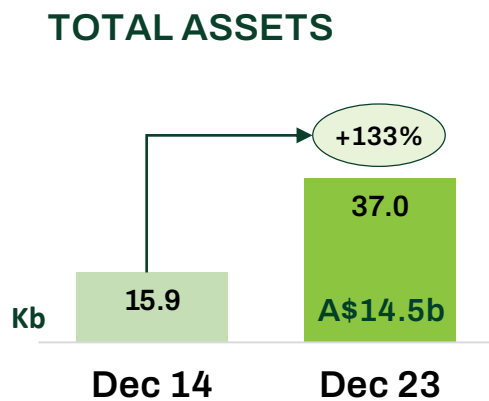
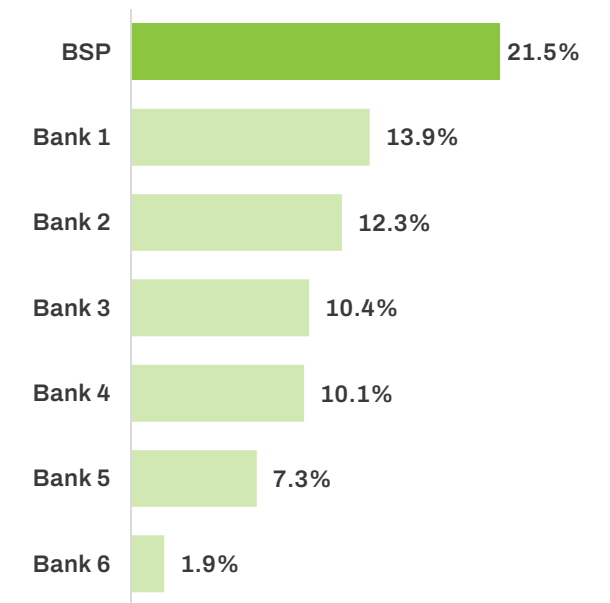


Larger, stronger and more profitable



COMPARABLES

ROE VS ASX LISTED BANKS



Results summary



Group fundamentals remain strong

PGK [millions]	FY22 ¹	FY23	Change
Revenue	2,603	2,822	8%
- Net interest income	1,745	1,845	6%
- FX income	362	458	26%
- Fee income	419	428	2%
- Insurance/other income	77	91	18%
Operating expenses	989	1,087	10%
Operating profit	1,613	1,736	8%
Impairment expense ²	-5	182	large
Profit before tax	1,619	1,553	-4%
Tax	534	663	24%
NPAT	1,085	890	-18%

¹ Comparatives for prior periods have been restated to reflect the modified retrospective transition to the new accounting standard IFRS 17 (Insurance contracts), which came into effect on 1 January 2023.

² 2022 negative impairment expense driven by COVID-19 provision releases.

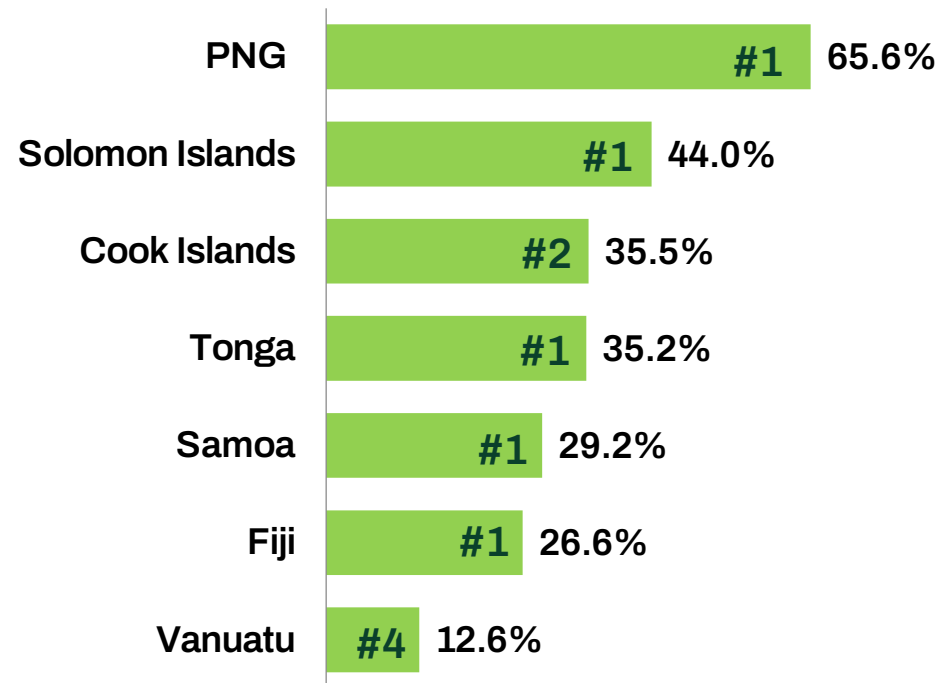
AUD ³ [millions]	FY22	FY23	Change
Revenue	1,065	1,185	11%
- Net interest income	714	774	8%
- FX income	148	192	30%
- Fee income	171	179	5%
- Insurance/other income	32	40	25%
Operating expenses	405	456	13%
Operating profit	660	729	10%
Impairment expense	-2	76	large
Profit before tax	662	653	-1%
Tax	218	279	28%
NPAT	444	374	-16%

³ Average annual exchange rate of 0.4092AUD=1PGK for FY22, and 0.4198AUD=1PGK for FY23

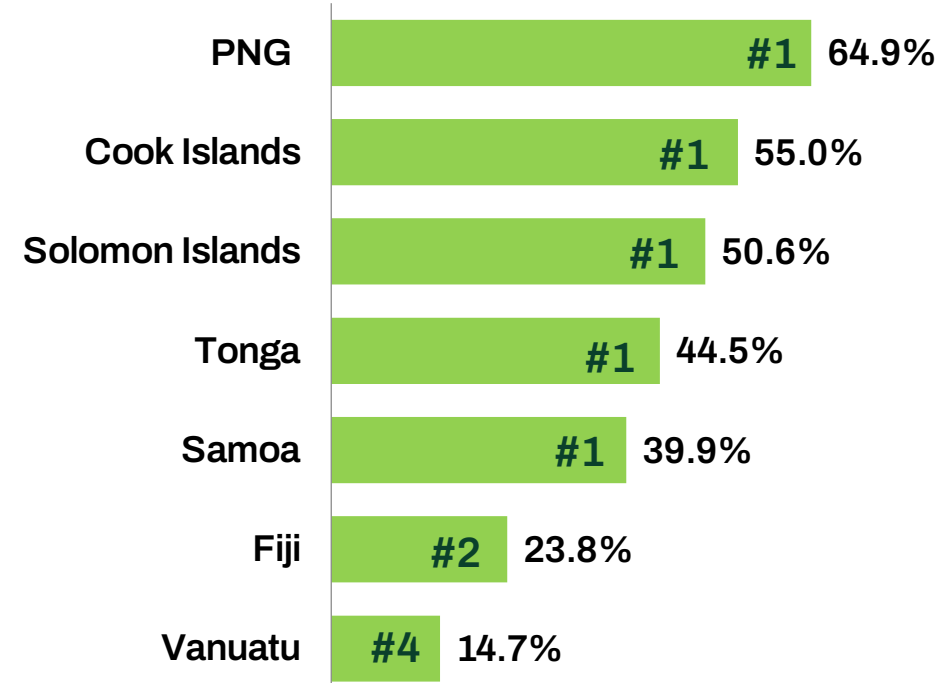
South Pacific market leader



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.

Operating highlights

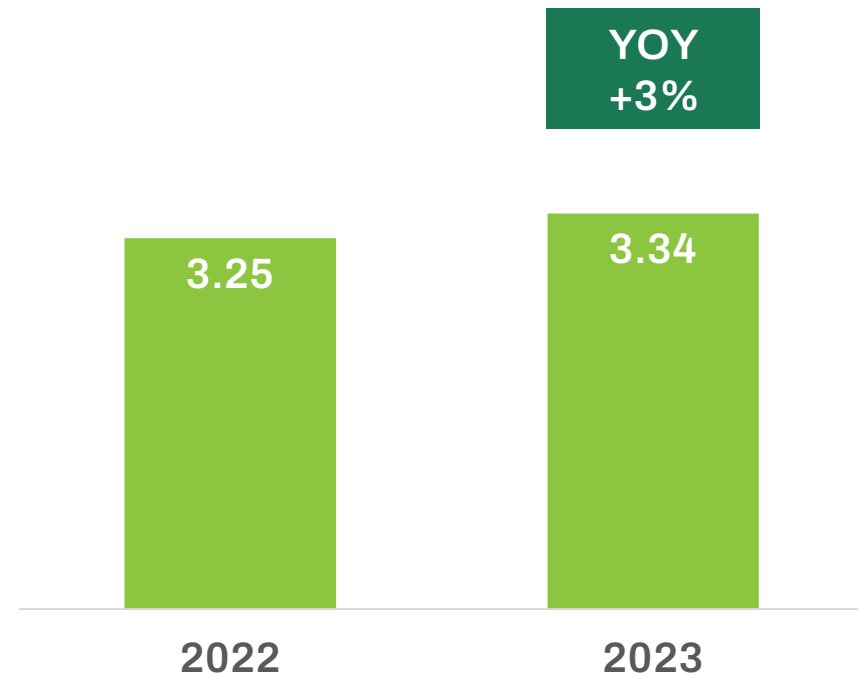
Customer and payments growth highlights leadership in digital transactions

AVERAGE MONTHLY TRANSACTIONS [YOY]

	16.0m Digital	▲ 20%
	4.9m EFTPOS terminals	▲ 13%
	4.7m ATM	▼ 3%
	1.2m Branch ¹ & agency	▼ 17%

¹ Excludes rural branch transactions

ACCOUNTS [millions]



Our market

BSP is the largest financial institution in the South Pacific, a changing market with favourable tailwinds

BSP Position

South Pacific Leader



Largest financial institution

- Leading role in PNG and South Pacific economies
- Facilitating business and commerce
- Enabler of prosperity, financial inclusion

Foundation for growth



Set for next phase of growth

- Focused on delivering exceptional customer experience
- Significant investments in risk and compliance
- Realising benefits of new Core banking system

External environment

Changing market conditions



BSP well placed

- Modernising for growth, providing greater customer value as competition emerges
- Responsive to rising prudential standards, supported by investment in compliance and risk capabilities

Favourable trends



Growth opportunities

- Megaprojects and foreign investment stimulating Pacific economies
- Technology propositions to bank individuals and SMEs
- Wealth building in urban centres

Building a world class bank

Strategic priorities that will deliver long term growth

Our customers



Corporate banking



Retail banking



Business banking

- Deepen customer relationships, with seamless banking experiences, leverage the largest customer base in the South Pacific, deliver more and improved services to customers, more often
- Modernising the business for growth, through a disciplined increase in technology investment and partnering
 - Data strategy to better understand customer needs and risk with a focus on customer insights to deliver distinctive value propositions
 - Increased investment in digital infrastructure to provide simpler, safer, more convenient and efficient services
 - Partnering with governments and others
- Highly engaged and capable team, with increased investment in talent development for the workforce of the future

FY23 Result Presentation

Ronesh Dayal, Group Chief Financial Officer



Statutory versus underlying NPAT

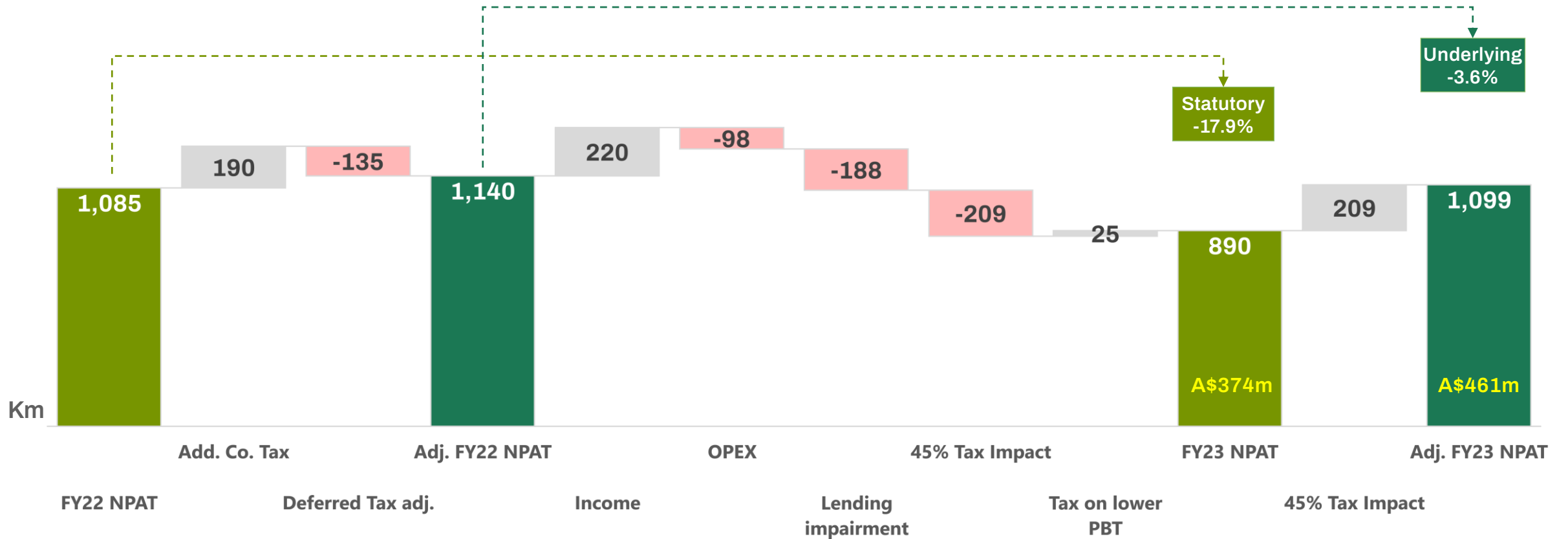
Underlying profit result remains strong, with increased tax rate impacting statutory profit

	FY22	FY23	Change	
Statutory NPAT [Km]	1,085	890	-18%	<ul style="list-style-type: none"> FY22 impact included one-off K190 million Additional Company Tax, partially offset by an increase in deferred tax assets due to increase in commercial banks tax rate from 30% to 45%, effective 1 Jan 23 FY23 impact of new commercial banks tax rate
Tax impact [Km] ¹	55	209	+280%	
Underlying profit [Km]	1,140	1,099	-4%	<ul style="list-style-type: none"> Normalised profit at historic 30% tax rate, for a like to like comparison
Earnings per share [K]	2.32	1.91	-18%	
Dividends per share [K]	1.74	1.43	-18%	

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. The terms of the settlement require K95 million will be refunded to BSP and the balance of K95 million will be paid to the Internal Revenue Commission as full and final settlement of the litigation concerning the imposition of the Additional Company Tax. The settlement is conditional upon consent of the Attorney General of Papua New Guinea, the superannuation funds who formally supported the judicial review by BSP and, once those are provided, final consent of the Supreme Court of Justice of Papua New Guinea. A period of approximately a month is contemplated to obtain these consents.

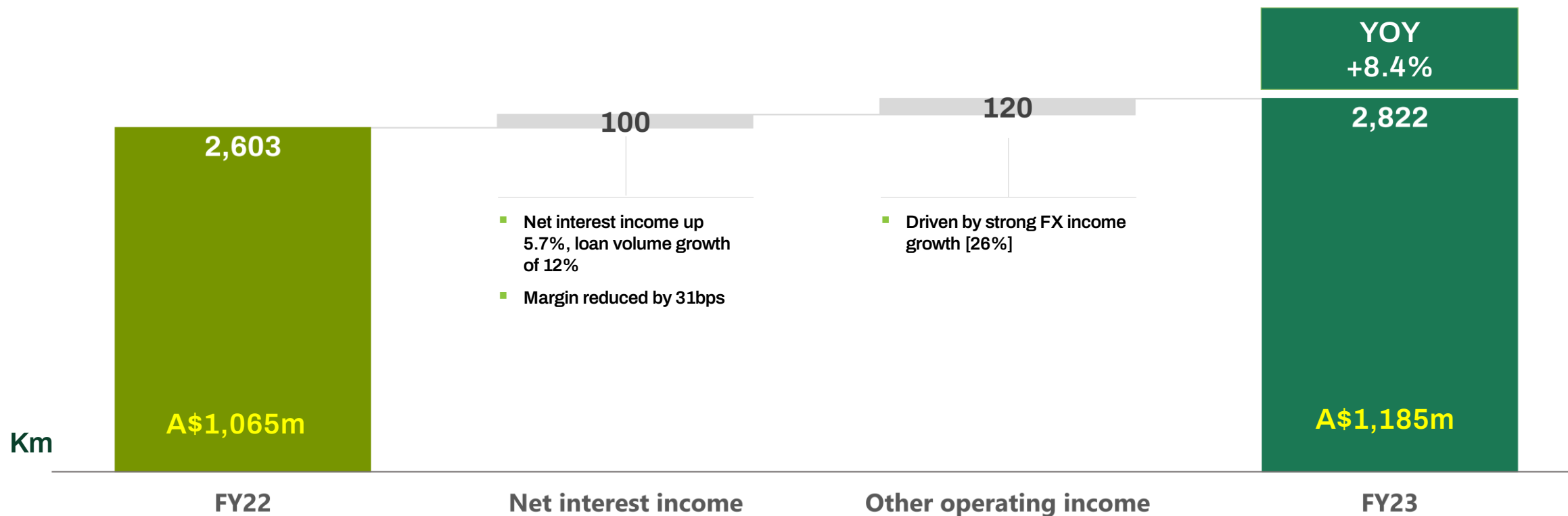
Underlying NPAT breakdown

Income growth from a well diversified portfolio helped absorb the impact of increased impairment expenses



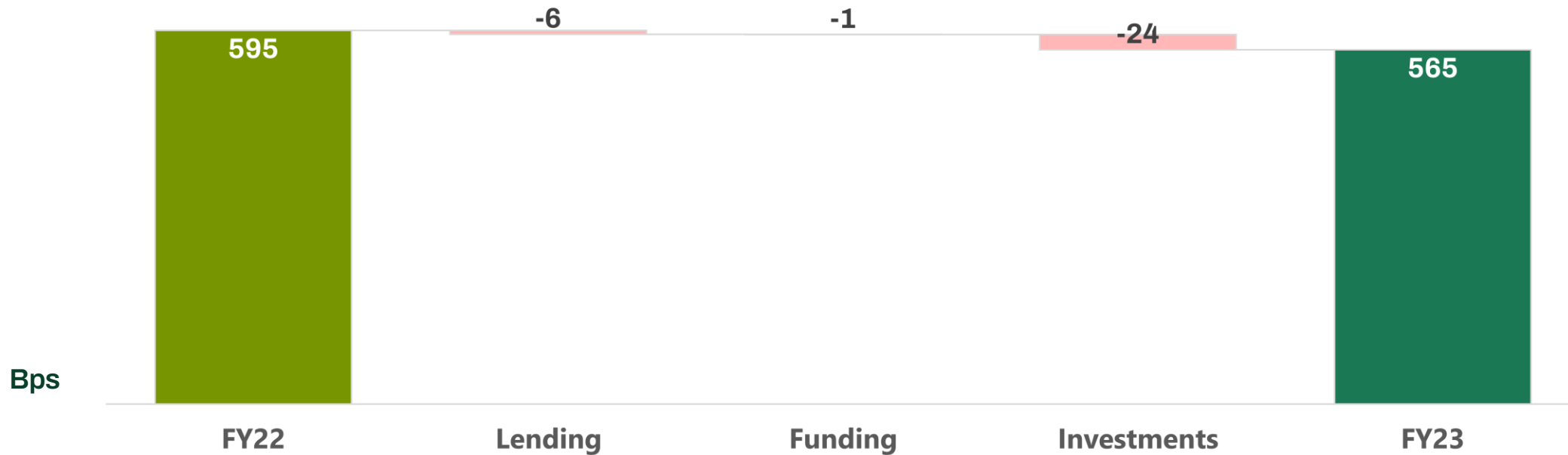
Total income

Margin compression offset by stronger lending and FX volumes



Net Interest margin [NIM]

Largely stable, other than reduced investment yields from government securities



Operating expenses

Stable cost to income ratio, with new investments

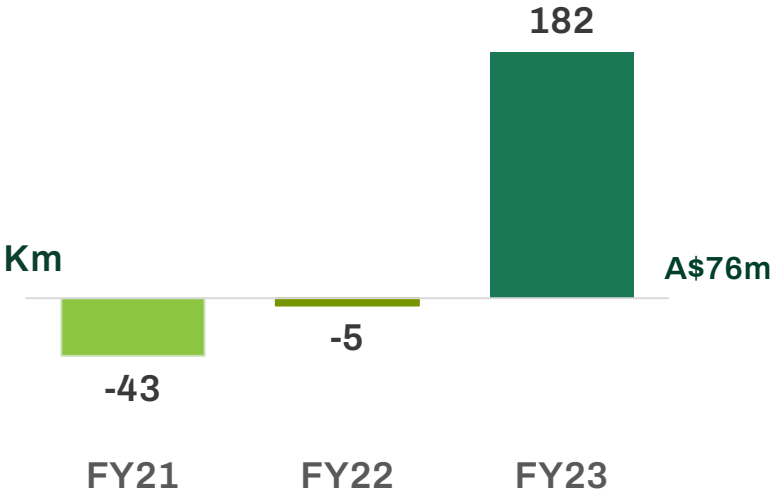


Credit quality

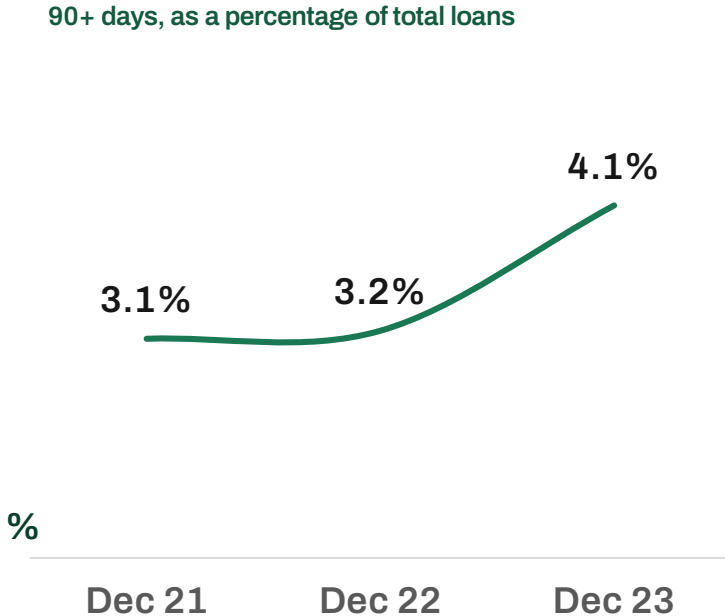


Impairment expenses higher, following reversal of COVID-19 provisions in the prior 2 years

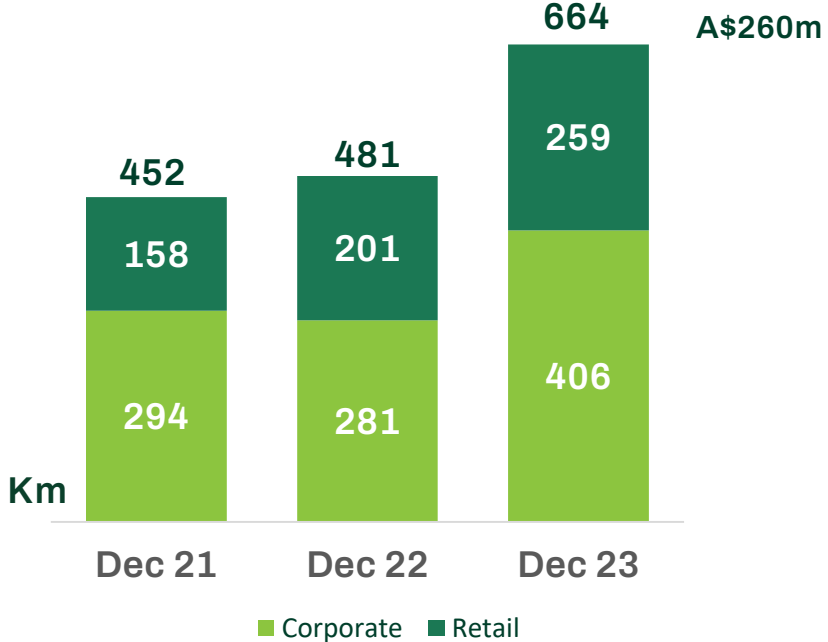
IMPAIRMENT EXPENSE



DELINQUENCY RATES



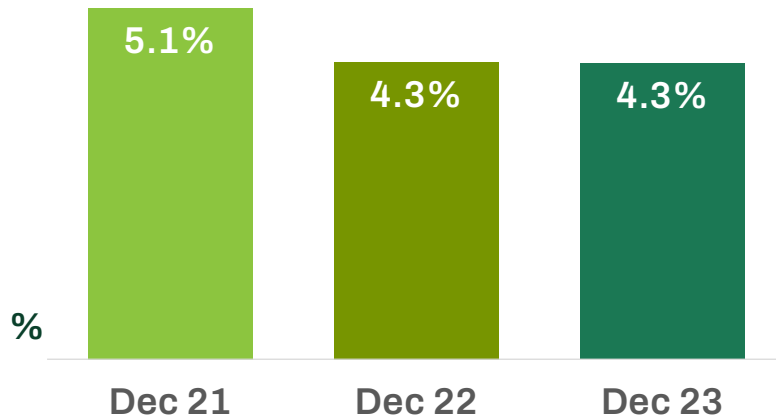
GROSS IMPAIRED ASSETS



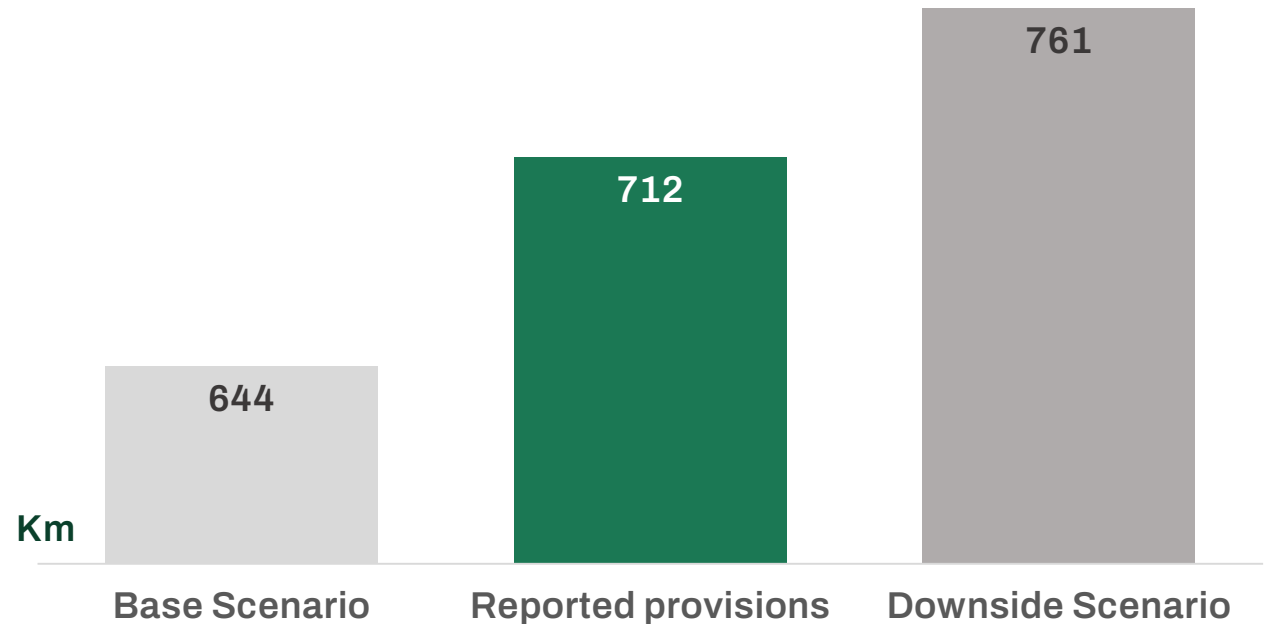
Provisions

Provisions to loans remain stable, despite increased delinquency

PROVISIONS TO LOANS



PROVISIONS AND SCENARIOS



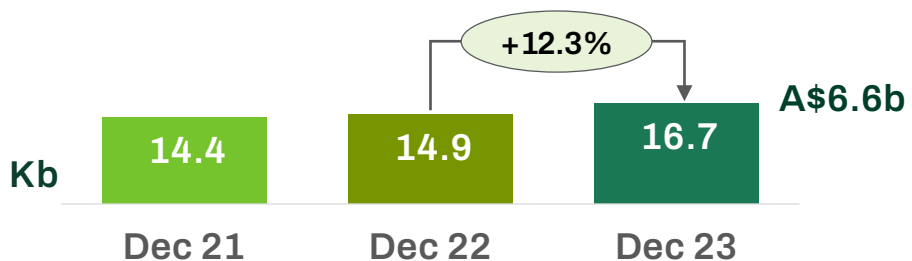
Note: Based on scenarios derived by changing the relative weighting of key economic variables

Balance sheet

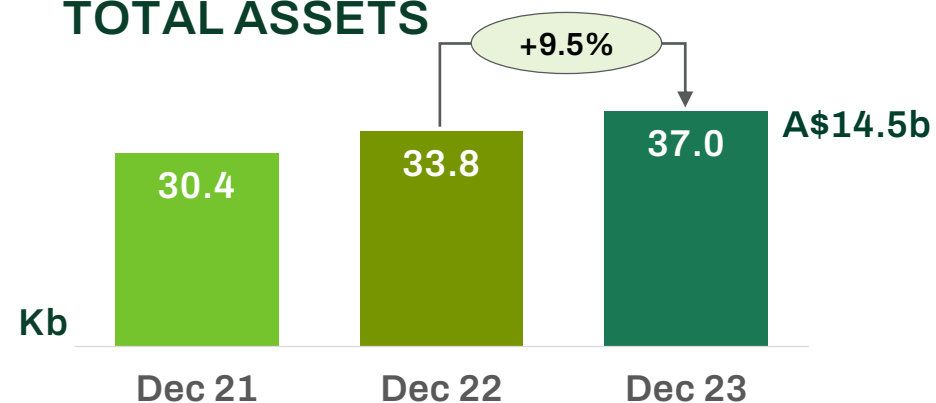


Strong deposit and loan growth

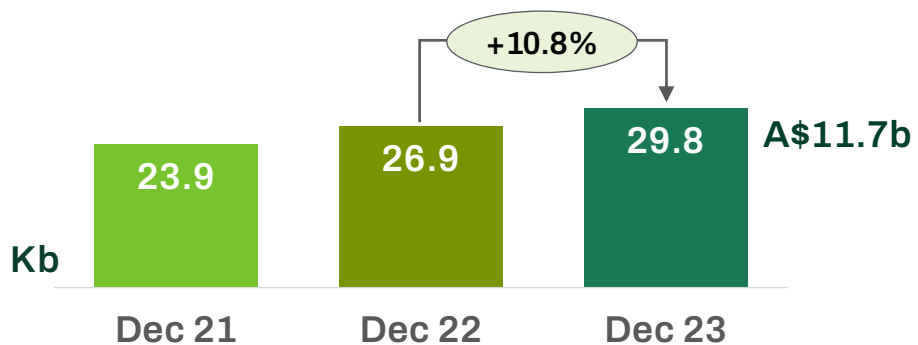
GROSS LOANS



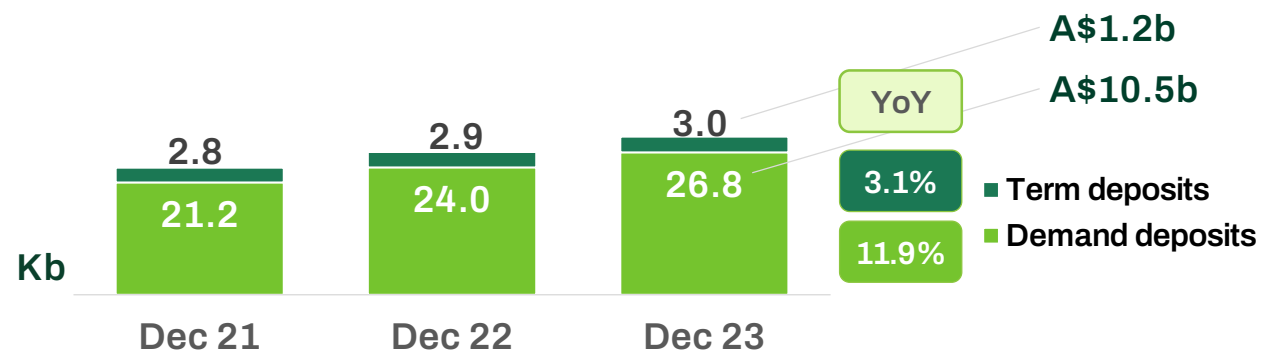
TOTAL ASSETS



DEPOSITS

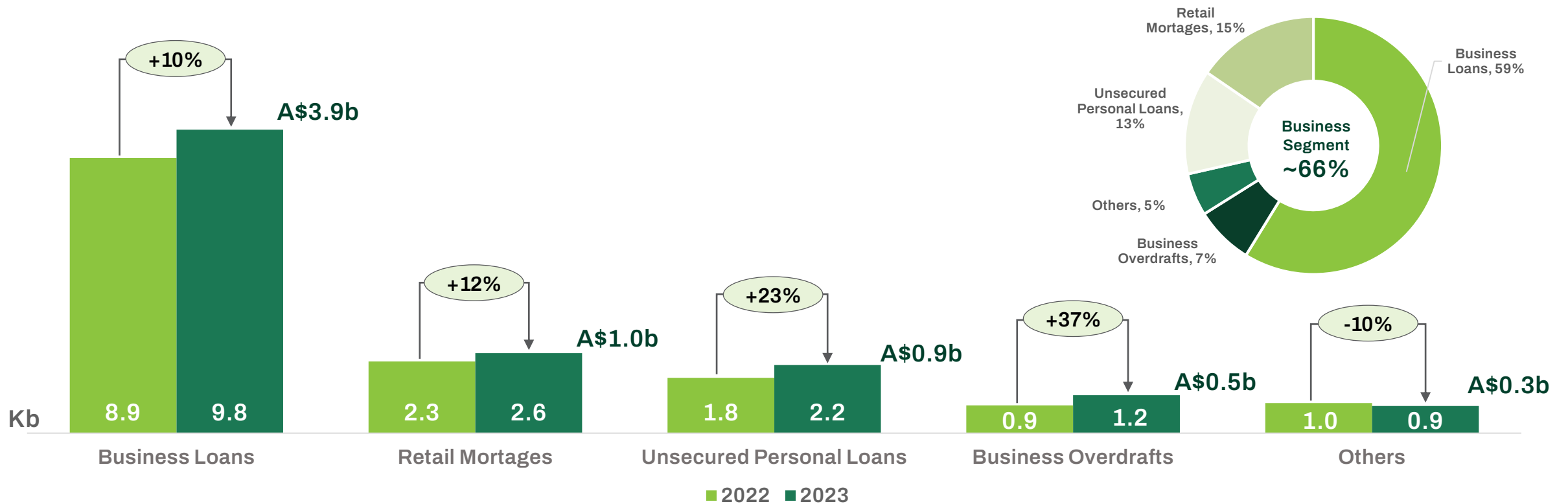


DEPOSIT MIX



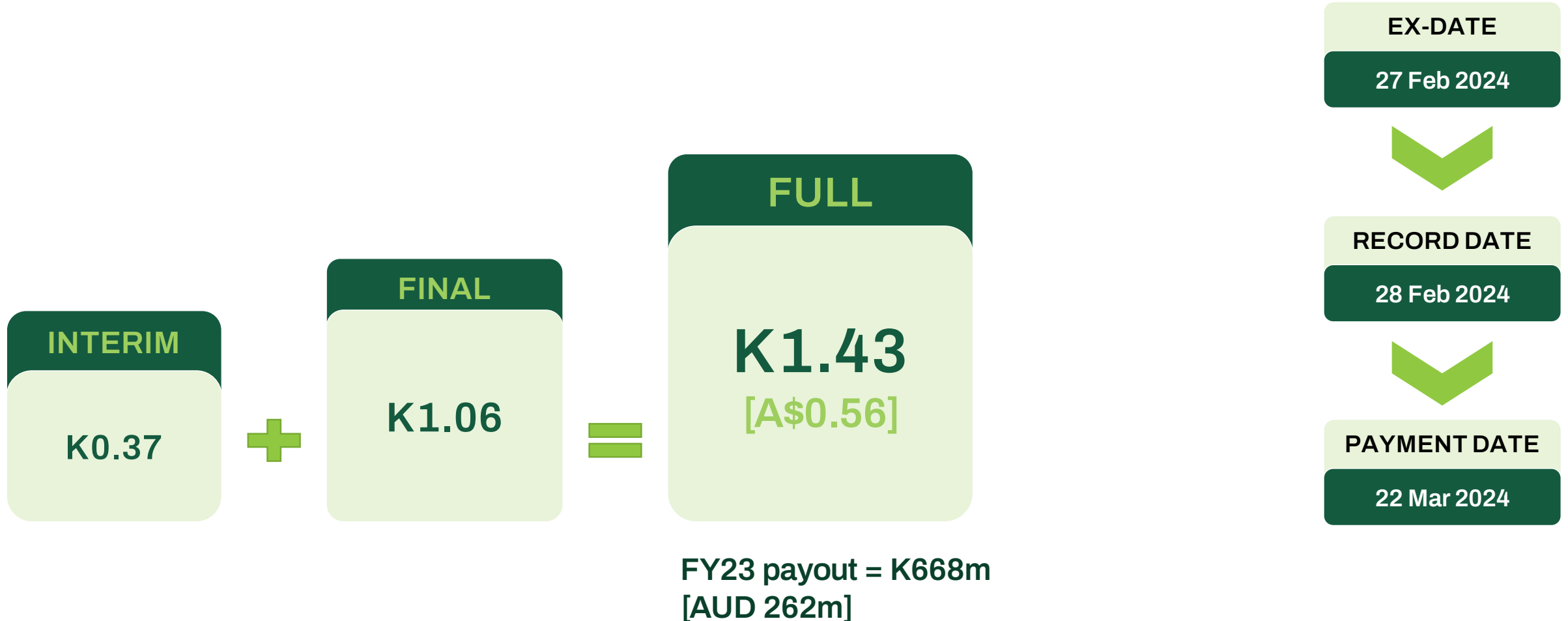
Loan book composition

Double digit loan growth in key market categories



Dividends

Full year dividend of K1.43, an 18% reduction driven by an increase in the income tax rate

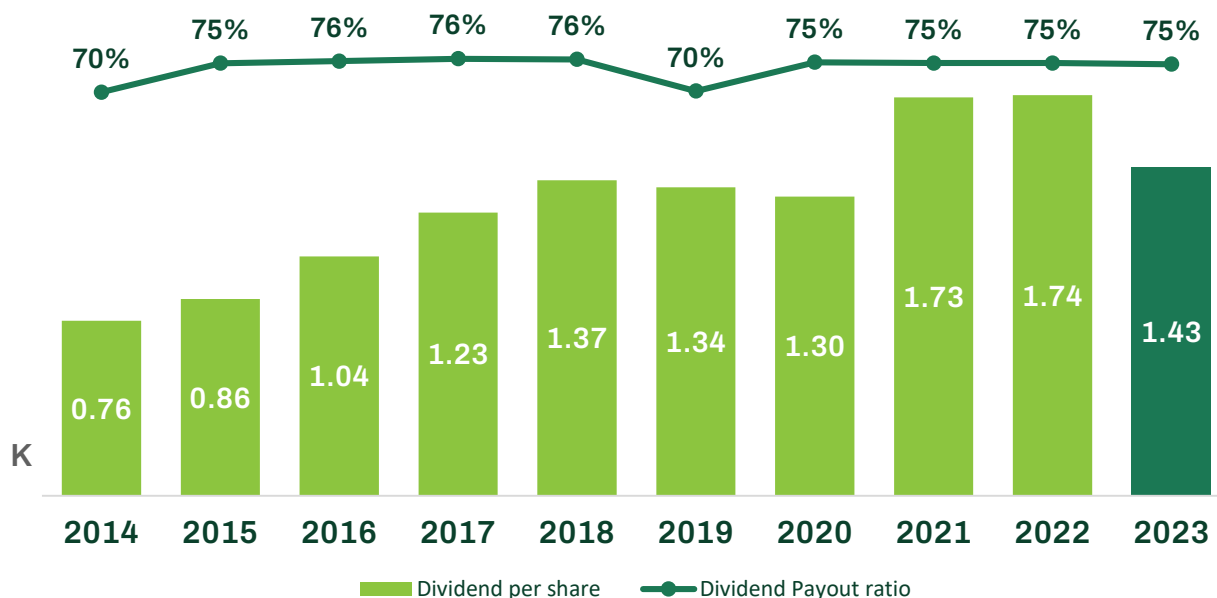


Shareholder returns



- Consistent double-digit dividend yields
- Dividends paid every year since our 2001 PNGX listing

10-YEAR ANNUAL DIVIDEND AND PAYOUT RATIO



SHAREHOLDER RETURNS SUMMARY				
	2021	2022	2023	Change
EPS [K]	2.30	2.32	1.91	-18%
Payout ratio	75%	75%	75%	0 bps
Dividend yield ¹ [PNGX]	14.4%	14.0%	10.4%	-360 bps
Dividend yield ¹ [ASX]	14.9%	14.9%	10.4%	-450 bps

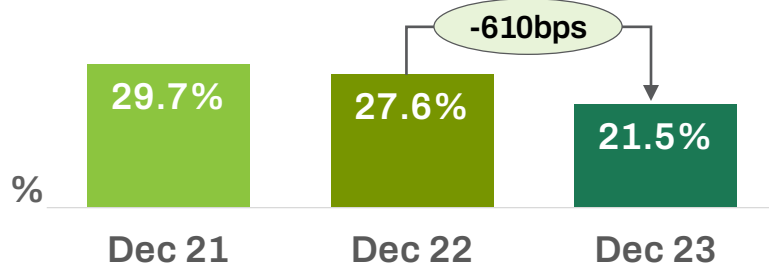
¹ Dividend yield based on the closing share price as at 29/12/23 on PNGX (K13.70) and ASX (\$5.42)

Key ratios

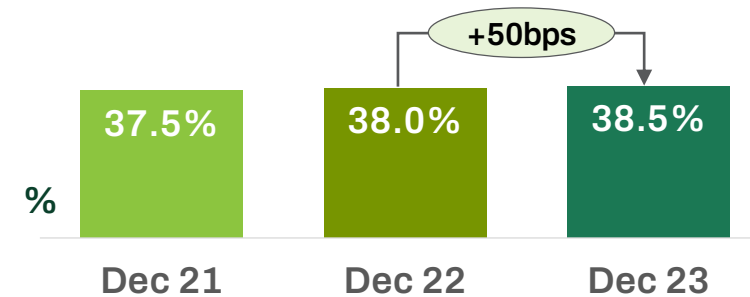


Our business fundamentals remain strong

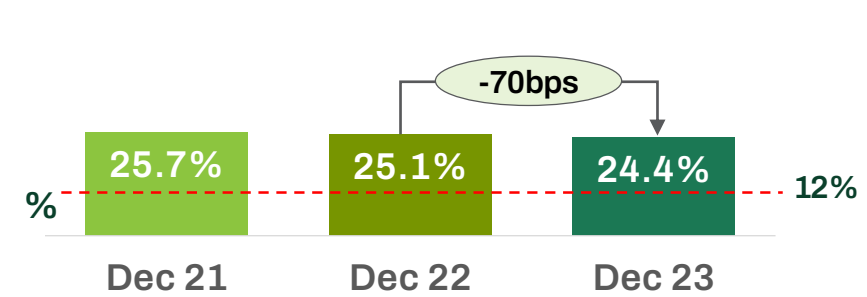
RETURN ON EQUITY [Annualised]



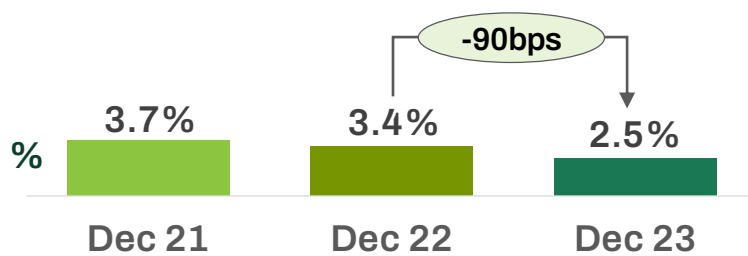
COST TO INCOME



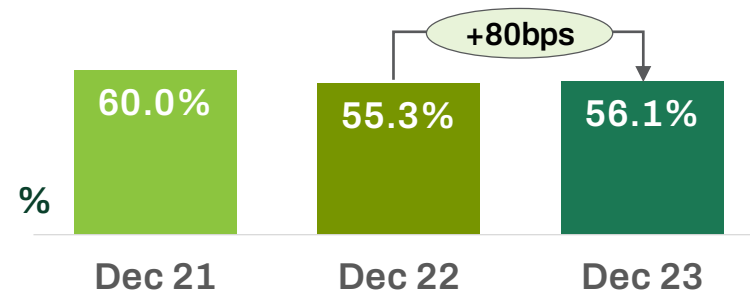
CAPITAL ADEQUACY



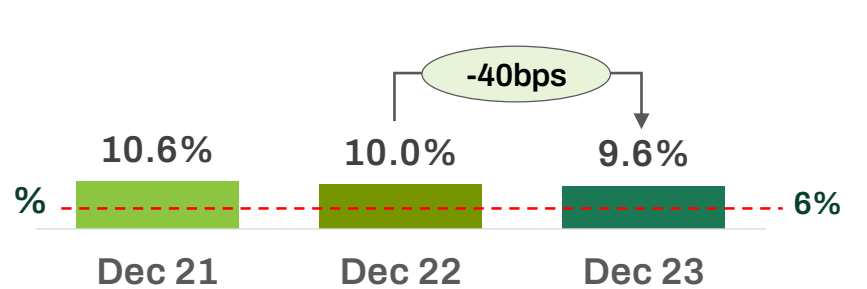
RETURN ON ASSETS [Annualised]



LOAN TO DEPOSIT



LEVERAGE RATIO



Note: Based on Bank of Papua New Guinea prudential standards

Summary

Mark T. Robinson, Group Chief Executive Officer



Pacific economic outlook



We remain cautiously optimistic about the region's growth prospects

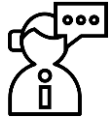
- PNG is entering an investment super-cycle, with projects of K100b [A\$42b] at various stages of progression
- Porgera gold mine reopened in late 2023, with over US\$380m inflows expected over the next two years
- Our South Pacific markets have experienced a strong rebound driven by tourism and remittances

GDP Growth	2022e	2023e	2024e
Pacific Region	6.1	3.5	2.9
PNG ¹	3.2	2.0	2.6
Fiji	20.0	8.3	3.7
Solomon Islands	(4.2)	3.0	2.5
Samoa	(5.3)	8.0	4.2
Tonga	(2.2)	2.8	2.6
Vanuatu	2.0	1.0	3.1
Cook Islands	10.5	14.5	9.1
Australia	3.8	1.8	1.4
New Zealand	2.7	1.1	1.0
Euro area	3.4	0.5	0.9
UK	4.3	0.5	0.6

Source: Asian Development Bank (ADB), International Monetary Fund (IMF)

¹ ADB baseline forecast for PNG excludes Porgera resumption in 2024 and other extractive projects at various stages of progression.

Summary



We are investing for growth as we build a world class bank with an intense focus on our customers

- **Data strategy to deliver customer insights enabling distinctive value propositions and uplift in risk and operational capabilities**
- **Consistent service levels and seamless banking experiences**



Our business fundamentals remain robust, with prudent balance sheet management and disciplined risk focus



BSP continues to deliver attractive returns for our shareholders, with K1.43 full year dividend



Thank You

Full Year
Results 2023
Investor Presentation

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