

24 February 2025



# Full Year Results 2024

## Investor Presentation

BSP Financial Group Limited  
ARBN: 649 704 656, Incorporated in Papua New Guinea

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Vaai**

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**Mark T. Robinson**

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# Overview

**Mark T. Robinson, Group Chief Executive Officer**



# 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

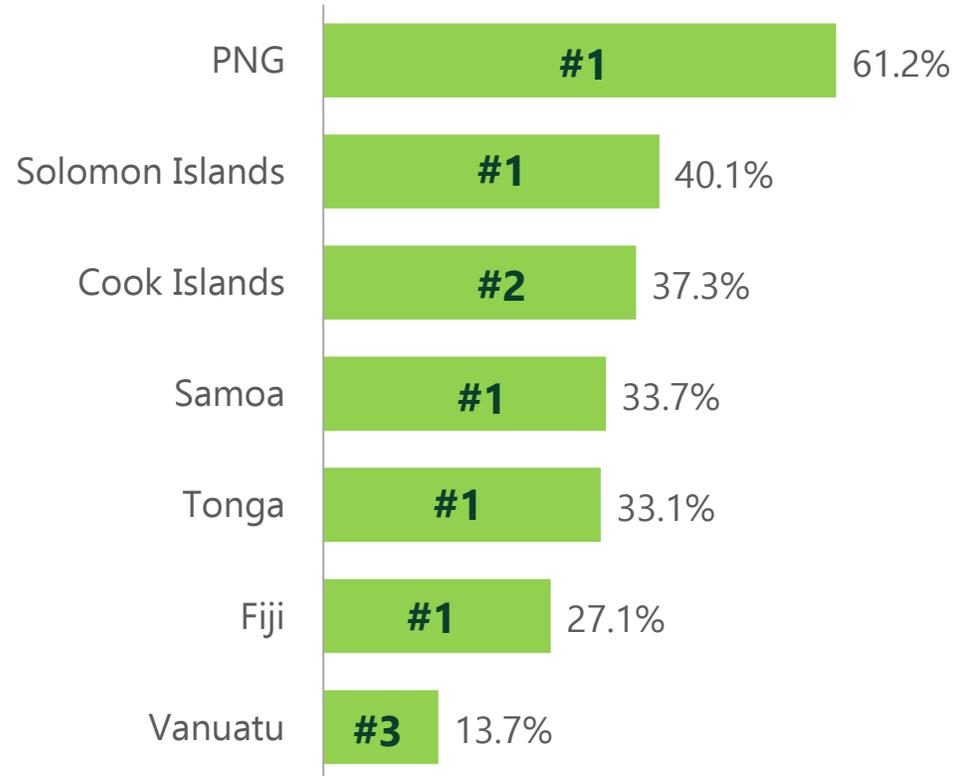
## BSP

- 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

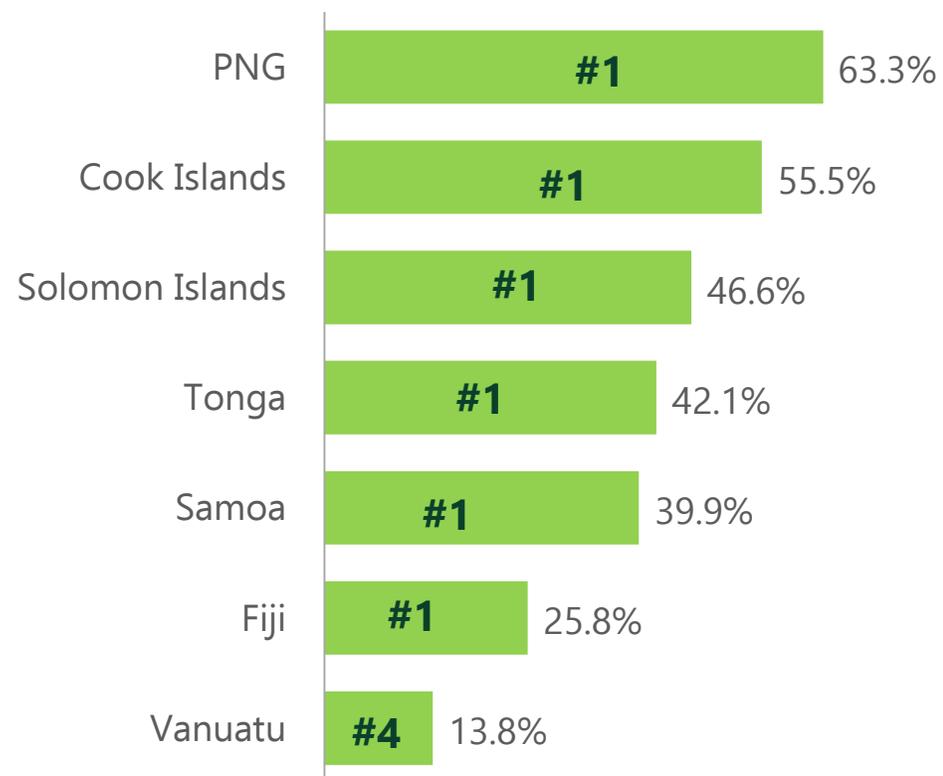
# South Pacific market leader



## 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.

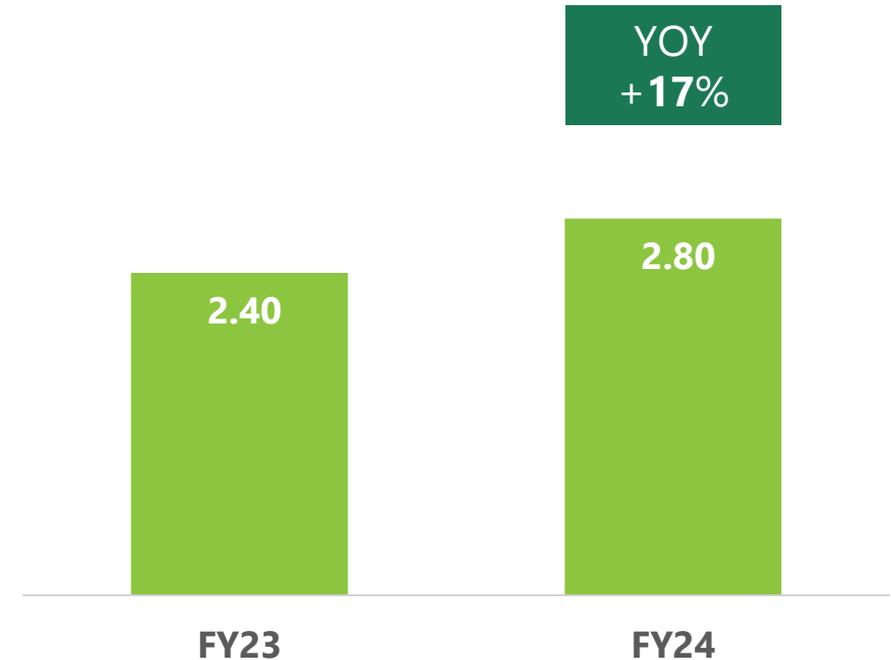
# High growth in our digital channels

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

## AVERAGE MONTHLY TRANSACTIONS [YOY]

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

## ACCOUNTS<sup>1</sup> [millions]



<sup>1</sup> Excludes dormant transactional accounts

# Results summary



Robust group performance.

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

<sup>1</sup> 2023 figures will differ from figures presented in FY23 Investor Presentation

<sup>2</sup> South East Asia joint venture (JV) asset finance business

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

<sup>3</sup> Additional Company Tax settlement

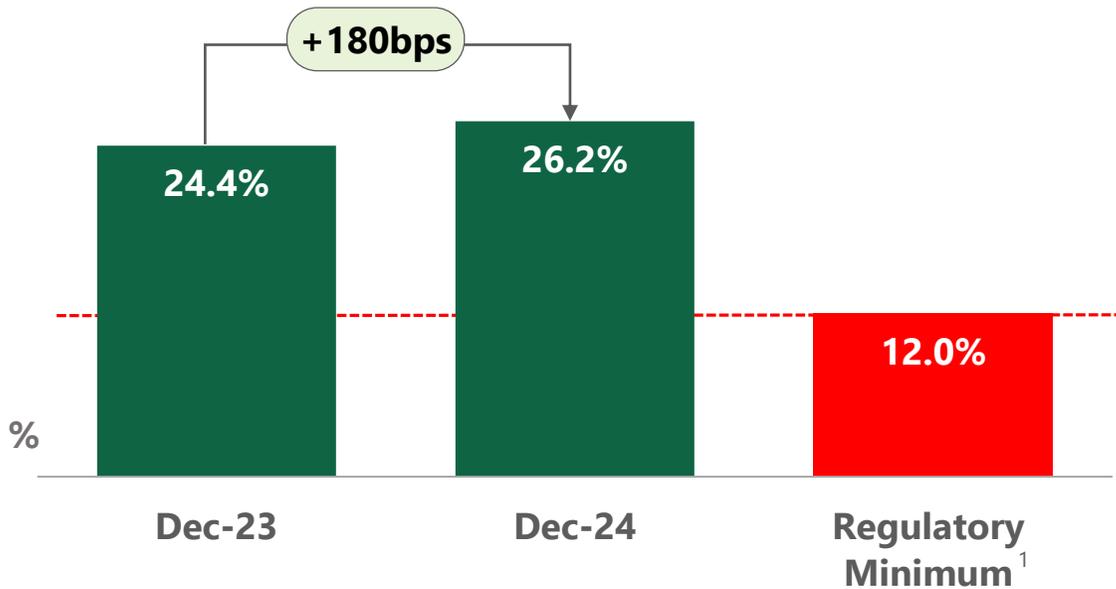
<sup>4</sup> Average exchange rate of 0.4198 AUD=1PGK for FY-23, and 0.3935 AUD=1PGK for FY-24

# Strong capital management

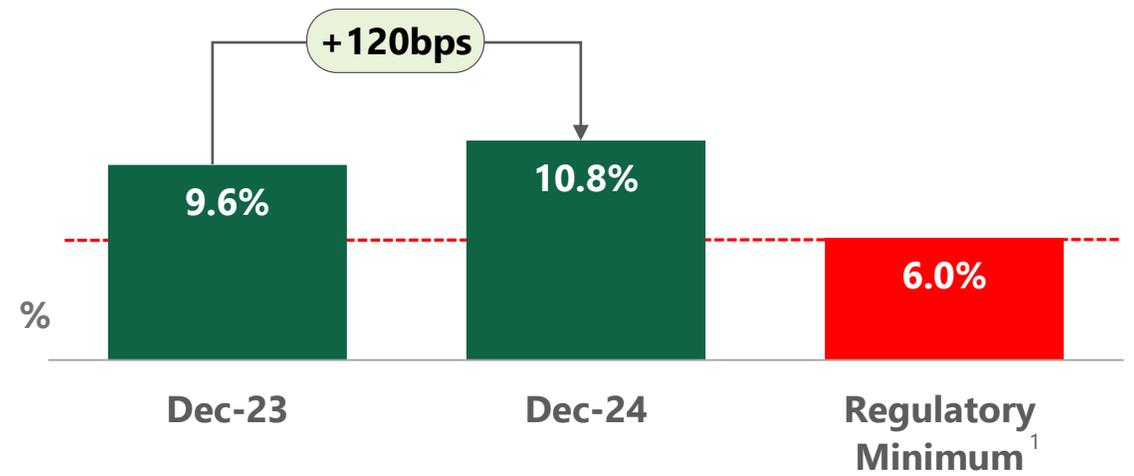


Capacity to invest for growth.

## CAPITAL ADEQUACY



## LEVERAGE RATIO



<sup>1</sup> BPNG prudential minimum

# Shareholder metrics and final dividend



Attractive returns for our investors.

Closing share price<sup>1</sup>

**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%**

<sup>1</sup> \$6.60 on the ASX, as at 31 Dec 24

# FY24 Result Presentation

Maryann Lameko-Vaai, Acting Group Chief Financial Officer



# Strong FY24 financial performance



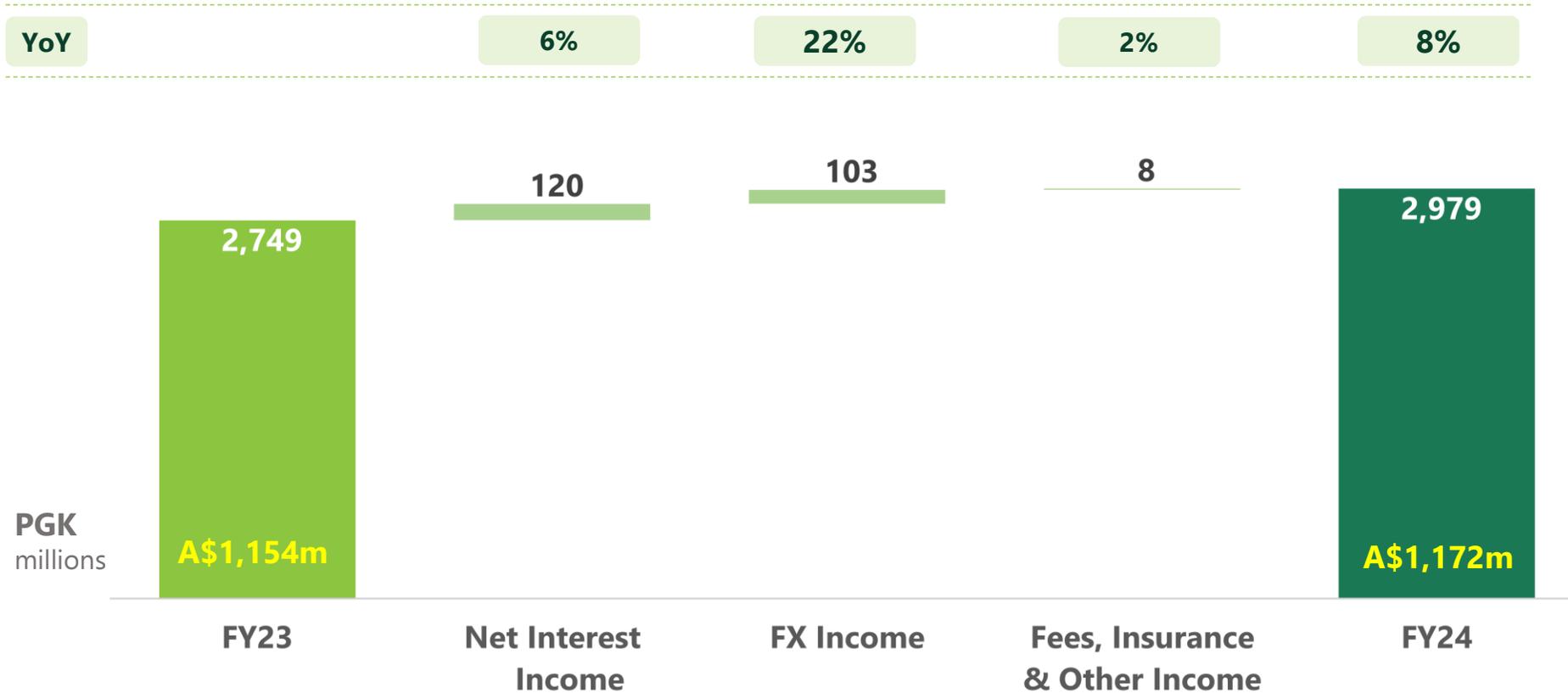
Solid growth in both earnings and dividend per share.

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

<sup>1</sup> 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.

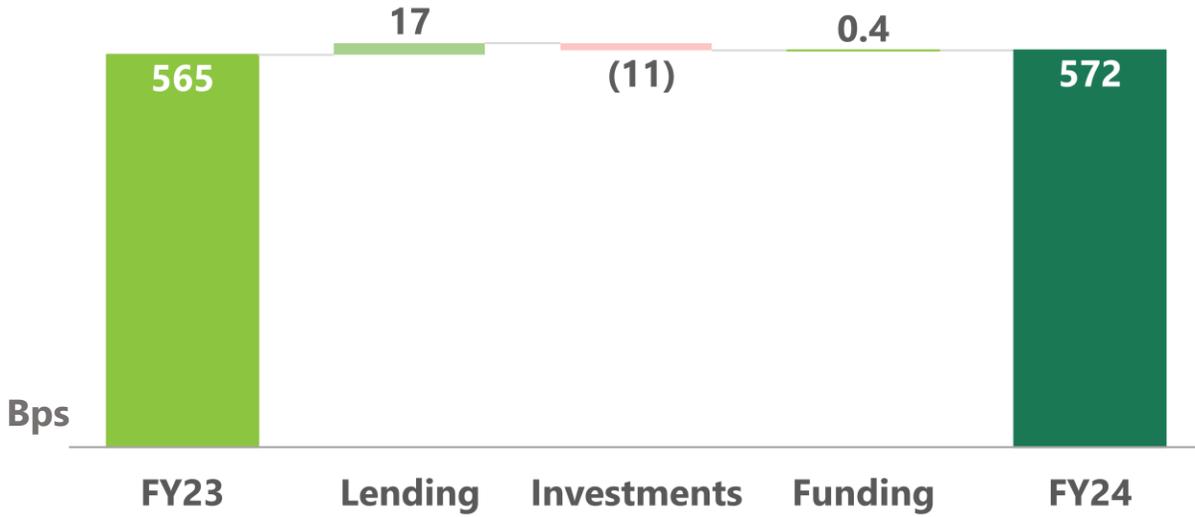
# Total income

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

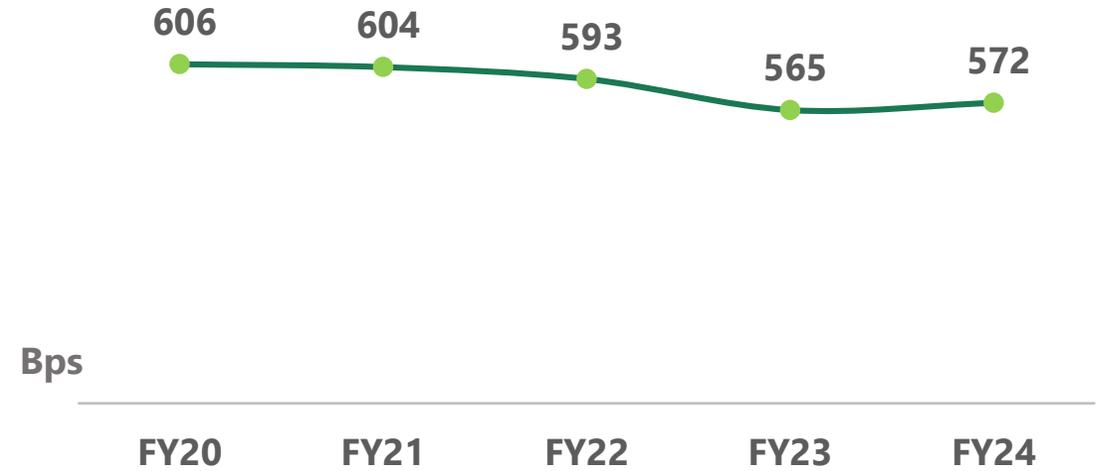


# Net Interest Margin

## 2024 NET INTEREST MARGIN DRIVERS



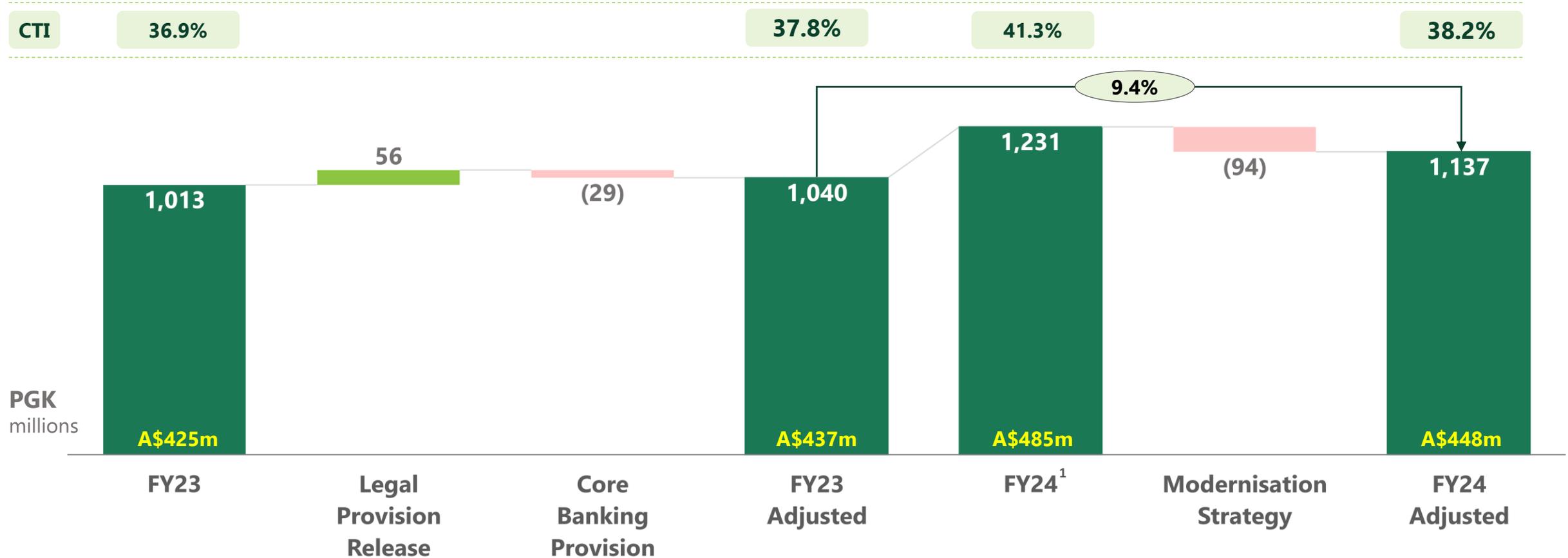
## NET INTEREST MARGIN TRENDS



# Operating expenses



CTI ratio remains competitive, while accommodating modernisation expenditure.

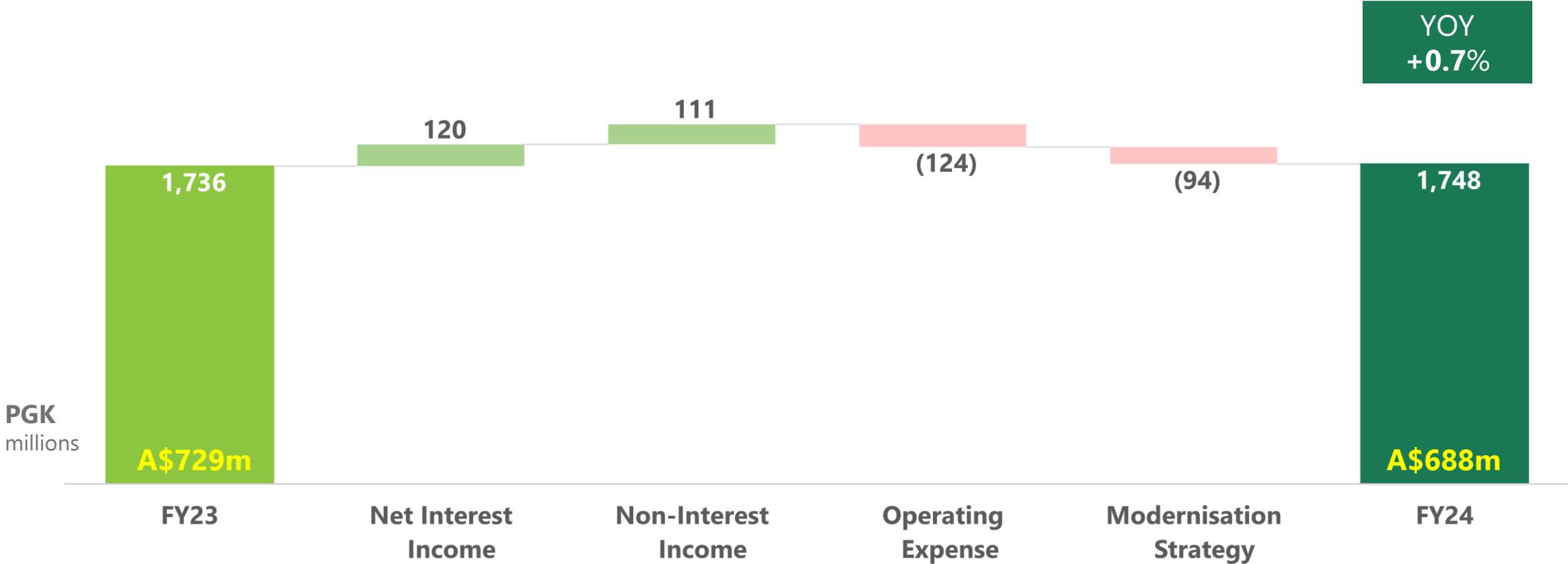


<sup>1</sup>Varies from Form 4E value K1,267m, given the exclusion of JV impairment of K36m.

# Operating profit<sup>1</sup>



Revenue growth was higher than expense growth including modernisation expenditure.



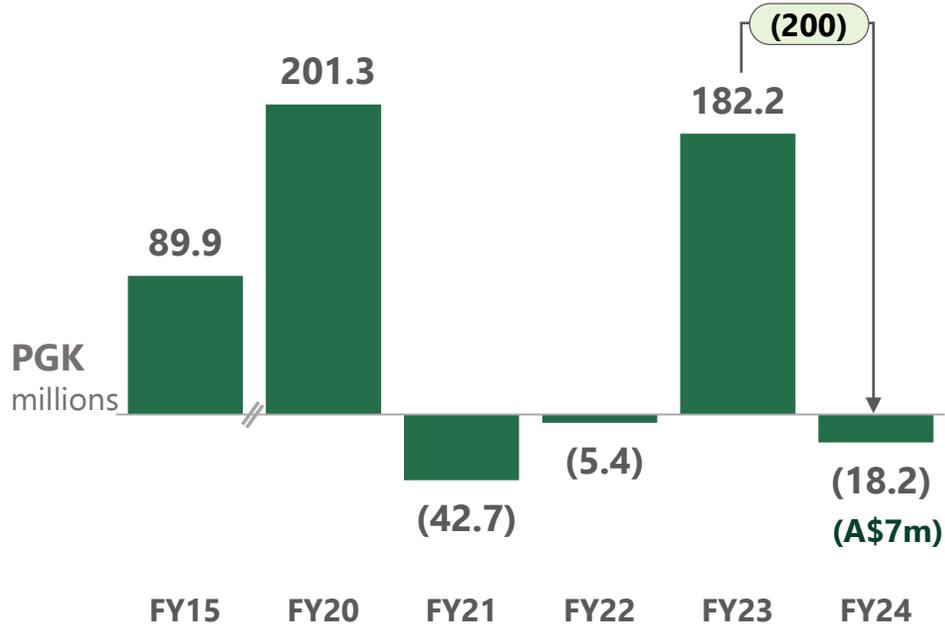
<sup>1</sup>Excludes JV impairment and ACT recovery

# Credit quality

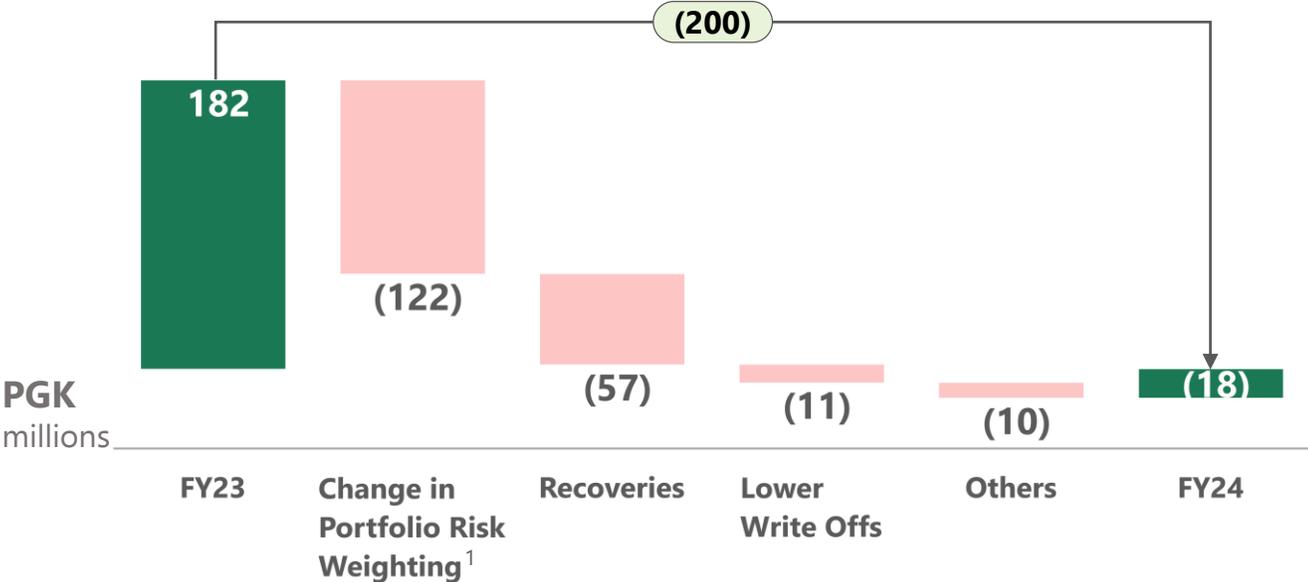


Bad and doubtful debt expenses reduced significantly, due to improved credit quality and prudent credit decisioning.

## BAD & DOUBTFUL DEBT



## 2024 BAD & DOUBTFUL DEBT DRIVERS



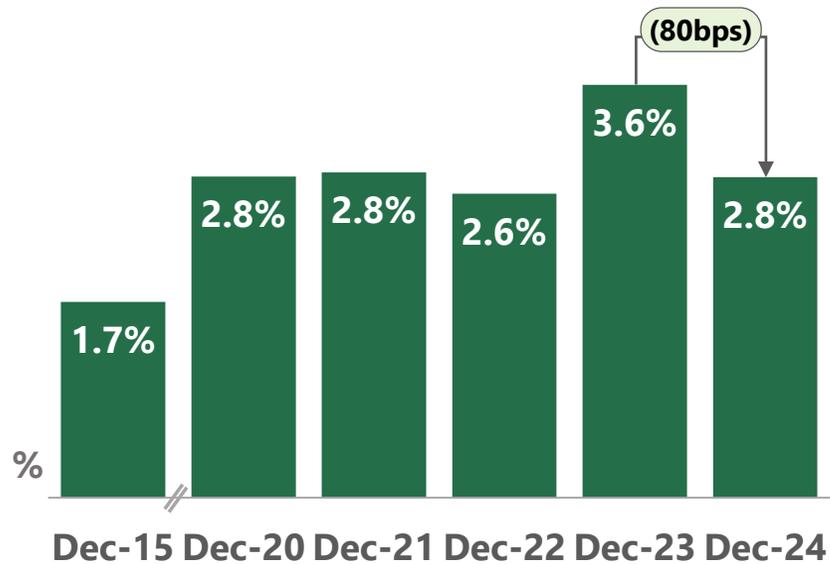
<sup>1</sup> Due to improved credit environment

# Credit quality (cont.)

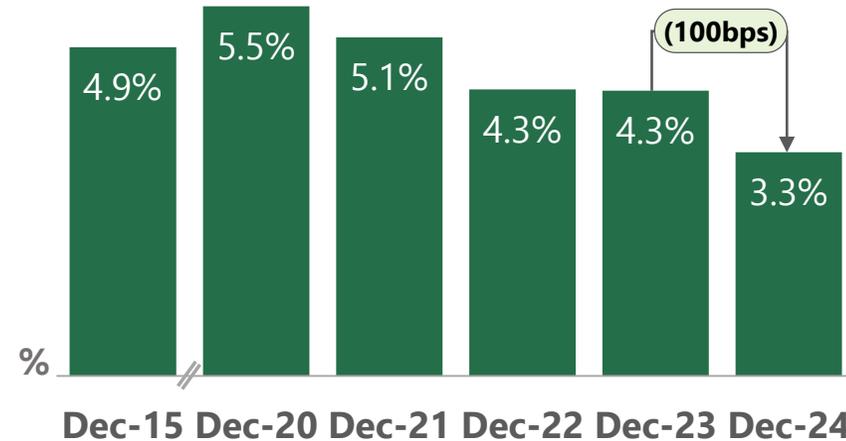
Improving delinquency rates and required provisions.

## DELINQUENCY RATES

90+ days, as a percentage of total loans

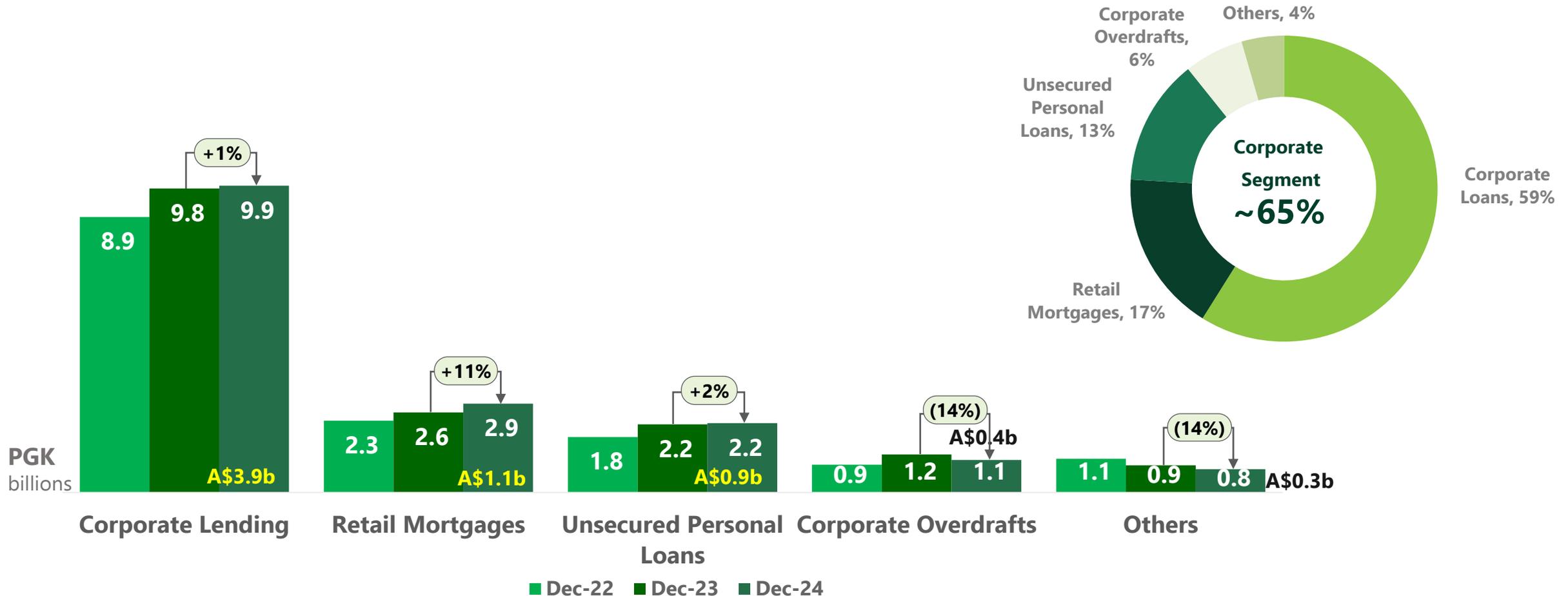


## PROVISIONS TO LOANS



# Loan book composition

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



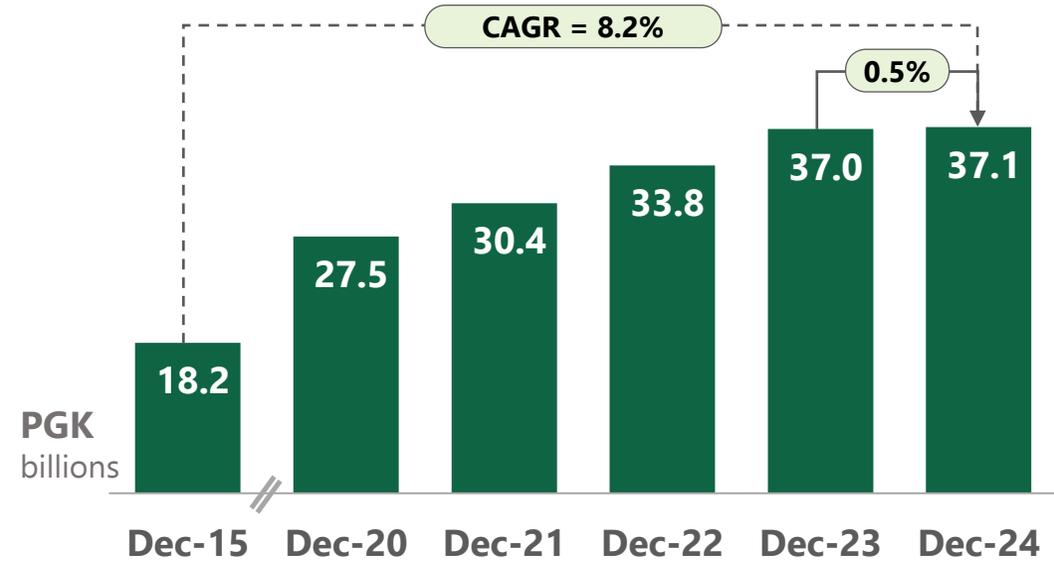
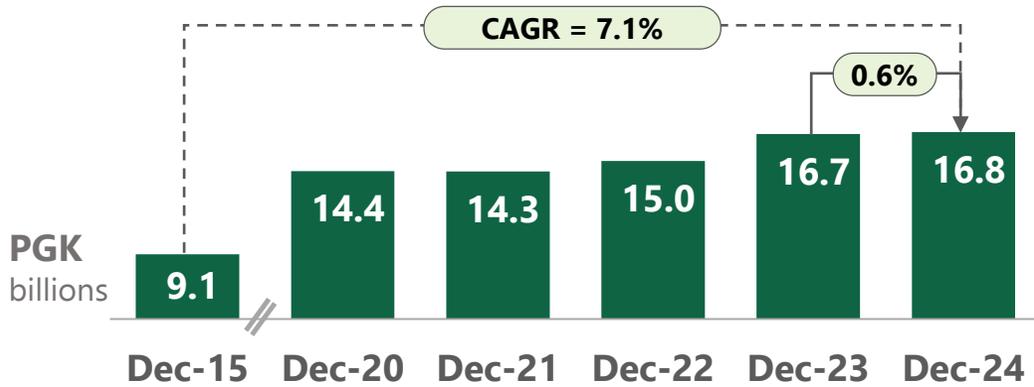
# Balance sheet



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

## GROSS LOANS

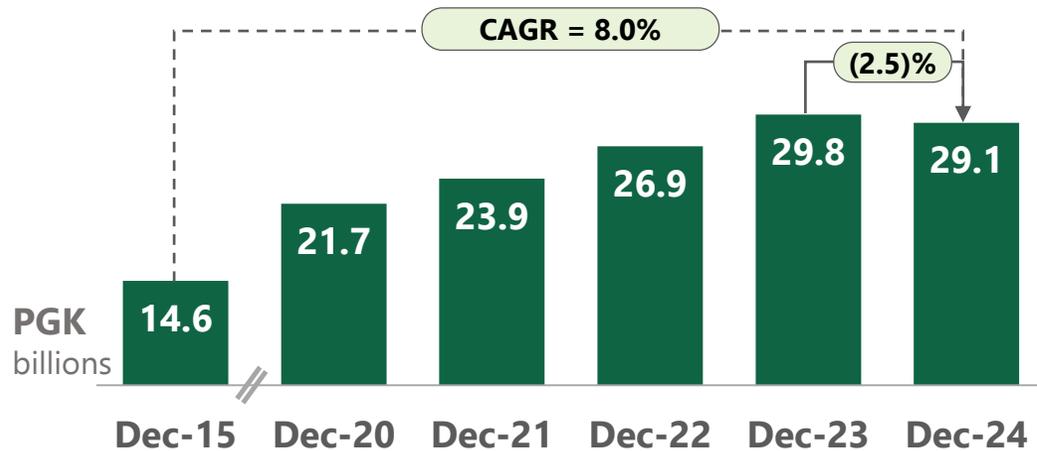
## TOTAL ASSETS



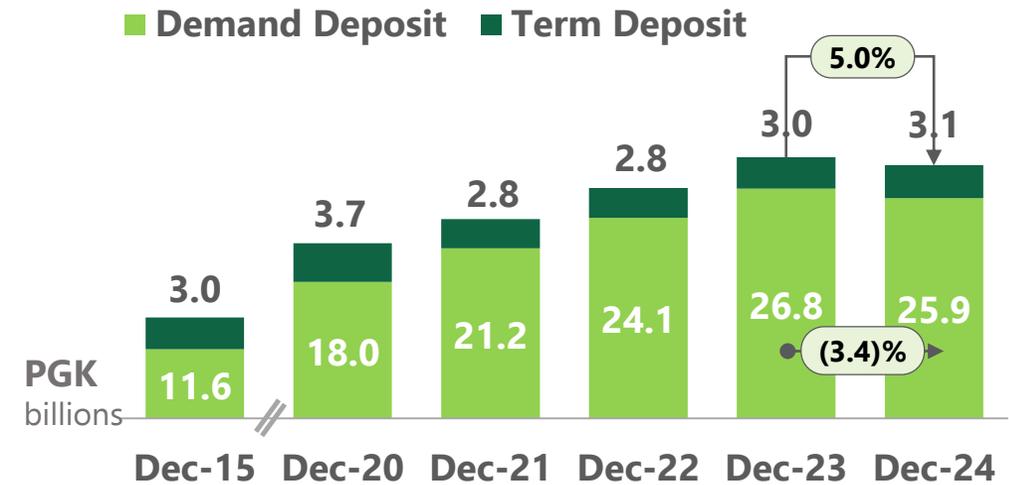
# Deposits

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

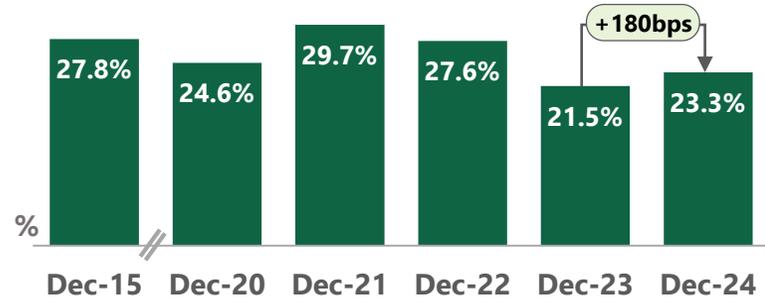


# Key ratios

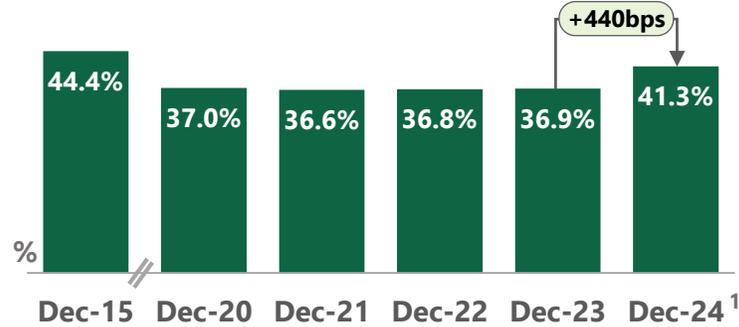


Robust core business fundamentals.

## RETURN ON EQUITY

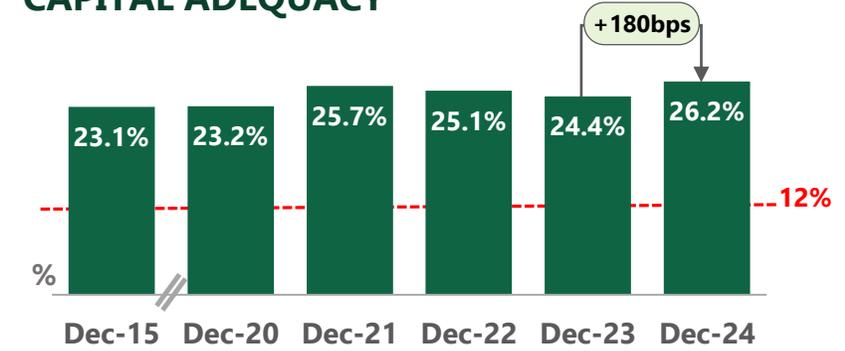


## COST TO INCOME

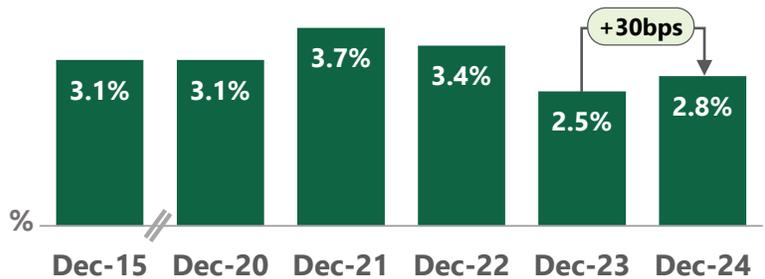


<sup>1</sup>42.5%, inclusive of JV impairment

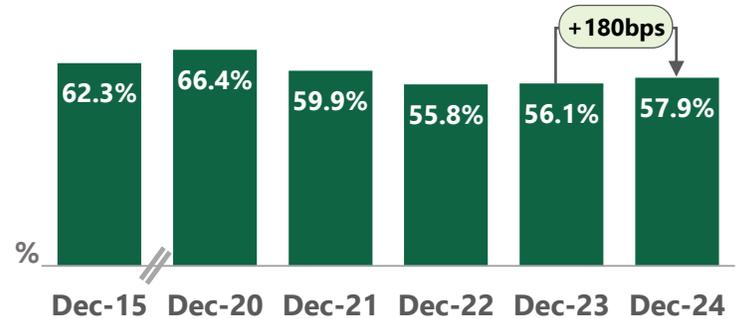
## CAPITAL ADEQUACY



## RETURN ON ASSETS



## LOANS TO DEPOSITS



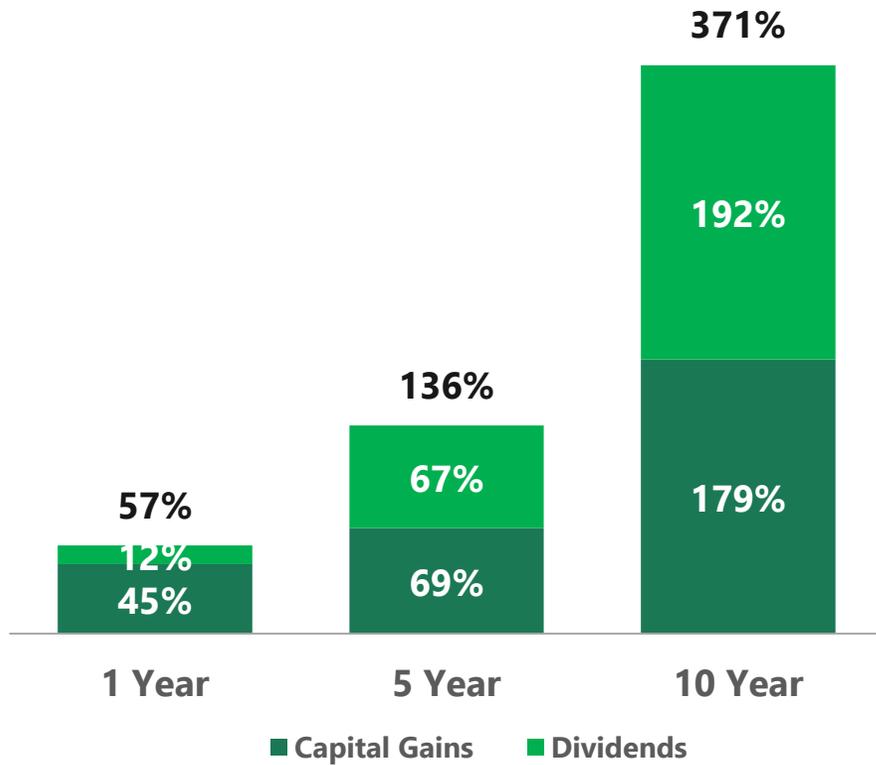
## LEVERAGE RATIO



# Shareholder returns

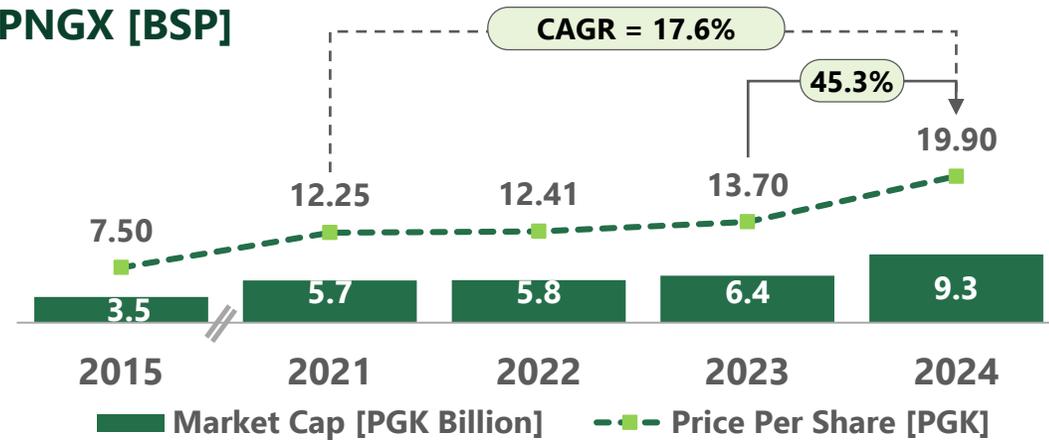
Attractive capital gains and dividend performance.

## TOTAL SHAREHOLDER RETURN [TSR<sup>1</sup>]

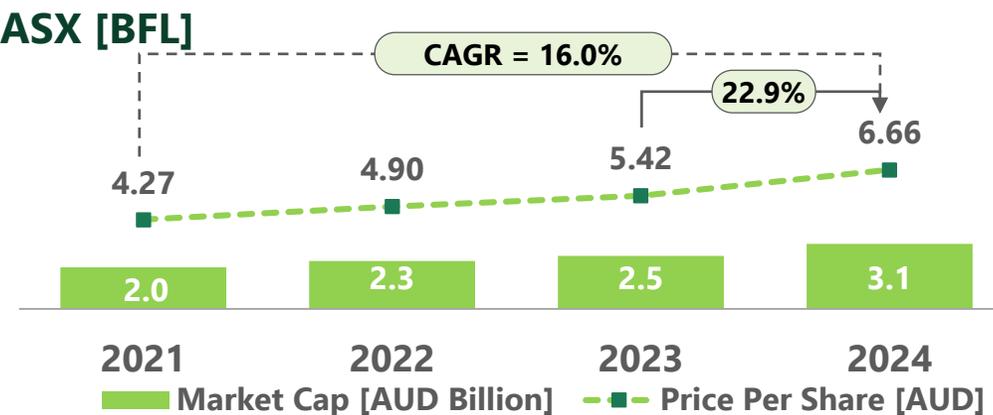


<sup>1</sup> TSR = capital gains [PNGX share price movement] plus dividend paid, divided by closing 31-Dec share price

## PNGX [BSP]



## ASX [BFL]



# Summary

Mark T. Robinson, Group Chief Executive Officer



# Positioned Well for the Future



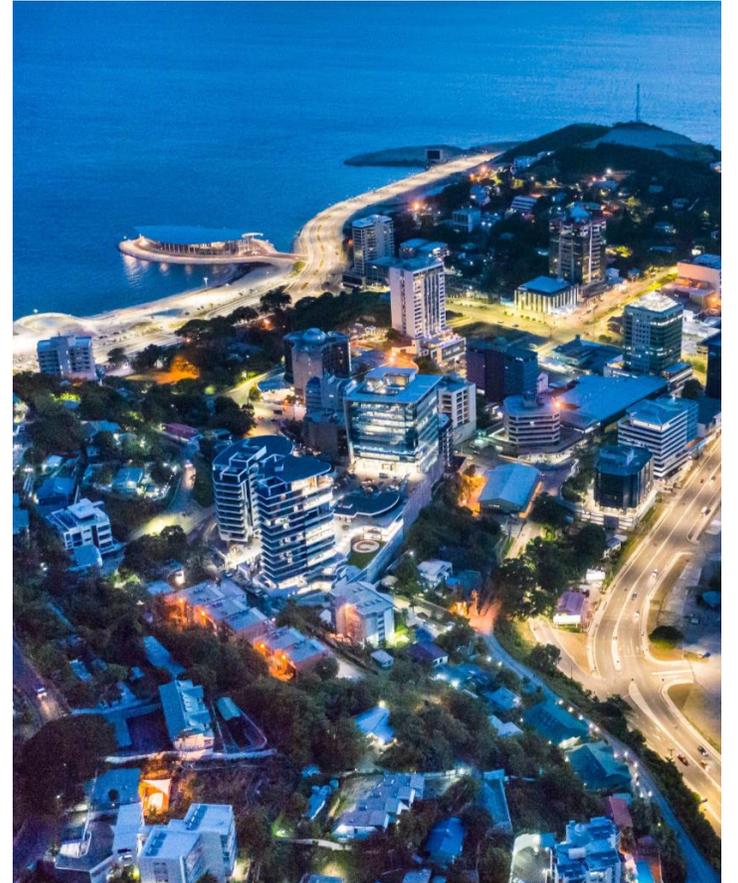
Our strong performance in FY24 continues to lay a solid foundation for BSP's future growth and success. Our conservative strategy for managing capital means we are well-placed to navigate the current environment and realise future growth opportunities.

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  
Results 2024  
Investor Presentation**

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