

Investor Presentation

1H-2023

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[ARBN: 649 704 656, Incorporated in Papua New Guinea]



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South Pacific market leader



25.5m per month transactions



~ **3.5m** Customer accounts



125 branches
Largest network



K14.9b [A\$6.1b]
In net lending



K35.1b [A\$14.4b]
In total assets



K6.1b on PNGX [A\$2.6b on ASX]
Market capitalisation ¹

¹ Market capitalisation values based on last price as at 17/08/23 on ASX (\$5.60) and PNGX (K13.05).

1H-23 results

Net Profit After Tax

K427.2m

... 7.6% ↑ from 1H-2022

Earnings per share

K0.91

... 7.6% ↑ from 1H-2022

Market capitalisation

K6.0b

... 2.3b on the ASX

	1H-23	1H-22	1H-23 vs 1H-22
Net profit after tax [Km]	427.2	397.2	+7.6%
Cost-to-income ratio [%]	38.1	36.5	+160bps
Earnings per share [toea]	91.4	85.0	+7.6%
PNGX market capitalisation ¹ [Kb]	6.1	5.8	+5.2%
ASX market capitalisation ¹ [A\$b]	2.6	2.3	+13.0%
Total assets [Kb]	35.1	31.5	+11.6%
Capital adequacy ratio [%]	22.5	23.2	-70bps

¹ Market capitalisation values based on last price as at 17/08/23 on ASX (\$5.60) and PNGX (K13.05).

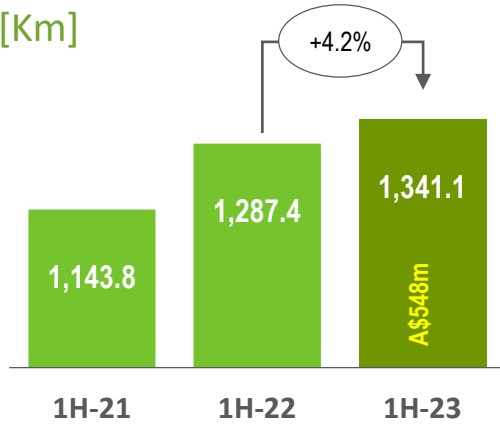
Note: Comparatives for prior periods have been restated to reflect the modified retrospective transition to the new accounting standard IFRS 17 (Insurance contracts), which came into effect on 1 January 2023.

1H-2023 Group Financial Performance

Operating profit trend

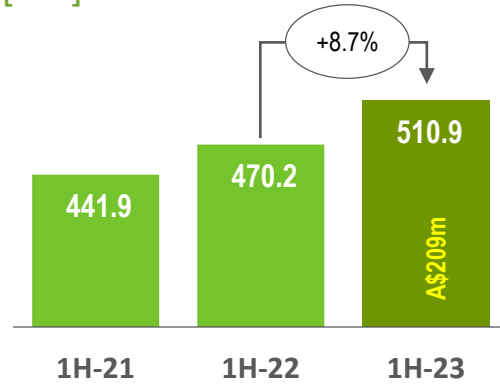
INCOME

[Km]



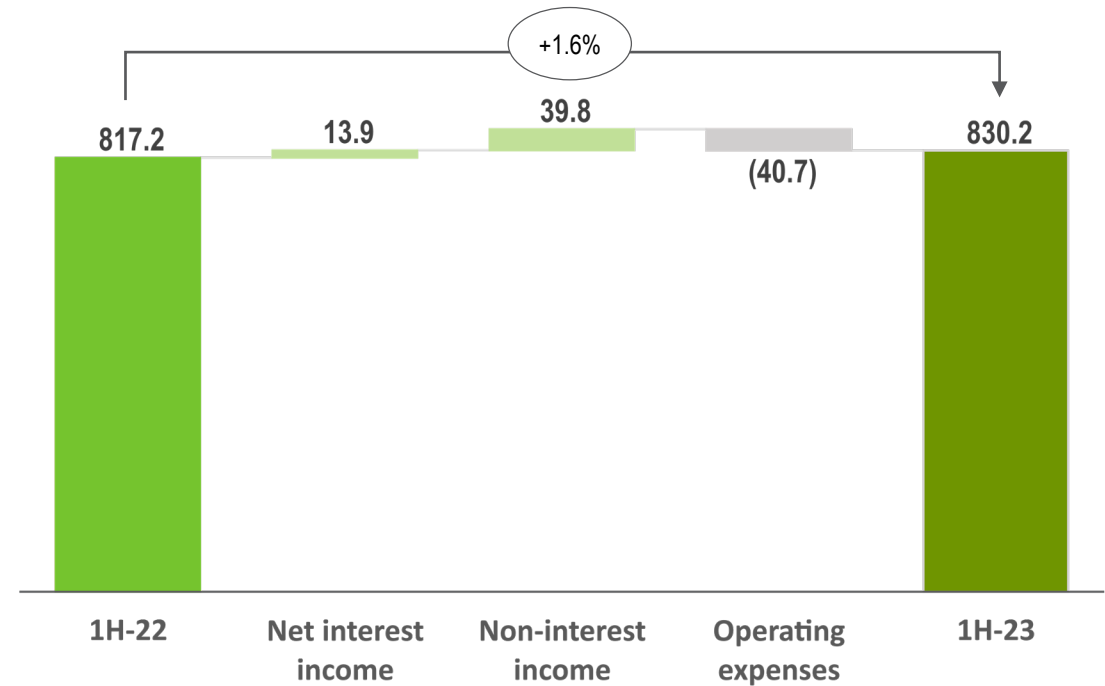
OPERATING EXPENSE

[Km]



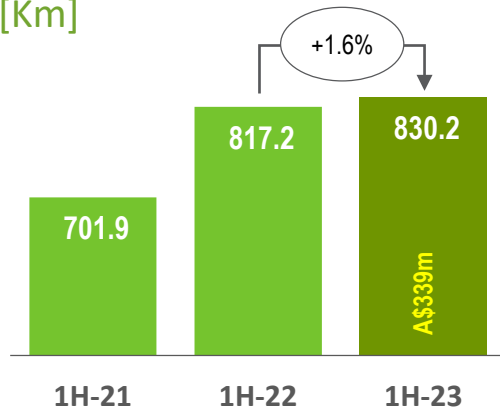
OPERATING PROFIT BEFORE IMPAIRMENTS AND TAXES

1H-23 VS 1H-22 [Km]



OPERATING PERFORMANCE

[Km]



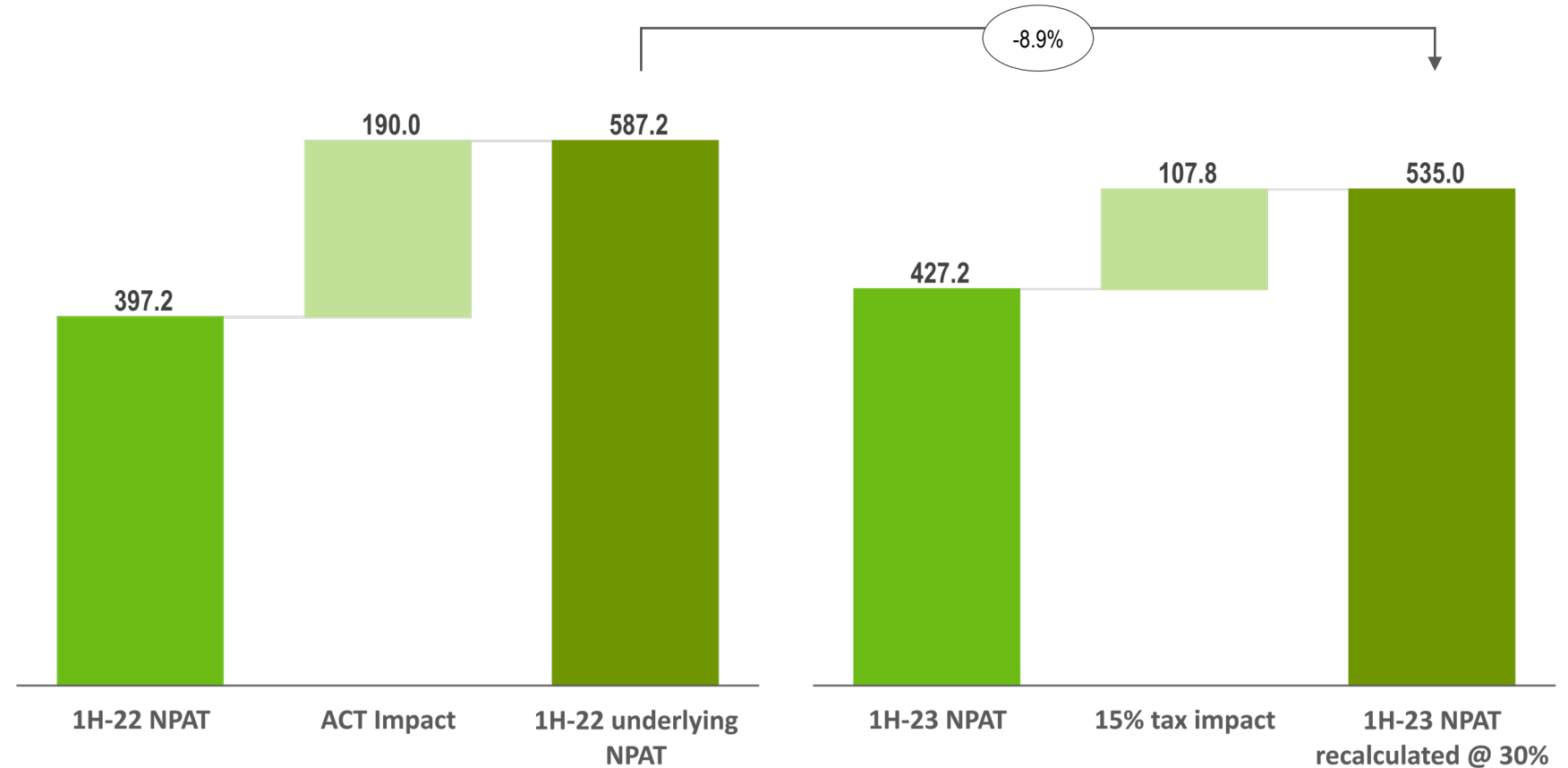
Tax impacts

Two material PNG taxation changes occurred in 2022 and 2023.

- 2022 – payment of the K190m additional company tax (ACT)
- 2023 – increase in tax rates for commercial banks from 30% to 45%.

Adjusting for the impacts of the above taxes, the Group NPAT reduced by 8.9%.

TAX IMPACTS ON NPAT [Km]

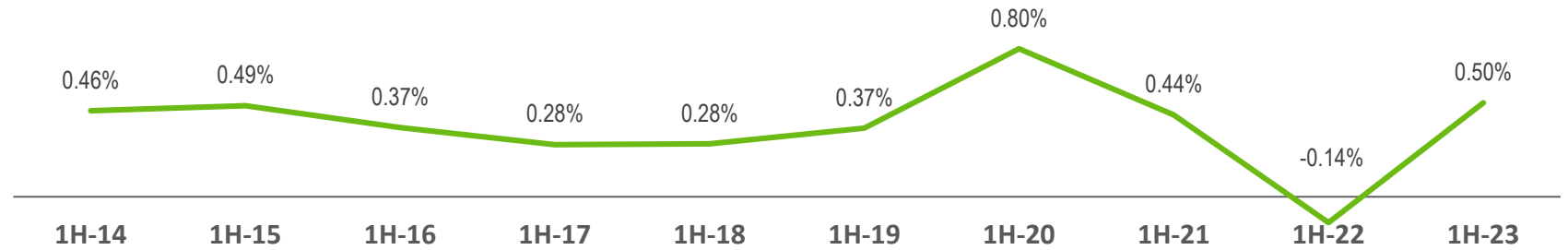


Credit quality

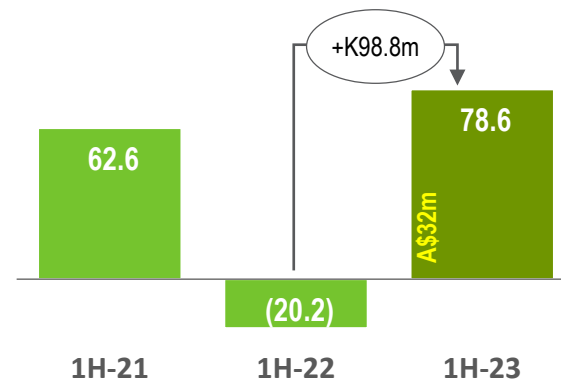
Impairment expenses increased by K98.8m off a low 1H-22 base, due to post COVID-19 provision releases in 2022.

1H-23 impairment expense as a percentage of gross loans, is broadly in-line with historic levels.

10 YEAR TREND – IMPAIRMENT EXPENSE TO GROSS LOANS [%]



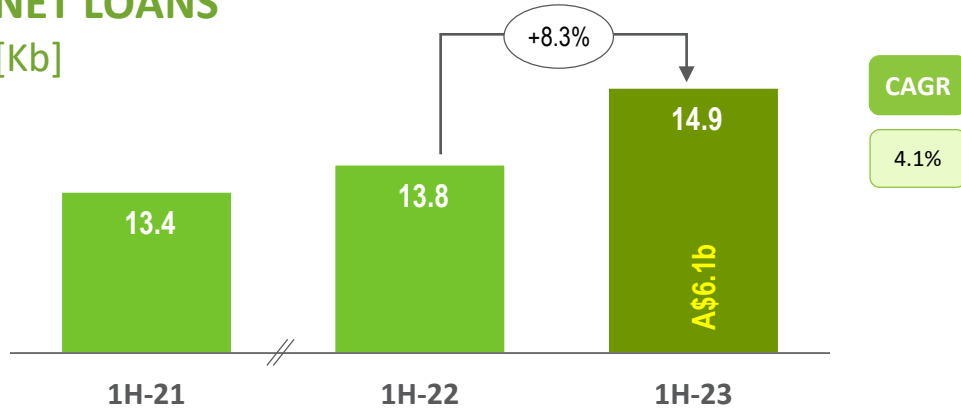
IMPAIRMENT EXPENSE [Km]



Balance sheet

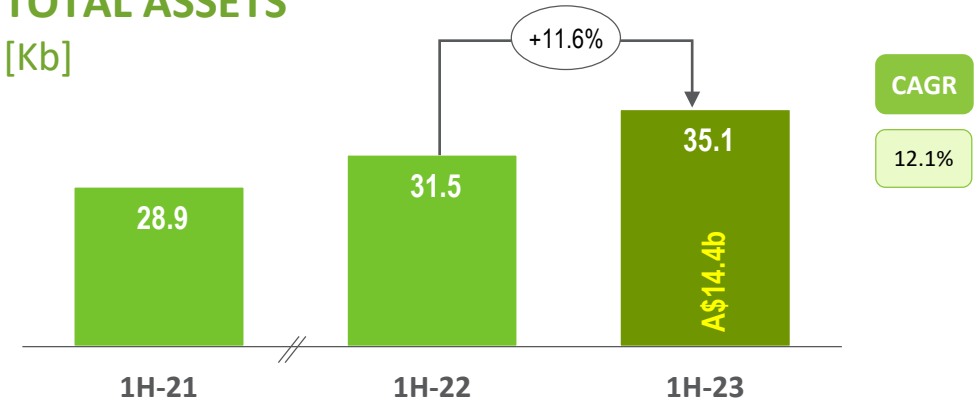
NET LOANS

[Kb]



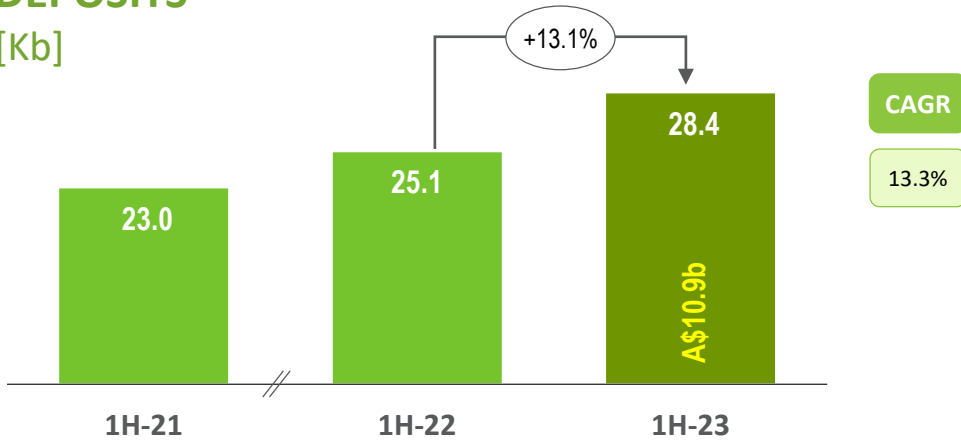
TOTAL ASSETS

[Kb]



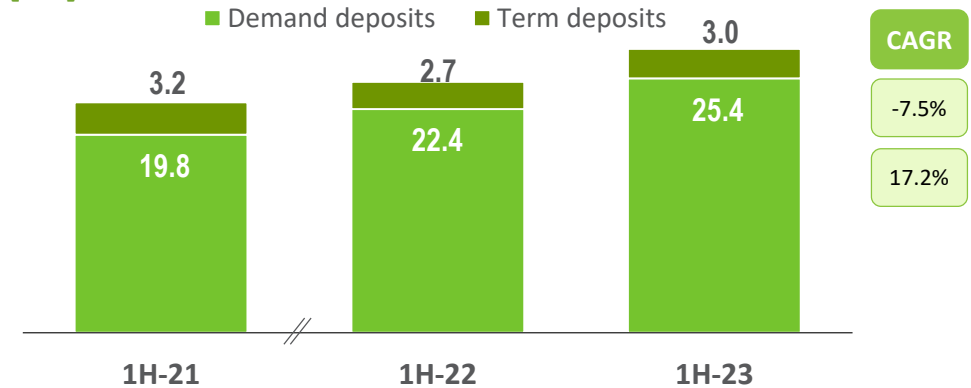
DEPOSITS

[Kb]



DEPOSIT MIX

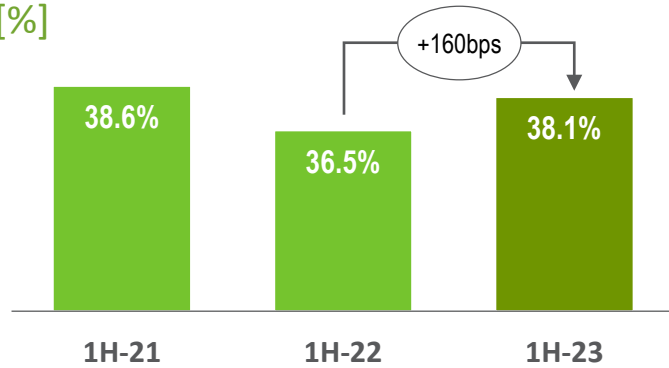
[Kb]



Key ratios

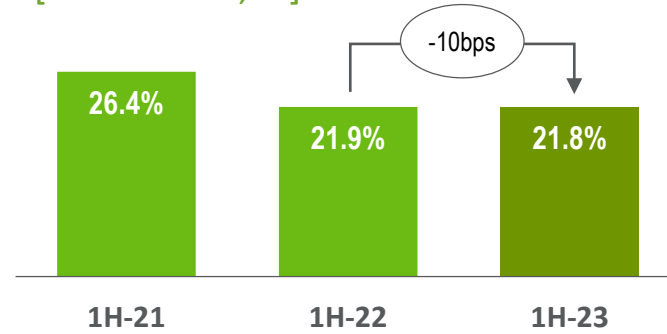
COST TO INCOME

[%]



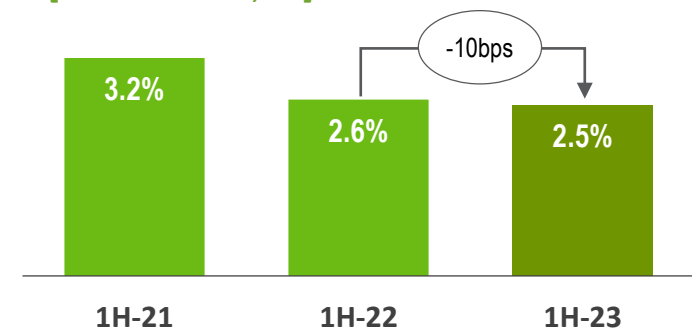
RETURN ON AVERAGE EQUITY

[Annualised, %]



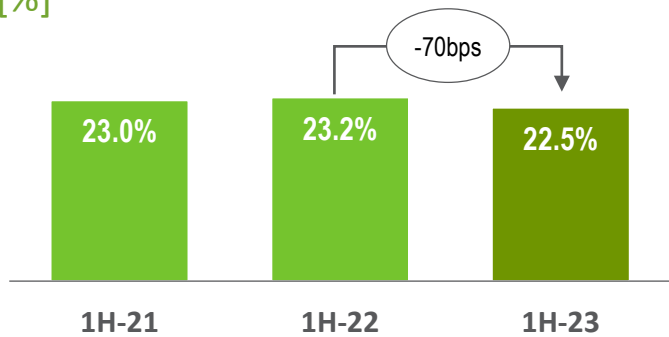
RETURN ON AVERAGE ASSETS

[Annualised, %]



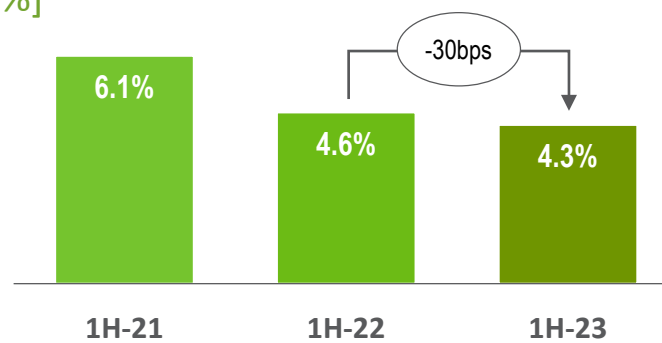
CAPITAL ADEQUACY¹

[%]



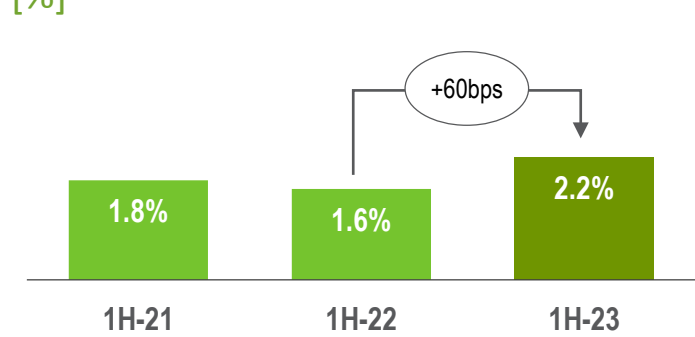
PROVISIONS TO LOANS

[%]



NET NPL TO LOANS

[%]



¹ Based on Bank of Papua New Guinea prudential standards

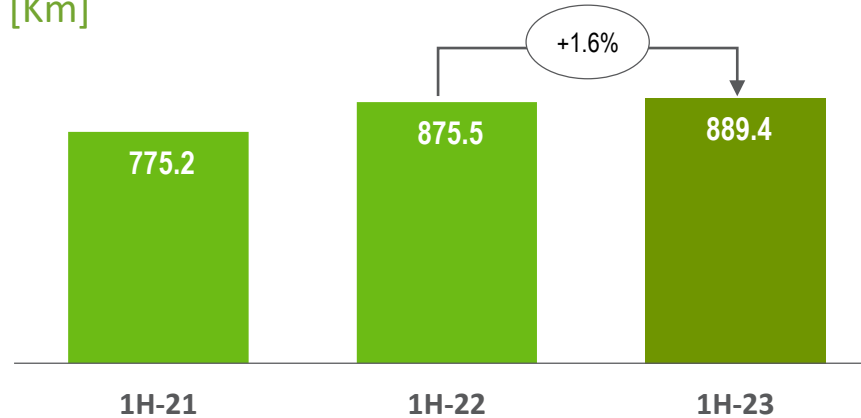
Income trends

Income increased by 4.2% to K1.3b in 1H-23.

- Despite loan growth of 8.3%, net interest income growth was lower by 1.6% due to lower yields from government securities.
- FX income increased by 14.7%, due to higher volumes.
- Fee income up 4.4%, driven by growth in transaction volumes via our payment channels.

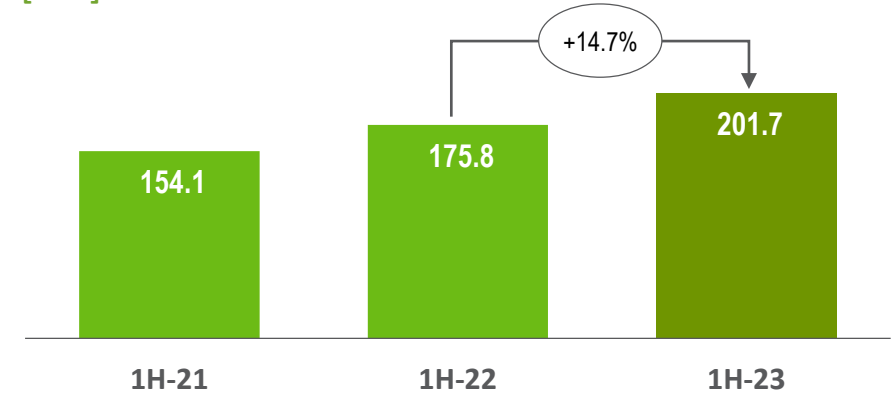
NET INTEREST INCOME

[Km]



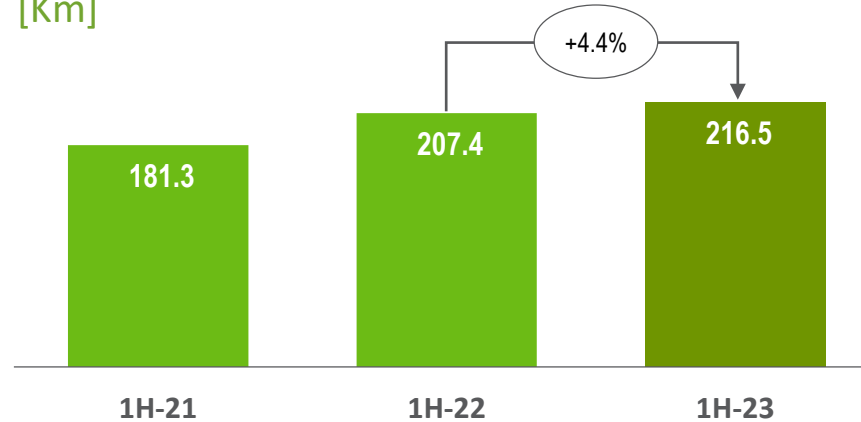
FX INCOME

[Km]



FEE INCOME

[Km]

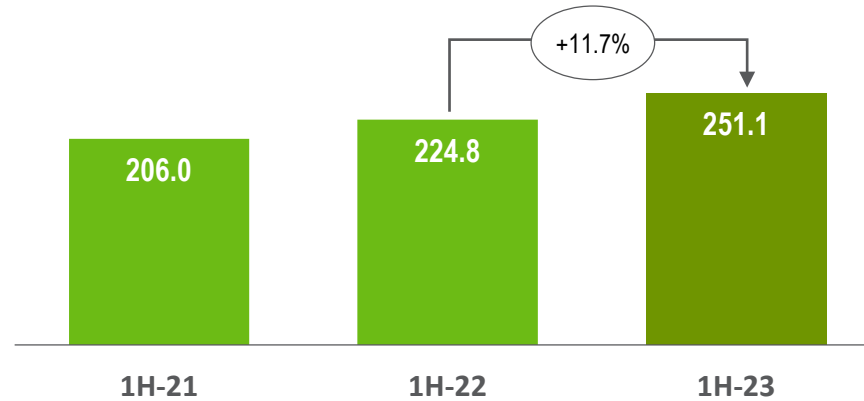


Expenditure trends

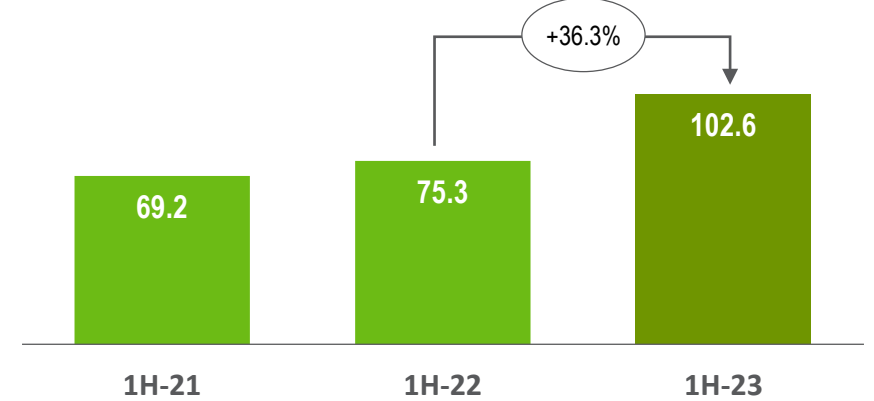
Expenditure increased by 8.6% to K510.9m in 1H-23, driven by:

- Technology – higher software, maintenance and volume related channel costs.
- Staff – additional staff in compliance and risk, overtime support post Go-Live and CPI adjustments.

STAFF COSTS [Km]



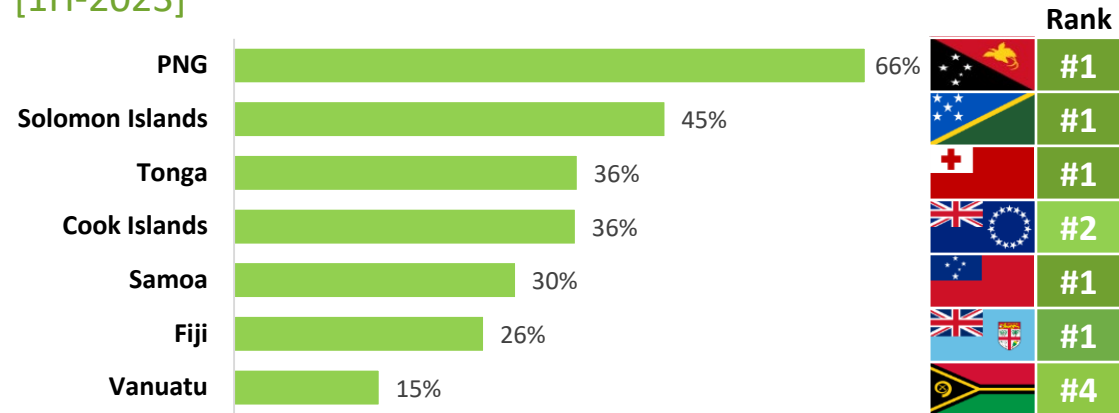
TECHNOLOGY COSTS [Km]



Market position and loan portfolio composition

LOANS MARKET SHARE

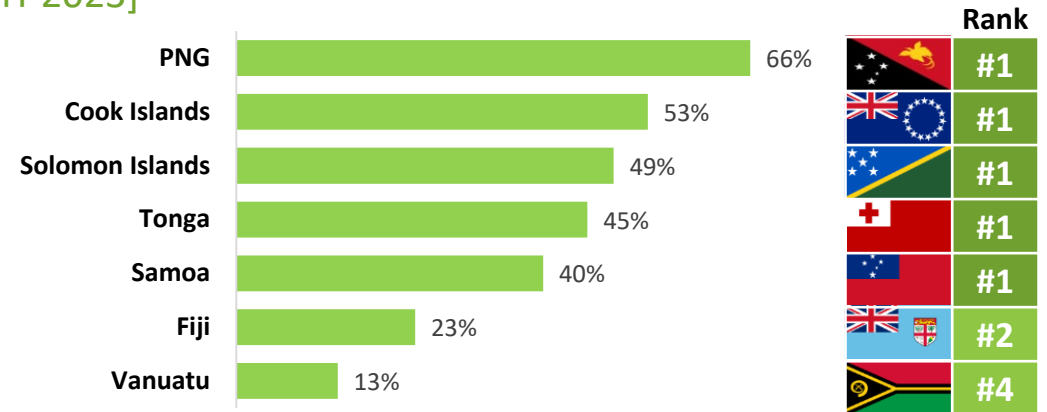
[1H-2023]



Source: Central Banks for all countries except Cook Islands which are business estimates.

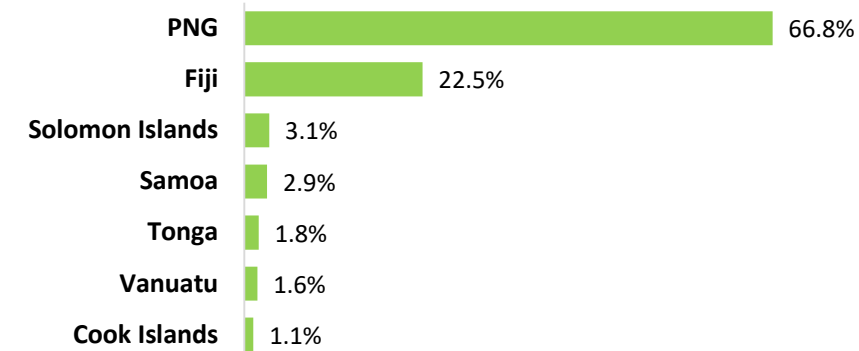
DEPOSIT MARKET SHARE

[1H-2023]



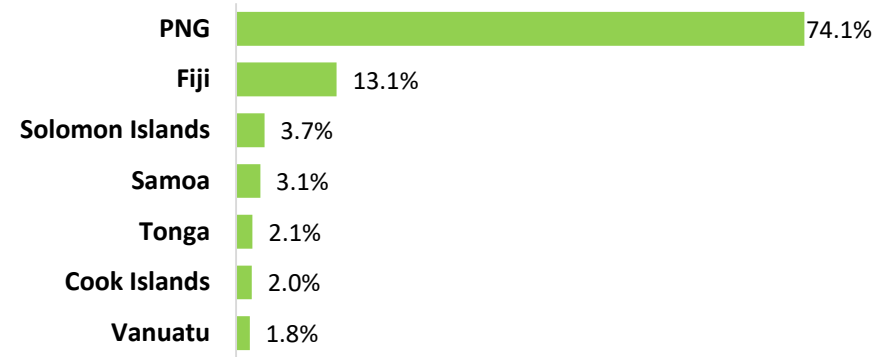
LOANS PORTFOLIO COMPOSITION

[1H-2023]



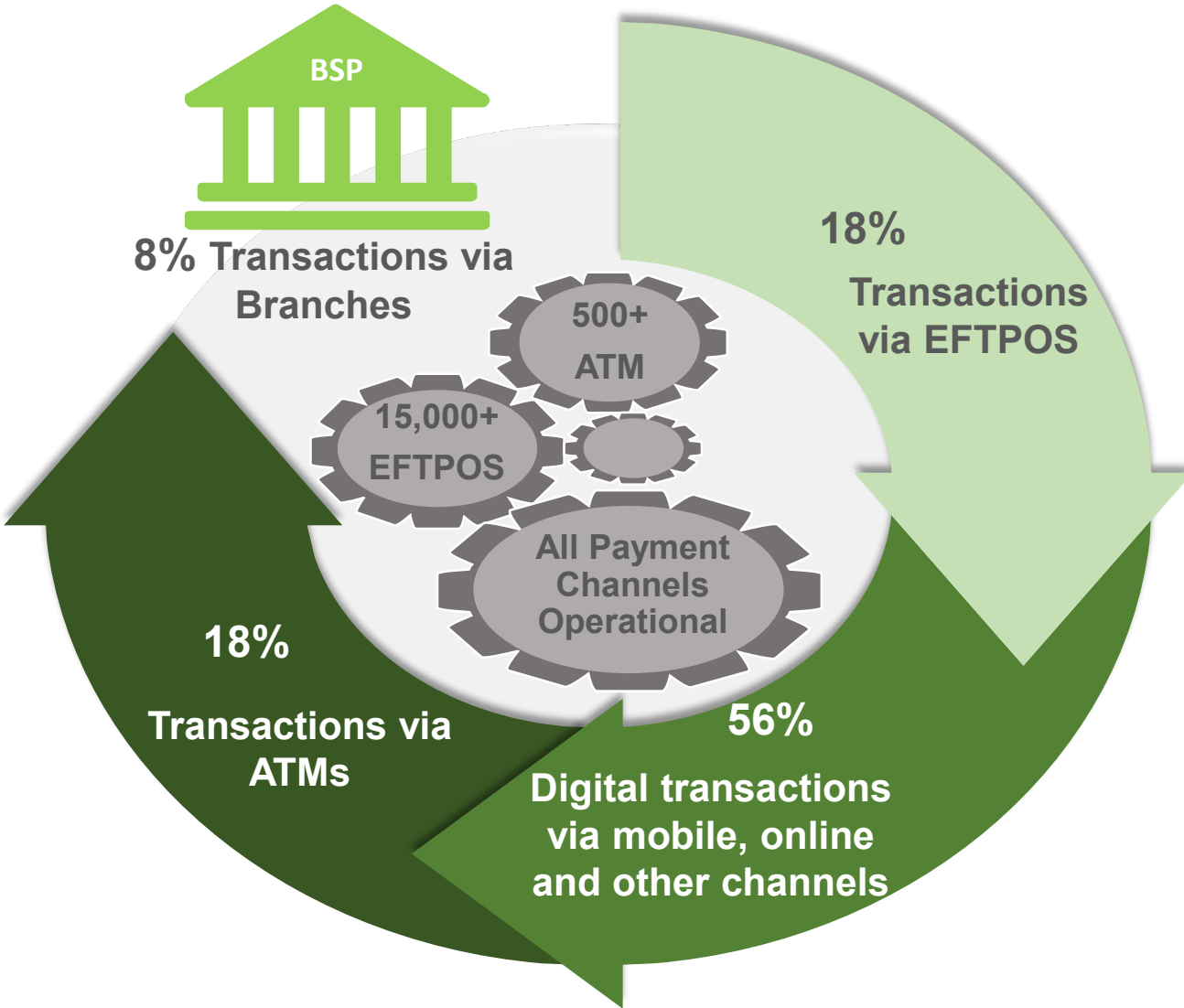
DEPOSIT PORTFOLIO COMPOSITION

[1H-2023]

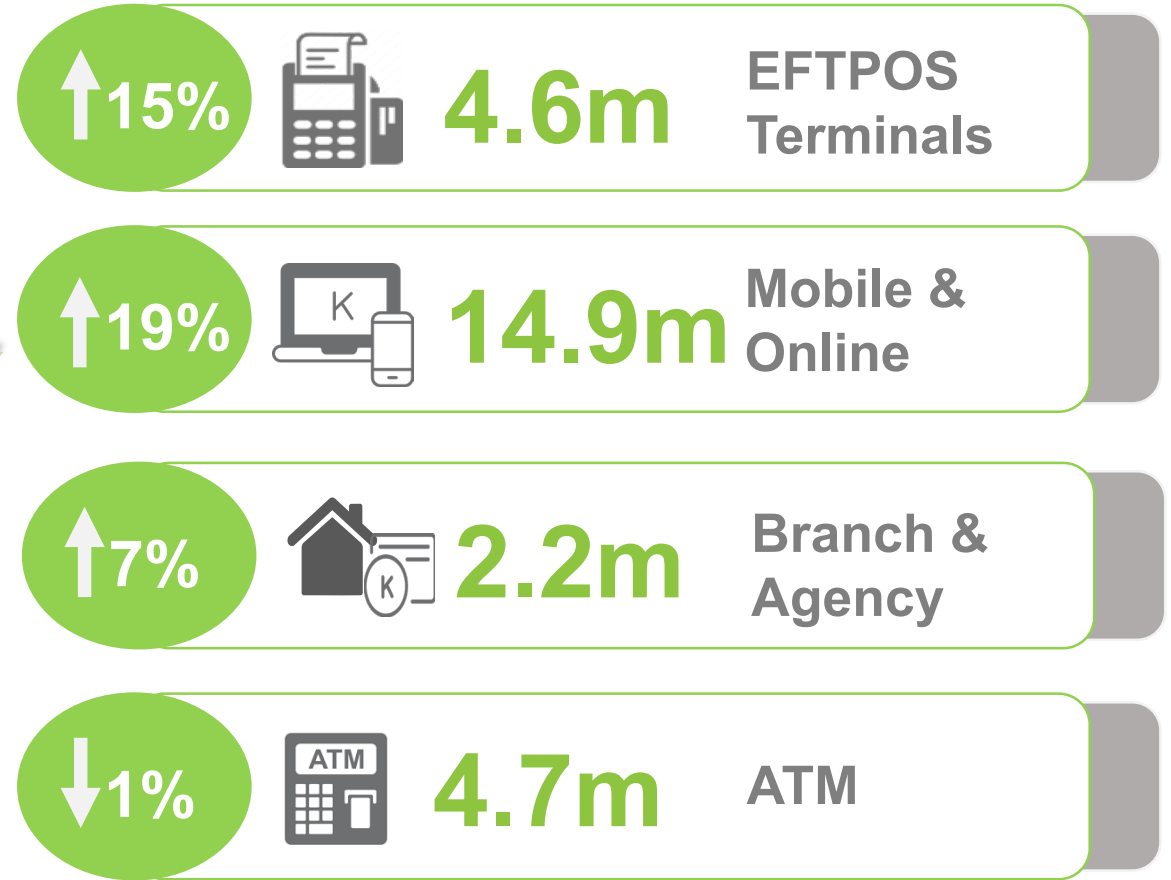


1H-2023 Group Operational Performance

Moving customers to digital channels



Average monthly transactions 1H-23



Supporting our communities ...

Our contribution
in 1H-23

SPONSORSHIPS

K1.8m



DONATIONS

K616k



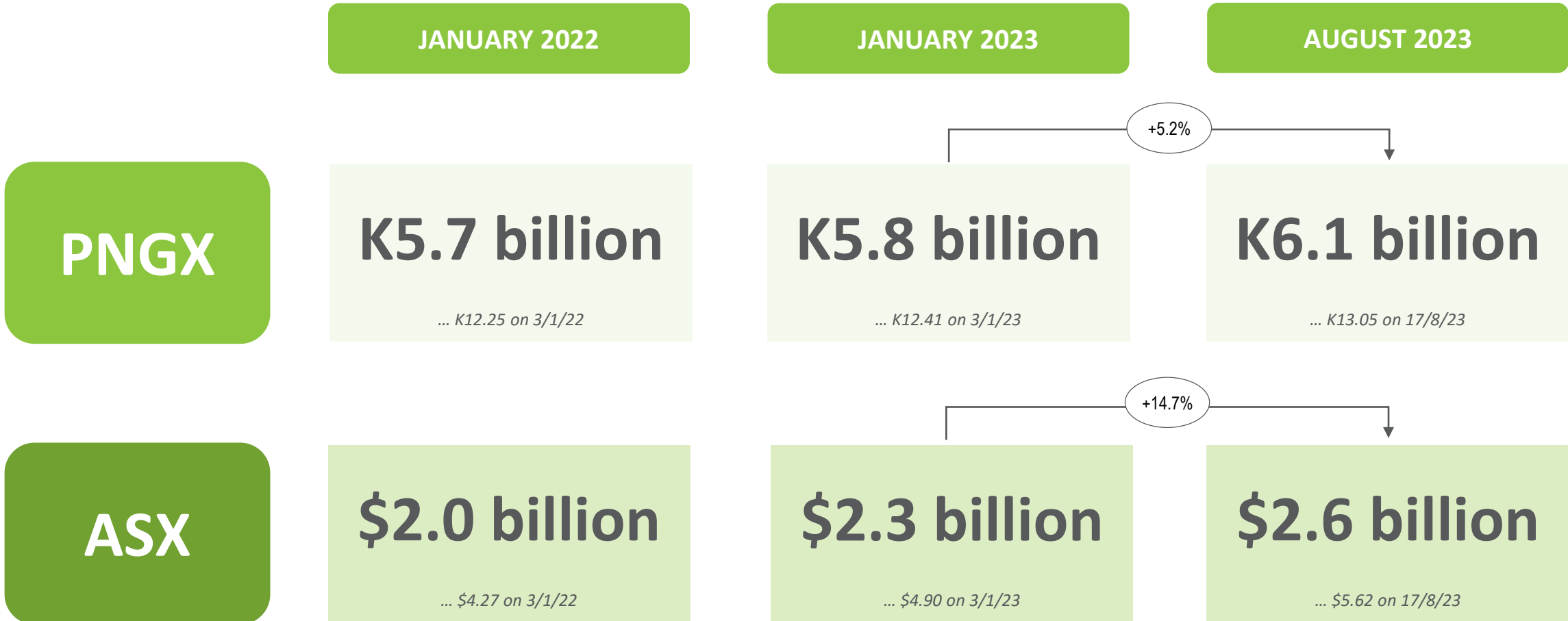
COMMUNITY PROJECTS

K600k



Shareholder returns and growth outlook

Market capitalisation



Dividends

SHAREHOLDER RETURNS SUMMARY				
	1H-2021	1H-2022	1H-2023	Change
Interim dividend [K]	0.39	0.34	0.37	+ 8.8%
EPS [K]	0.96	0.85	0.91	+ 7.5%
Dividend yield¹ (PNGX)	11.7%	13.5%	14.1%	+ 60bps
Dividend yield¹ (ASX)	9.9%	13.4%	15.2%	+ 180bps

¹ Dividend yield was calculated on 2022 Final (K1.40) and 2023 Interim (K0.37) dividend and based on the respective closing prices on the PNGX and ASX as at 30 June 2023; an exchange rate of 0.4163 (as at 30 June 2023) was used in the calculation of the ASX dividend yield.

Growth outlook

REAL GROSS DOMESTIC PRODUCT

	2021	2022e	2023f	2024f
Australia	5.2%	3.7%	1.6%	1.7%
New Zealand	6.1%	2.4%	1.1%	0.9%
<i>Fiji</i>	-5.1%	14.5%	7.0%	5.0%
<i>Papua New Guinea</i>	0.1%	4.5%	3.7%	4.4%
<i>Samoa</i>	-7.1%	-6.0%	5.0%	3.6%
<i>Vanuatu</i>	0.6%	1.9%	3.5%	3.6%
<i>Solomon Islands</i>	-0.6%	-4.1%	2.5%	2.4%
<i>Tonga</i>	-2.7%	-2.0%	2.5%	2.8%

Source: IMF Growth Forecast, April 2023

PNG resource project investment



Project / Value



Project Partners



Construction



K45.0b



Early 2024
Production 2027 – 2028



K18.2b



Late 2024
Production 2027



K39.2b



2028
Production 2031

Pasca A

K5.6b



TBA

1H-2023 Closing

Closing remarks



Leading South Pacific brand ... with origins dating back to 1957



Payments leader ... moving customers to digital channels



Continued strong profits and shareholder returns ... interim dividend increasing by 8.8%



BSP's capital base remains solid, with total capital adequacy of 22.5%



Attractive economic growth rates forecast for key markets



**We welcome
your questions**

Payments

1. Ticket Payment
2. BillPay
3. School Fee Payment
4. Mobile Merchant Payment
5. NCDC Services

#. Home

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