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5 December 2024

## Change in Corporate Income Tax (CIT) rate of commercial banks operating in Papua New Guinea

The Papua New Guinea 2025 National Budget (the Budget) was presented in Parliament on 29 November 2024.

The Budget introduced a new two-tiered structure of taxation for commercial banks effective from 1 January 2025, which will replace the existing flat 45% CIT rate.

The Budget announced that the new CIT rate will be progressively reduced as follows:

**Tier 1:** Reduce the base rate of company tax on all commercial banks for profits below K300 million from 45% per cent to 40% from 1 January 2025 with a further reduction to 35% per cent beginning on 1 January 2026.

**Tier 2:** Reduce the rate of company tax for all commercial bank profits above K300 million from 45% to 44% from 1 January 2025. This rate will then decrease by one percentage point at the start of each successive fiscal year until the rate is 35%.

BSP Financial Group Limited (the Group) will continue to assess the impacts of the Budget and notes that it will have no material impact on the Group's Full Year 2024 profit.

*This announcement was authorised for release by BSP Financial Group Limited's Disclosure Committee.*

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