



Our Bank.
Our People.

Investor Presentation

2022 Full Year Results

Ronesh Dayal – Acting Group CEO

BSP Financial Group Limited

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



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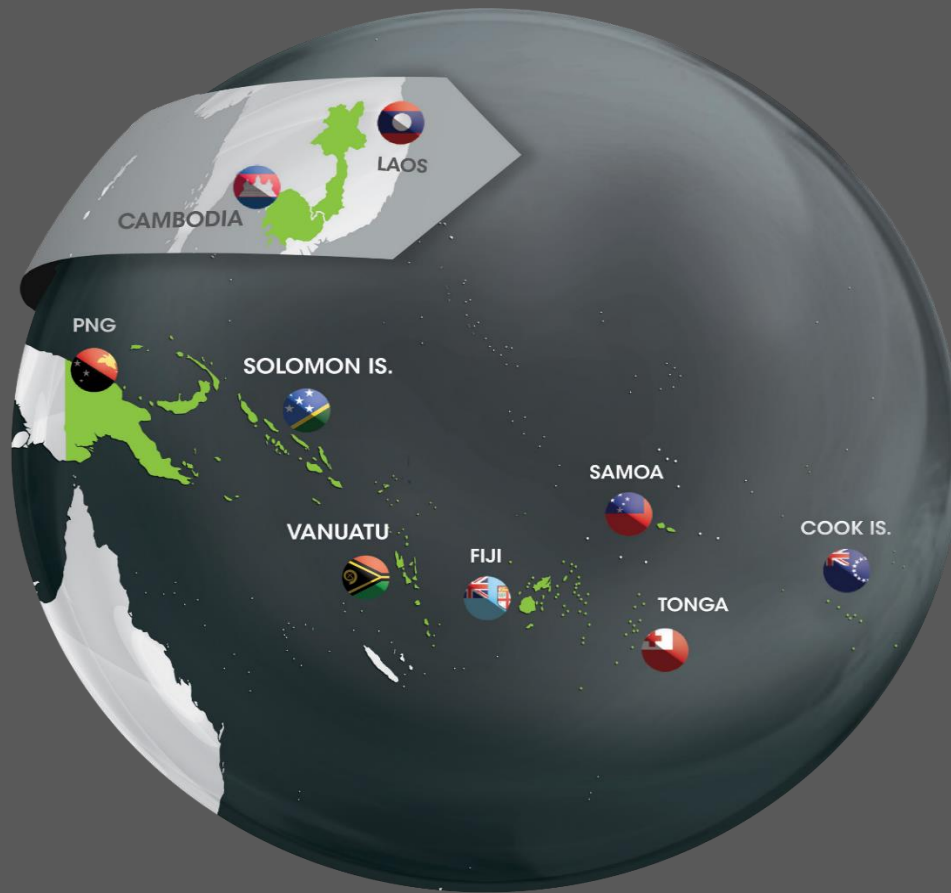
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South Pacific market leader

BSP provides financial services to seven South Pacific countries and two in South East Asia. BSP remains the largest South Pacific bank, with the most extensive branch network.



K14.4b [A\$5.8b]
In net lending¹



K33.9b [A\$13.7b]
In total assets¹



K5.8b on PNGX [A\$2.3b on ASX]
Market capitalisation²



121 branches and sub-branches
Largest network



~ 3.4m
Customer accounts



> 17.7m per month
Digital transactions

¹ PGK/AUD rate 0.4050 as at 30/12/22

² PGK Value and AUD value based on PNGX and ASX share price as at 30/12/22



Diversification

BSP is a diversified financial services provider, with businesses in banking, asset finance, life insurance, life insurance, funds management and corporate advisory services. BSP continues to explore both organic and inorganic growth opportunities within our markets and service lines.

BANKING



ASSET FINANCE



LIFE INSURANCE



FUNDS MANAGEMENT & CORPORATE ADVISORY



2022 results

BSP has delivered a record financial performance in 2022 ... underpinned by income growth, on the back of improved economic activity following the re-opening of international borders post COVID-19.

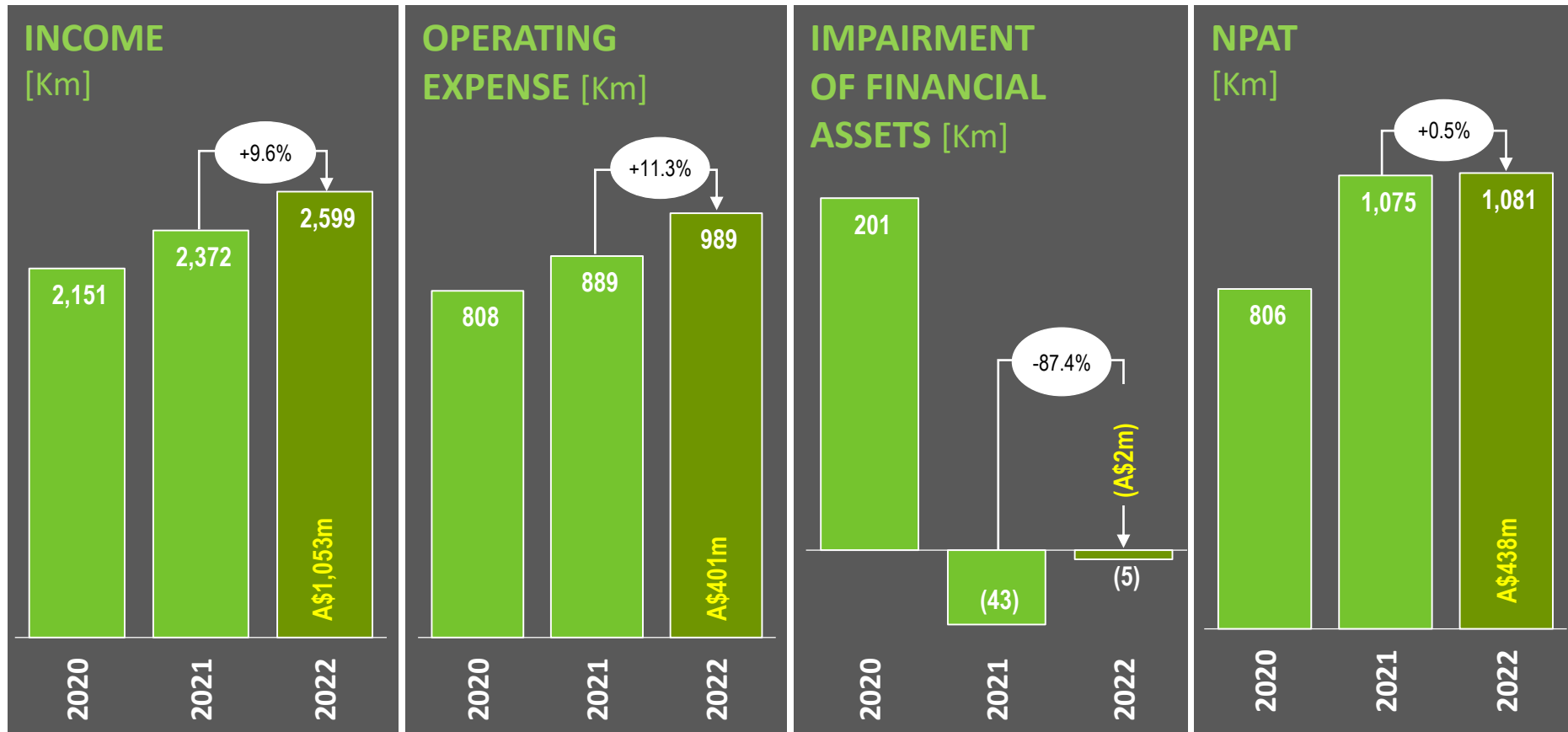
	2022	2022 vs 2021
● Profit [NPAT, Km]	1,081	+ 0.5%
● Net assets [Kb]	4.0	+ 5.7%
● Cost-to-income ratio [%]	38.1	+ 60 bps
● Capital adequacy ratio [%] ¹	24.6	- 110 bps
● Earnings per share [toea]	231.4	+ 0.6%
● Dividend per share [toea]	174	+ 1 toea
● Market capitalisation PNGX [Kb] ²	5.8	+10.1%
● Market capitalisation ASX [A\$b] ²	2.3	+3.4%

¹ Capital Adequacy Ratio calculated pre-dividend and as at 30/12/22

² PGK Value and AUD value based on PNGX and ASX share price as at 30/12/22

Group NPAT

Strong year on year income growth of K227m to K2.6b, coupled with a loan impairment credit more than offset the increase in operating expenses ... contributing to a statutory Group NPAT of K1.081b.



Note: PGK/AUD rate 0.4050 as at 30/12/22



BSP

Our Bank. Our People.

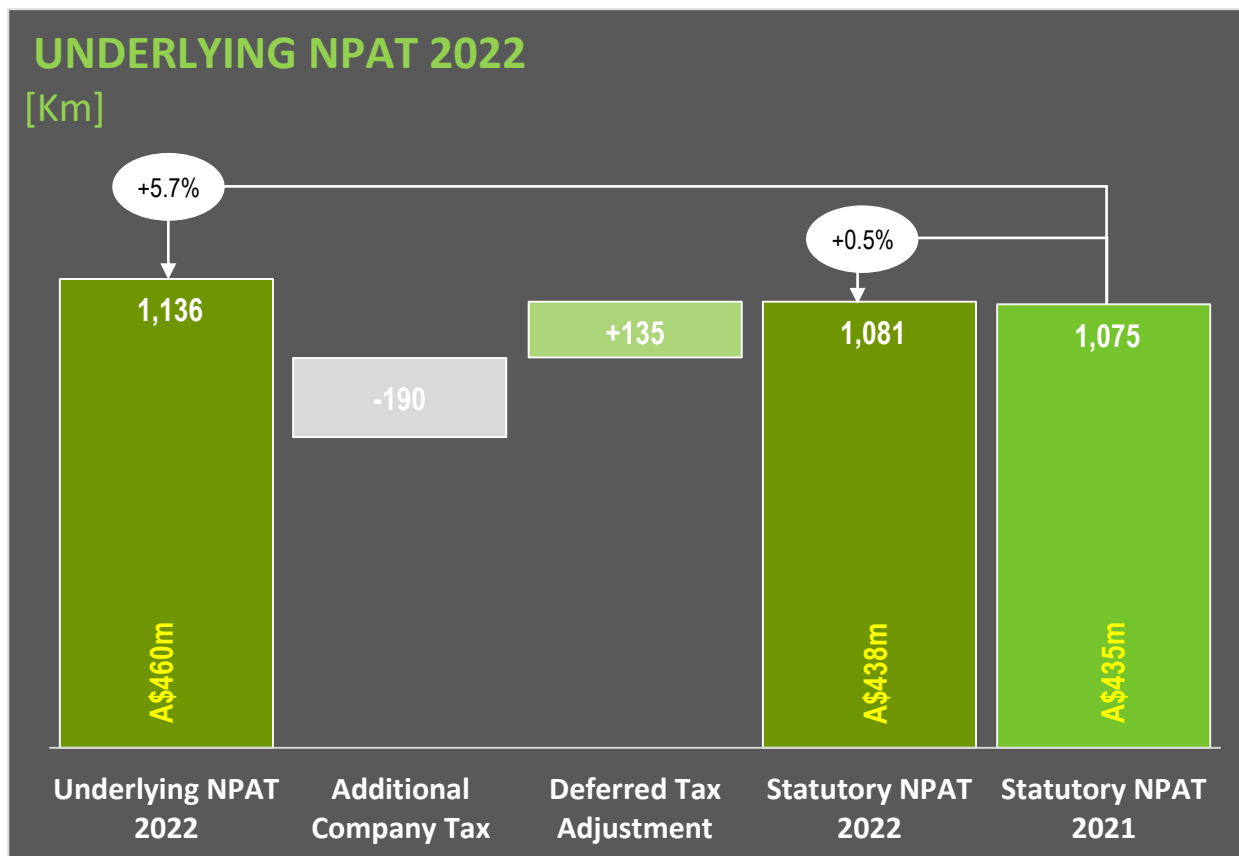
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Underlying NPAT

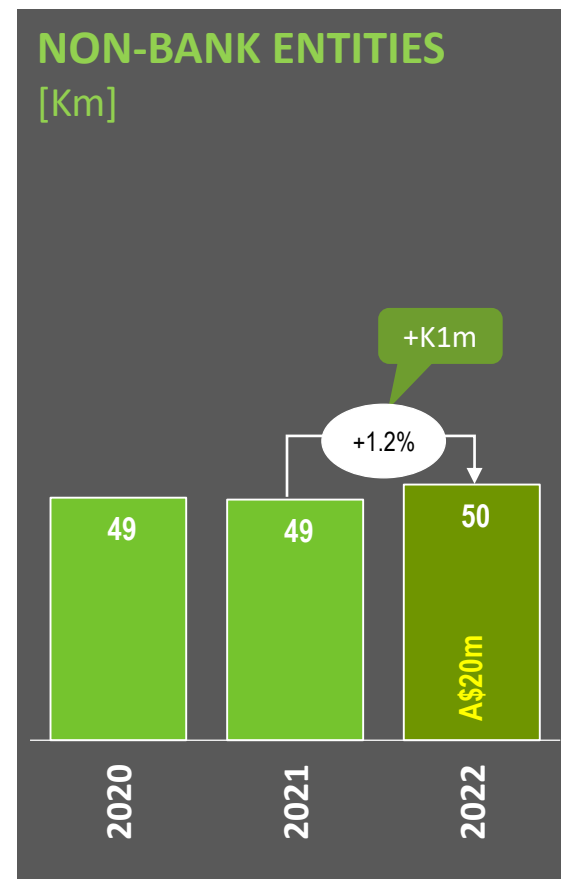
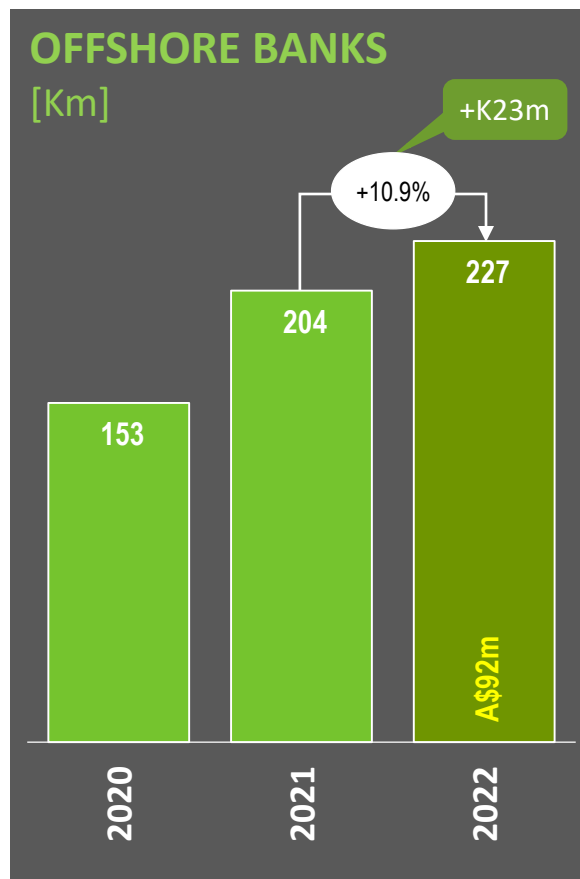
BSP Group's underlying result excluding new tax impacts was K1.136b in 2022, up 5.7% from 2021. Results were impacted by the K190m Additional Company Tax and a one-off K135m credit to tax expense that resulted from the restatement of deferred tax balances for PNG Bank from 30% to 45% in the December 2022 accounts, in accordance with International Accounting Standards.



Note: PGK/AUD rate 0.4050 as at 30/12/22

NPAT by division

The Offshore Banks' contribution to Group NPAT has increased materially ... driven largely by continued growth in our Fiji businesses. Excluding the K190m ACT¹ and K135m one-off credit to tax expense, PNG Bank's underlying NPAT was up K37m from the prior year.

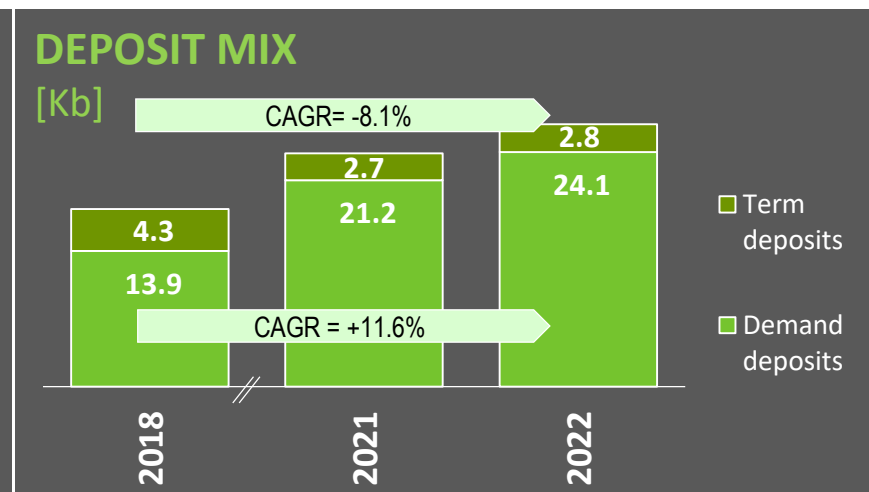
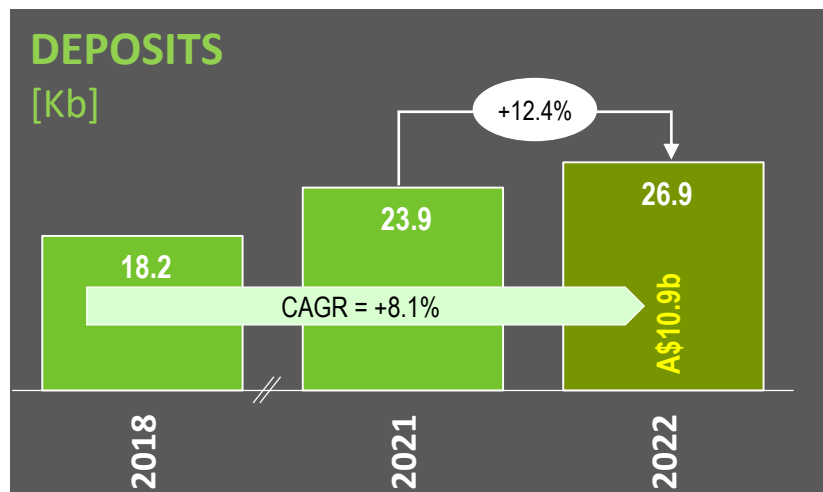
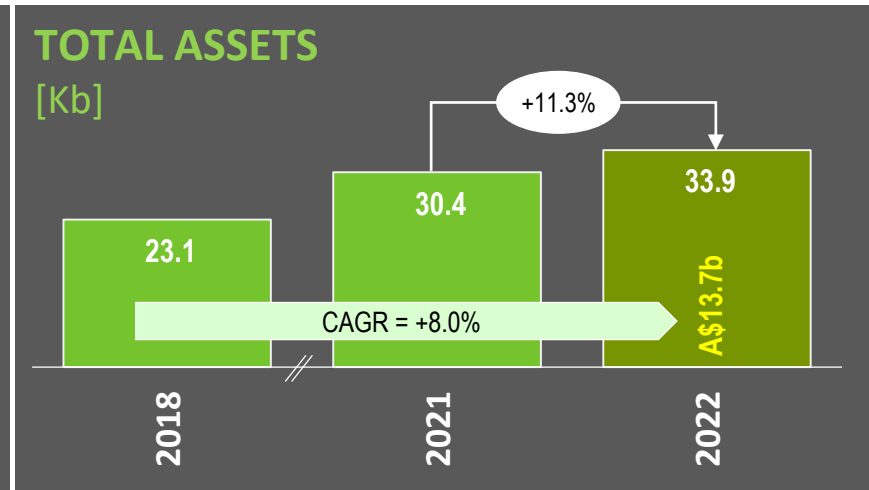
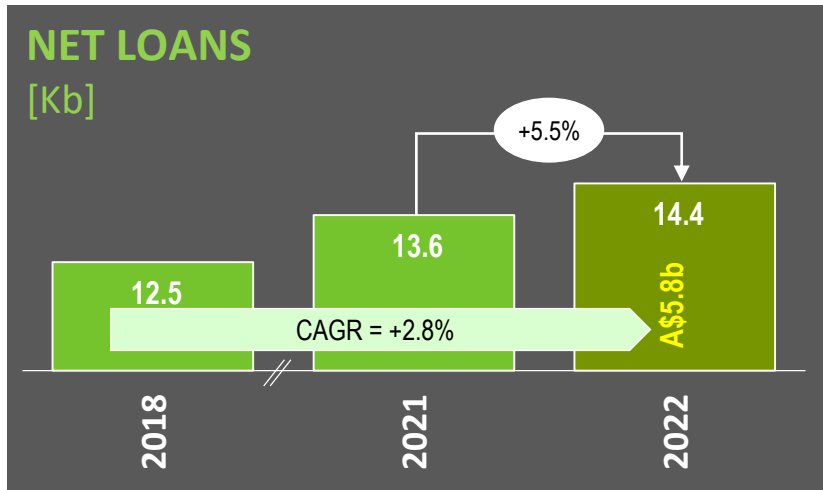


Note: PGK/AUD rate 0.4050 as at 30/12/22

¹ Additional Company Tax

Group financial KPIs

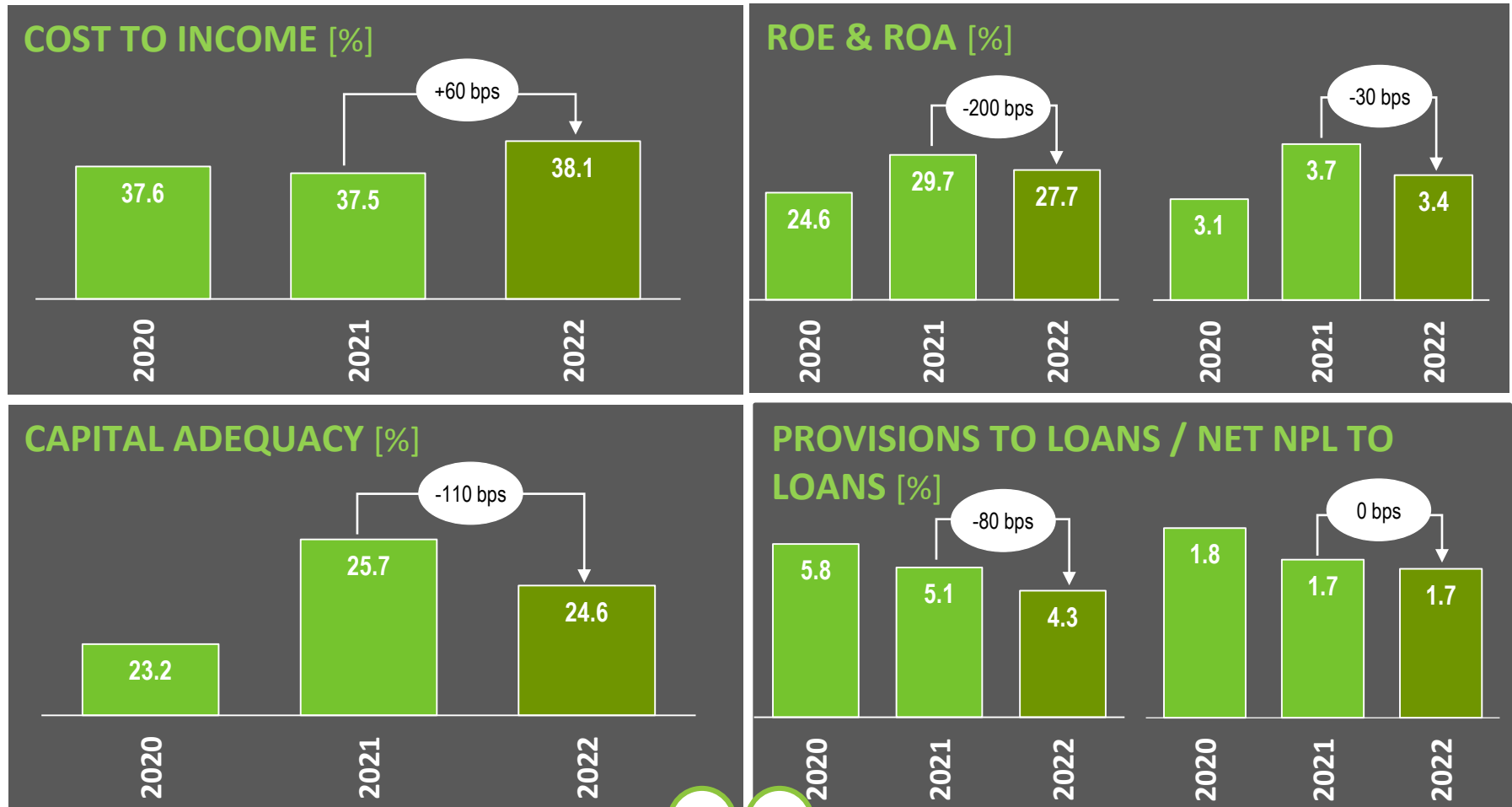
Strong growth in deposits and lending on the back of improved economic activity ... further strengthening the balance sheet in terms of both capital and liquidity.



Note: PGK/AUD rate 0.4050 as at 30/12/22

Key ratios

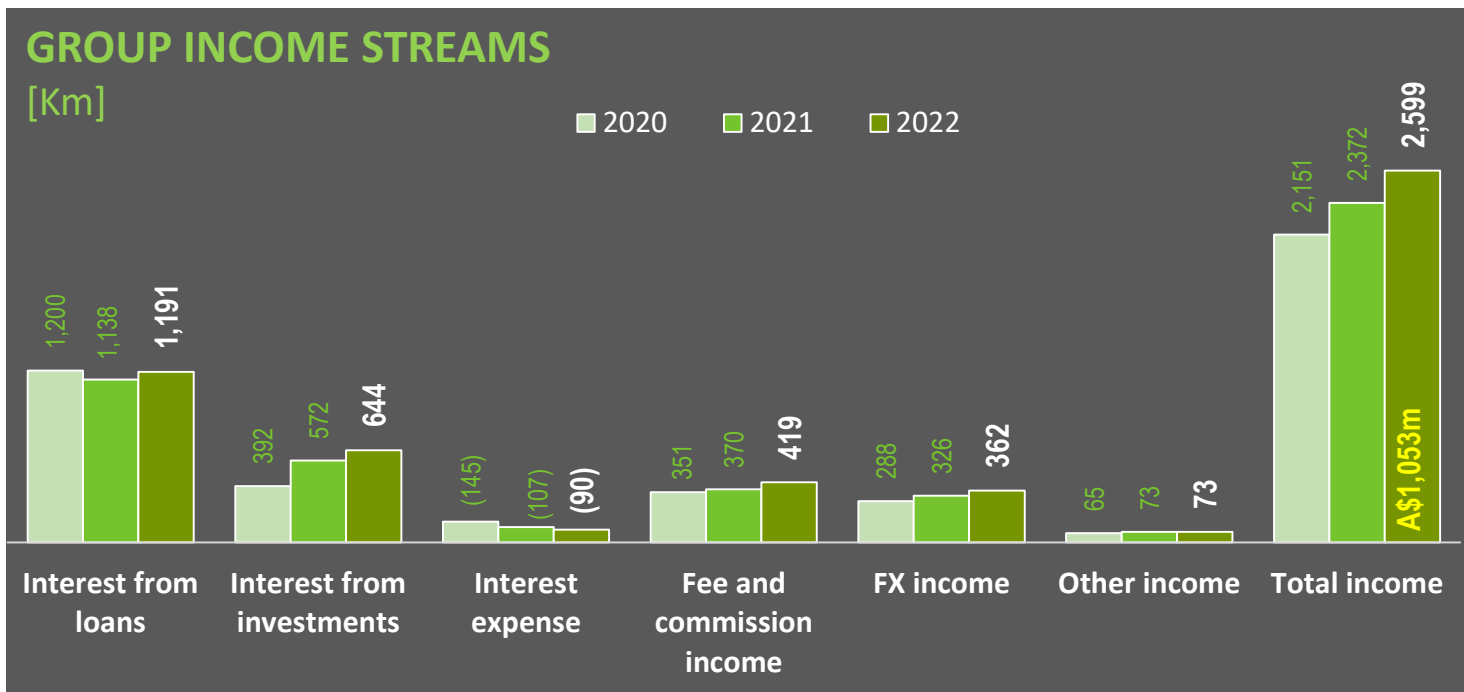
BSP's key ratios are robust. Improved credit quality saw a reduction in provisions to loans and capital adequacy is well above BPNG's minimum requirement. ROA and ROE were lower, driven by growth in assets and retained earnings respectively coupled with incremental growth in NPAT as a result of the Additional Company Tax.



Income stream trends

Total income increased by 9.6% to K2,599 million, driven by growth in net interest income, improved transactional volumes following reopening of international borders and favourable foreign exchange earnings, due to improved inflows.

	Lending income	Investment income	Interest expense	Fee income	FX Income	Other income	Total Income
YOY:	+4.6%	+12.6%	-16.1%	+13.1%	+11.2%	+0.1%	+9.6%
CAGR:	-0.2%	+18.0%	-14.7%	+6.1%	+7.9%	+3.6%	+6.5%



Note: PGK/AUD rate 0.4050 as at 30/12/22

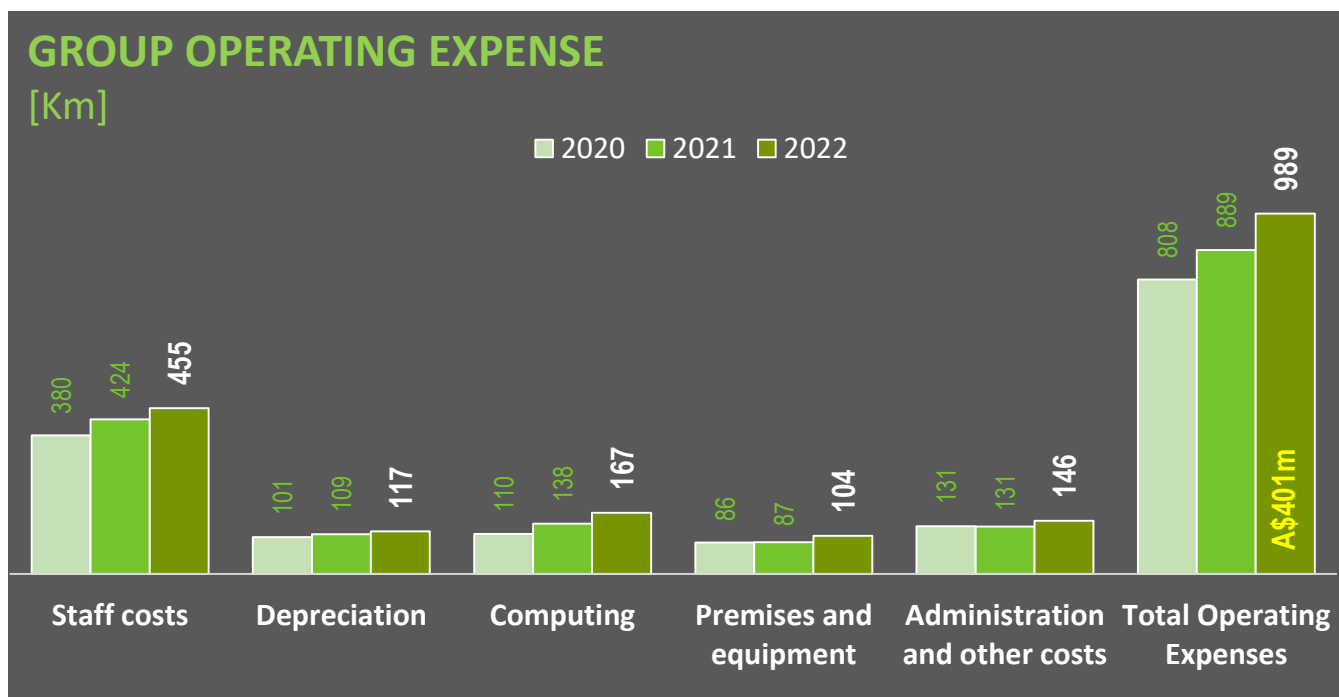
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Expenditure trends

Total operating costs increased by 11.3% year-on-year. Staff, computing and premises costs were higher ... driven by continued investment in channel capability, annual maintenance costs for the new core banking system, new retail branches and increased AML capacity.

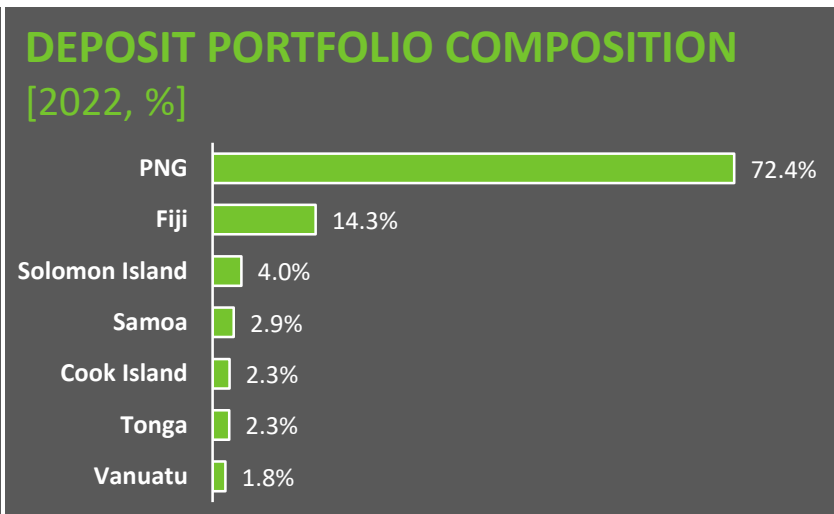
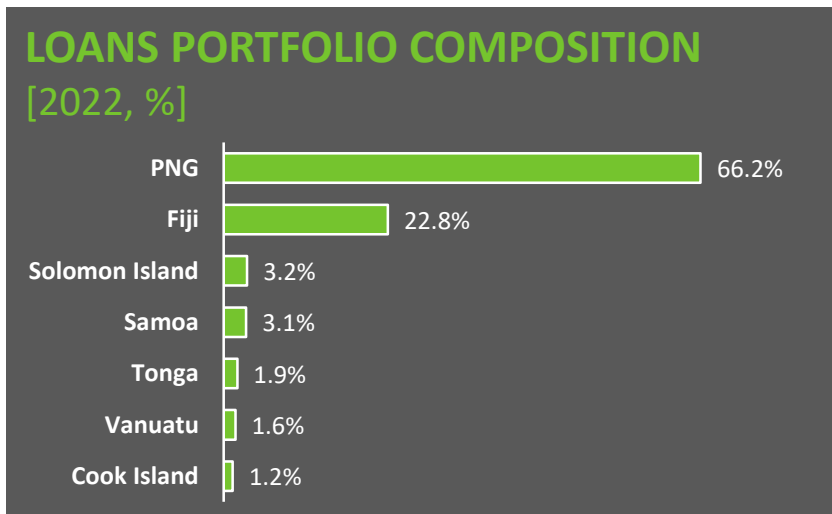
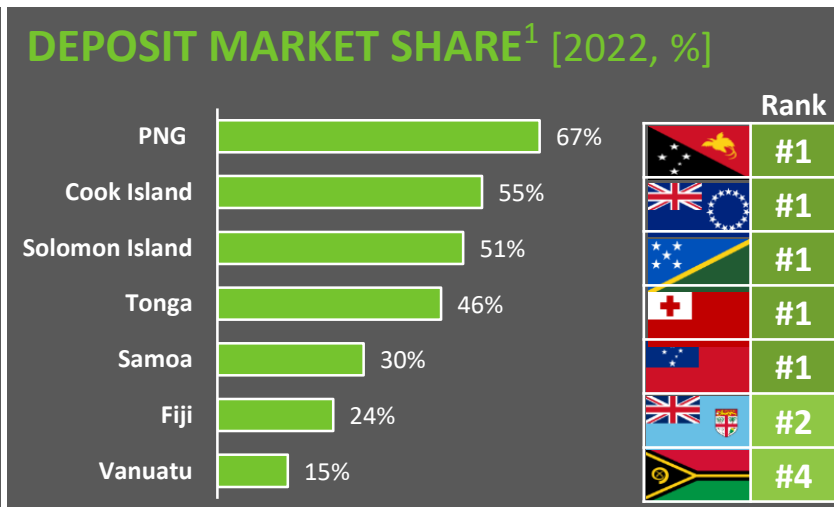
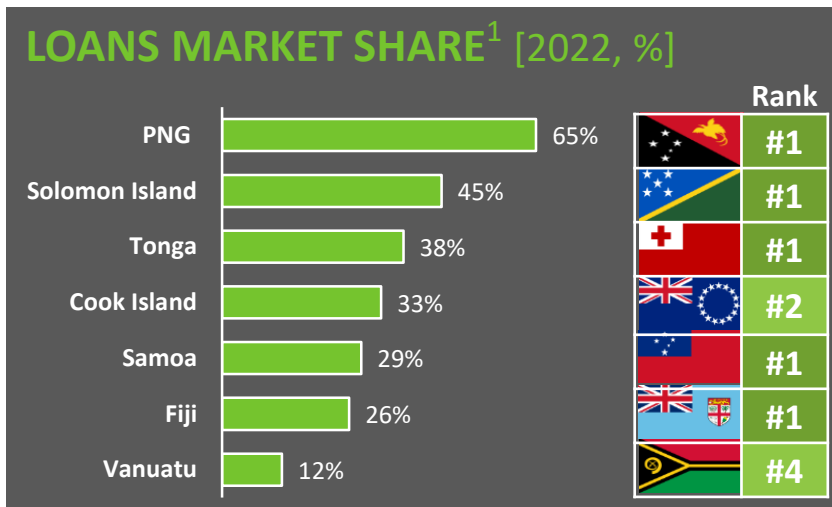
	Staff costs	Depreciation	Computing costs	Premises & Equipment	Admin costs	Total Operating costs
YOY:	+7.2% ↑	+7.0% ↑	+21.2% ↑	+19.5% ↑	+12.1% ↑	+11.3% ↑
CAGR:	+6.1% ↑	+5.0% ↑	+15.1% ↑	+6.5% ↑	+3.6% ↑	+7.0% ↑



Note: PGK/AUD rate 0.4050 as at 30/12/22

Market strength

BSP is #1 in lending and deposit taking in 5 of the 7 countries we operate in. Our loan and deposit portfolios are predominantly PNG domiciled.



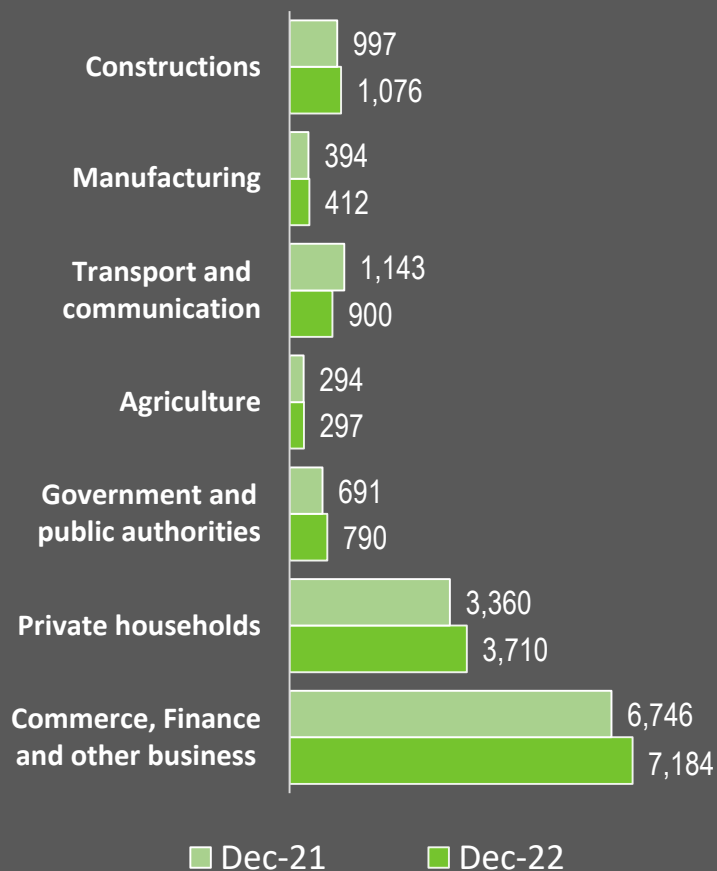
¹ Based on market share data available as at 20/2/23.

Balanced portfolio

We have a balanced portfolio of personal and corporate customers. Our corporate banking business is the market leader in both PNG and Fiji.

LENDING PORTFOLIO BY SECTOR

[Km]



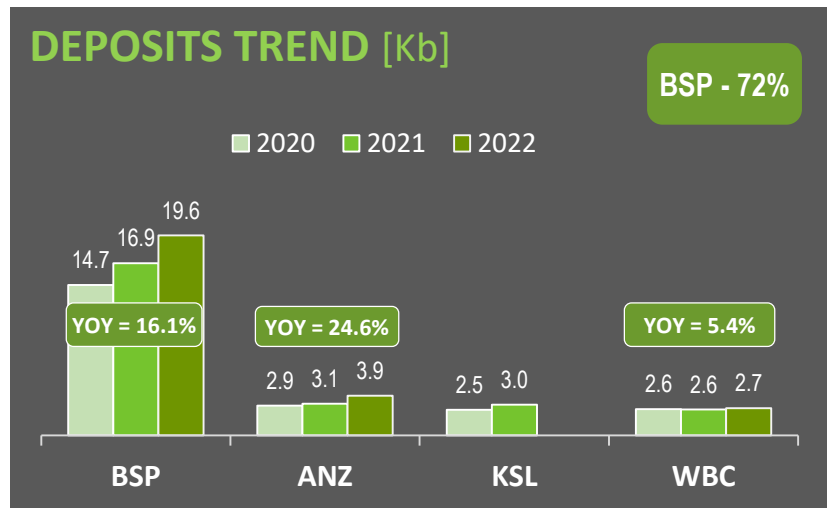
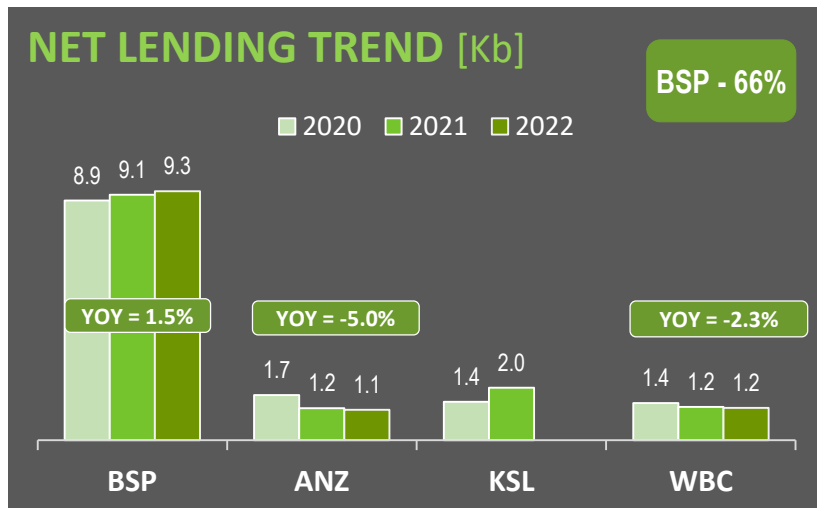
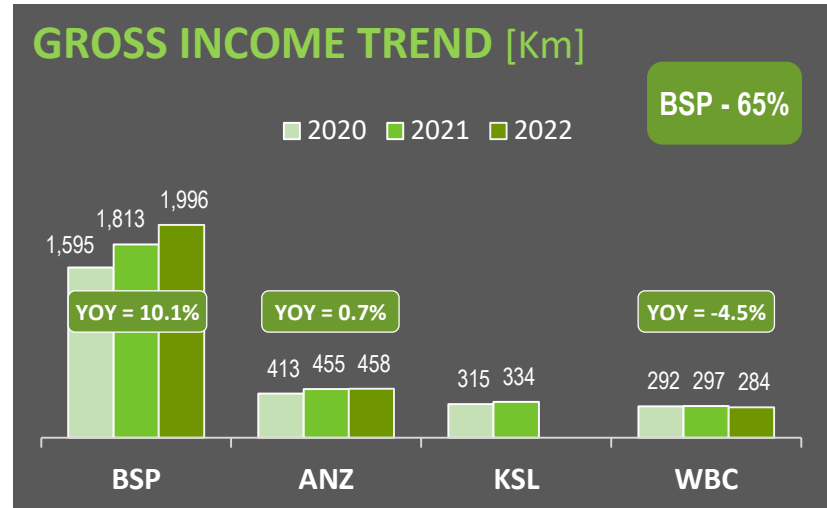
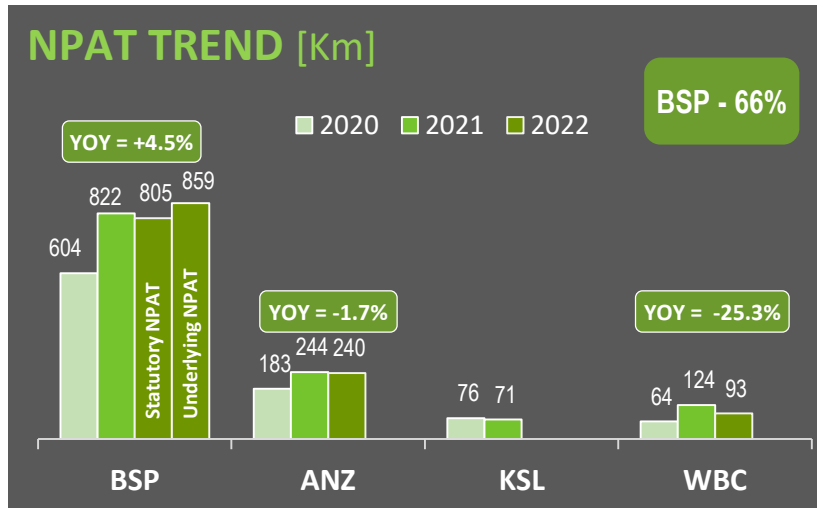
Agribusiness	New Britain Palm Oil Limited	RAMU AGRI-INDUSTRIES Our growth, Your prosperity	AGMARK NGIP AGMARK LIMITED
Oil and gas	ExxonMobil	PNG LNG	TotalEnergies Santos
Mining	NEWCREST MINING LIMITED	OKTEDI MINING	HARMONY BARRICK
Retail	Brian Bell Group Business & Retail Solutions Supporting the Pacific	GARAMUT	THEODIST LTD RH GROUP
Manufacturing	CCA COCA-COLA AMATIL	LAE BISCUIT CO. BIKPELA NA STRONGPELA	BNC TRADING COMPANY LIMITED Wholesalers and Import Agents Since 1924
Services	pwc	QBE	Deloitte. Digicel
Tourism	AIRWAYS HOTEL & RESIDENCES	Hilton	L Lamana Hotel Coral Sea Hotels Meet, Stay & Play
Other	TOYOTA	Air Niugini	

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PNG banks competitor trends

BSP continues to outperform its PNG competitor, despite the K190m ACT¹ in 2022 ... with profitability in line with lending market share.



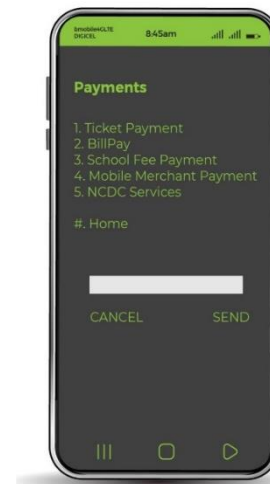
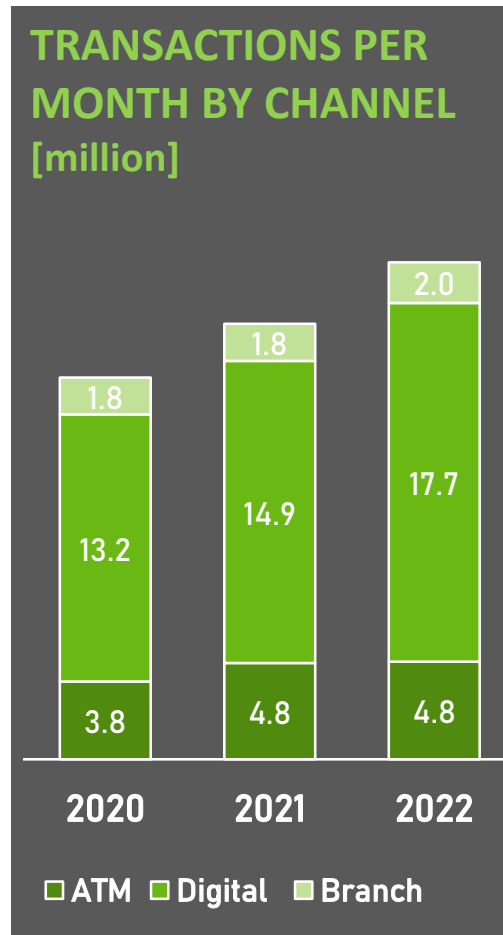
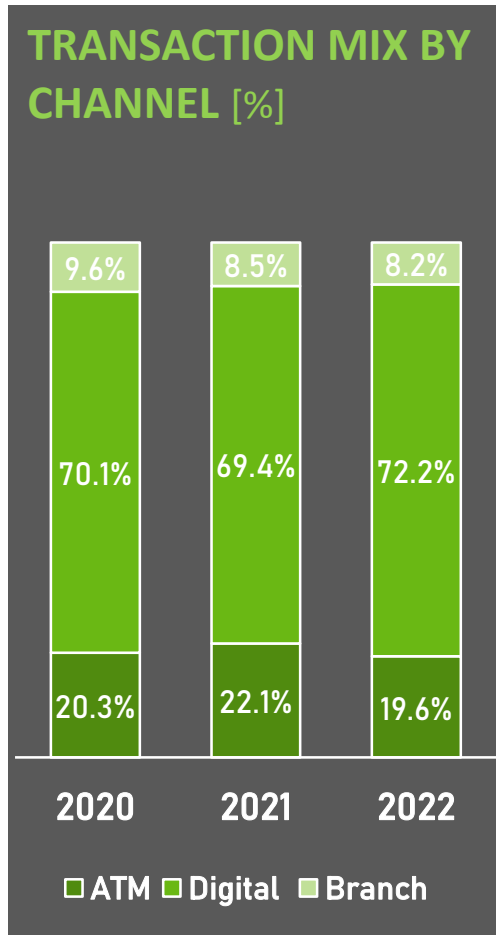
Source: Key Disclosure Statements ANZ PNG (Sep 20, Sep 21, Sep 22), WBC PNG (Sep 20, Sep 21, Sep 22), KSL (Dec 20, Dec 21)

¹ Additional Company Tax

Digital channels

Channel growth trends

Increasing adoption of digital channels ... with average digital transactions per month increasing by 2.8 million [or 18.7%] year-on-year to 17.7 million driven by growing customer use of BSP's mobile banking services in PNG.



DIAL *131# to make your payments anywhere, anytime 24/7.

BSP Mobile Banking *131#, the convenient way to pay.

Banking made easy

BSP continues to innovate with new services to enhance customer service. We continue to offer a suite of safe, secure and convenient 24/7 cashless payments channels.

TOP 3 PERFORMING CHANNELS IN PNG

128.4 million
Mobile Banking transactions in 2022.



MOBILE BANKING *131#

54% of total transactions, performed via Mobile banking *131# service in the top 3 transactions.

1. Mobile top-up
2. Transfer Other + Own
3. Easipay top-up

40.8 million
EFTPOS Transactions in 2022.



EFTPOS

17% of total transactions performed via EFTPOS payment with the two payment distribution being.

1. Purchase
2. Purchase + Cash Back

35.2 million
ATM transactions in 2022



ATM

15% of total transactions performed via ATM with the top three (3) transactions being.

1. Cash Withdrawal
2. Balance Enquiry
3. Mini statement

ONBOARDED MERCHANTS



542
MOBILE MERCHANT



425
SCHOOL FEE MERCHANT



50
IPG MERCHANT



21
BSP PAY MERCHANT

Network investment

Channel network and location

BSP has the largest branch network in the South Pacific ... with continued investment to improve customer service levels across the BSP Group.



Network investment

BSP continues to invest in expanding our retail branch network to improve customer service levels across the Pacific.

NEW BRANCHES/SUB BRANCHES – PAST 12 MONTHS IN PNG

- Palmalmal (Upgrade of Sub-Branch to Hybrid)
- Eriku (5th branch in Lae)
- NCDC Boroko Lending Centre

BSP HAS PLANS FOR EXPANSION IN 2023

- Gerehu Branch
- Dobel (Second Branch in Mt Hagen)
- Telefomin (Upgrade to Hybrid)
- Maprik (Upgrade to Branch)
- Lae Lending Centre
- Tari Branch



Customer account trends

Financial literacy

BSP has continued to reduce account fees and charges in 2022, bringing estimated total fee income forgone to circa K91m per year when taking all fees reduced or waived since 2014 into consideration.



BSP
SUMATIN
1234 5678 9012 3456
EXPIRATION 00/00

SUMATIN ACCOUNT
Banking made easier for student on the go

- Youth account
- Card, mobile and internet banking access
- Optional Visa debit card access
- No minimum balance required or monthly maintenance fee applied

SUMATIN ACCOUNT			
	Dec-21	Dec-22	YoY Change
Accounts [No.]	290,447	312,966	7.8%
Balance [Km]	21.2	25.8	21.8%



BSP
Kids Savings
1234 5678 9012 3456
EXPIRATION 00/00

KIDS SAVINGS ACCOUNT
Savings account with training wheels

- Children aged 0 to 15 years
- No Fees
- Tiered interest plan
- Kids Savings card access

KIDS SAVINGS ACCOUNT			
	Dec-21	Dec-22	YoY Change
Accounts [No.]	150,506	151,980	1.0%
Balance [Km]	31.7	36.9	16.4%



BSP

PLUS SAVER ACCOUNT
Save more and get more

- Tiered rate structure offering higher interest on higher balances
- Mobile, internet and telephone transfers
- Interest calculated daily, paid quarterly

PLUS SAVER ACCOUNT			
	Dec-21	Dec-22	YoY Change
Accounts [No.]	128,721	135,840	5.5%
Balance [Km]	369.0	402.0	8.9%

Growing middle class wealth

Our home loan product for first-time homebuyers, provides an opportunity for citizens to own homes in PNG with an attractive 4% fixed interest rate, over a maximum 40-year term.

FIRST HOME OWNERSHIP LOAN (FHOL)

	Dec-21	Dec-22	YoY Change
Accounts [No.]	1,157	1,161	0.3%
Balance [Km]	334.0	347.7	4.1%

FIRST HOME OWNERS LOAN



Owning a home is possible!

4% per annum fixed interest rate for the full term of the loan.

BSP FIRST HOME OWNERSHIP LOAN (FHOL)

- K200,000 minimum loan amount.
- 40 year maximum loan term.
- **4% per annum fixed** interest rate.
- 10% equity.
- Mortgage and Fire insurance cover.

BSP STANDARD HOME LOAN

- No minimum or maximum loan amount.
- 40 year maximum term.
- 5.5% per annum variable interest rate.
- 20% minimum equity.
- Fire insurance cover.
- Refinance an existing loan held with another bank or financial institution.

Facilitating economic growth

BSP continues to support the PNG government's economic policy to grow the number and capacity of PNG's SMEs. The government's SME credit enhancement scheme loan (CESL) program began in May 2021, and BSP has funded K310.1m under the CESL as at 31-Dec-22.

SME CREDIT ENHANCEMENT SCHEME			
	Dec-21	Dec-22	YoY Change
Accounts [No.]	991	1,649	66.4%
Balance [Km]	103.4	229.5	121.9%

SMART BUSINESS PACKAGE ACCOUNTS			
	Dec-21	Dec-22	YoY Change
Accounts [No.]	61,121	69,749	14.1%
Balance [Km]	1,281.0	1,519.5	18.6%

SME CESL FACILITY BACKGROUND

- A PNG government initiative.
- BSP was able to achieve the initial K200m target by December 2022, by increasing availability by lowering the equity requirement from 30% to 10% and increasing the maximum loan amount from K3m to K5m.

BSP SMART BUSINESS PACKAGE

offers essential products that can help SMEs manage business funds and provides a pathway for growth.

A Smart Solution for Small Business [SIGN UP NOW!](#)



Corporate social responsibility

Community projects

BSP continues to support our communities through donations and charity work. With our extensive branch network in PNG and around the Pacific, BSP uses its reach to support communities through both funding and participating in community projects.

BSP COMMUNITY PROJECTS IN 2022



68 projects
completed in 7 countries

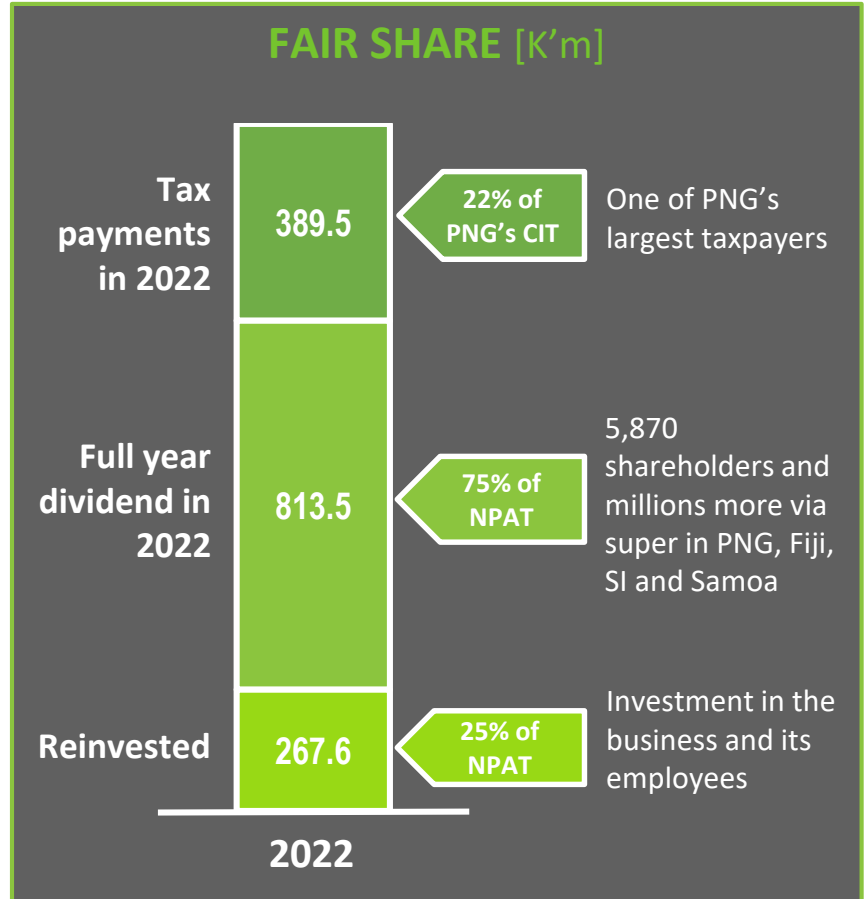


K2.02 million
spent on community projects by
PNG Bank and Offshore Banks



Sponsorships & paying our fair share

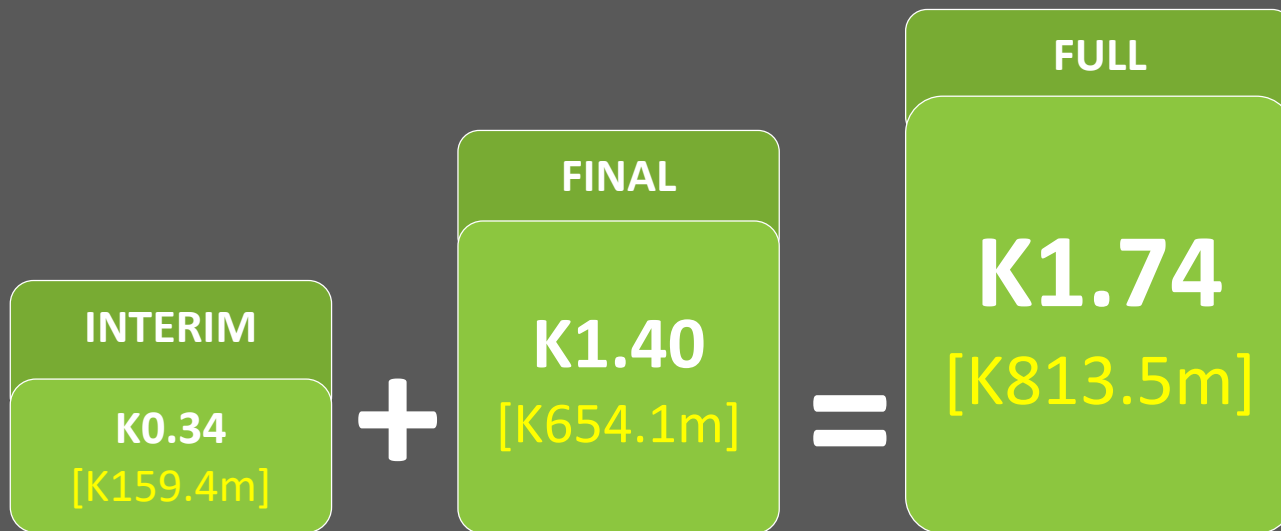
In 2022, BSP spent K1.6 million on sponsorships, including supporting the PNG Orchids, the Morobe Show, and various other cultural events around PNG. Further, BSP provides a significant share of PNG's corporate income tax (CIT) ... averaging 21% in the last 3 years.



Shareholder returns

2022 dividend

BSP's final dividend of K1.40 per share brings our total dividend paid to shareholders to K1.74 per share in 2022. This represents an incremental 0.6% increase in dividends from 2021, which would have been materially higher if not for the impact of the K190m tax targeted at BSP.



PLANNED PROCESSING DATES

- Ex-date: Thursday, 9 March 2023
- Record date: Friday, 10 March 2023
- Payment date: Friday, 21 April 2023

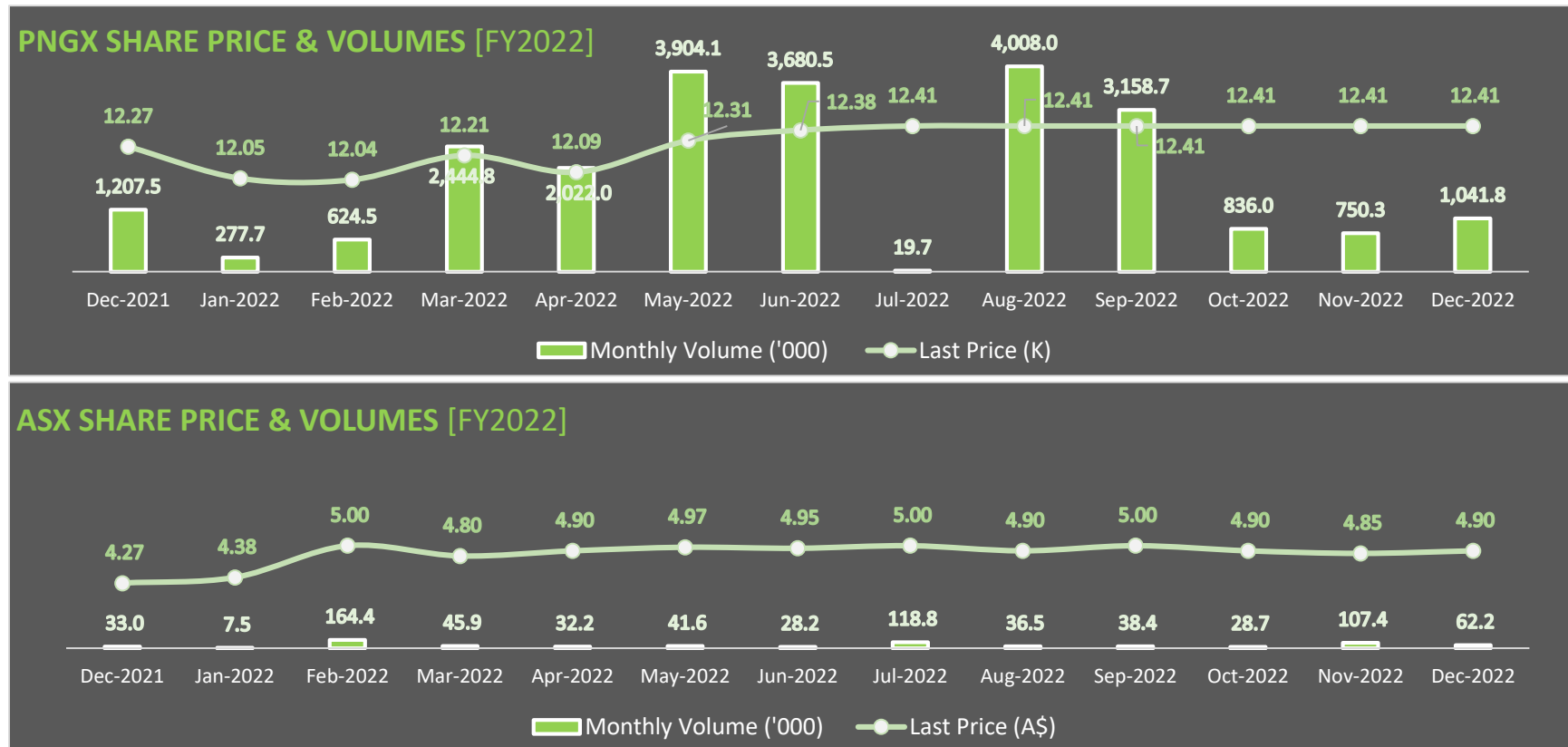
SHAREHOLDER RETURNS SUMMARY

	2020	2021	2022	Change
EPS [K]	1.73	2.30	2.31	0.4%
Payout ratio	75.3%	75.2%	75.3%	+10 bps
Dividend yield ¹ [PNGX]	10.8%	14.4%	14.0%	-40 bps
Dividend yield ¹ [ASX]	<i>Not listed</i>	14.8%	14.6%	-20 bps

¹ Share Price at K12.41 on PNGX and A\$4.70 on ASX as at 10/02/23

Share price trends

In 2022, BSP's share price remained relatively stable, despite market volatility ... with prices moderating around K12.40 and A\$4.90 on the PNGX and ASX respectively. BSP's Market Capitalisation¹ on the PNGX was K5.8 billion and A\$2.3 billion on the ASX at the end of December 2022. Dividend yield² in February 2023 was 14.0% and 14.6% on PNGX and ASX respectively.



¹ PGK Value and AUD value based on PNGX and ASX share price on 30/12/22 respectively.

² Share Price at K12.41 on PNGX and A\$4.70 on ASX as at 10/02/23

Top 10 shareholders

BSP's Top 10 shareholders hold 78.4% of total issued shares at the end of December 2022.

TOP 10 SHAREOLDERS [31-December-2022]

Rank	Name	PNGX Shares [in millions]	ASX Shares [in millions]	Total Holding [in millions]	Holding
1	Kumul Consolidated Holdings Limited	84.8	-	84.8	18.2%
2	Nambawan Super Limited	26.3	21.6	47.9	10.3%
3	Petroleum Resources Kutubu Limited	46.2	-	46.2	9.9%
4	National Superannuation Fund	45.3	-	45.3	9.7%
5	Fiji National Provident Fund	40.5	-	40.5	8.7%
6	Credit Corporation (PNG) Limited	-	36.3	36.3	7.8%
7	Motor Vehicles Insurance Limited	31.2	-	31.2	6.7%
8	Comrade Trustee Services Limited	12.5	-	12.5	2.7%
9	PNG Sustainable Development Program Ltd	11.7	-	11.7	2.5%
10	The Catholic Bishops Conference Inc	10.0	-	10.0	2.1%
Shares Held by Top 10				366.4	78.4%
Total Shares Outstanding				467.2	100.0%

Taxation developments and sector impacts

The Additional Company Tax (ACT), applicable to BSP in 2022, was repealed in the 2023 National Budget and replaced by an increase in the PNG banking sector's company tax rate from 30% to 45%.

ADDITIONAL COMPANY TAX UPDATE

- The K190 million ACT on BSP was repealed and will be discontinued from 2023 onwards, however this does not eliminate the liability for 2022.
- BSP has sought a Judicial Review on the constitutionality of the ACT. The matter is before the courts and an outcome is pending.
- Shareholders including Nambawan Super Ltd, Nasfund, Comrade Trustee Services and the Association of Superannuation Funds have joined BSP as interveners.
- The ACT liability was due on 30 September 2022, and BSP has taken up the full amount in our books and paid the K190 million into an escrow account with Bank of Papua New Guinea (BPNG) pending the outcome of the Judicial Review.

TAX RATE INCREASE FROM 30% TO 45%

- To bridge short-term fiscal shortfalls, the government has levied a targeted tax increase on PNG commercial banks, which was introduced through the 2023 National Budget.
- The new 45% company tax rate only applies to PNG commercial banks, while maintaining a 30% tax rate on all other companies in PNG.
- BSP maintains the increase will penalise growth in the financial sector and is counterproductive to the long-term economic growth ambitions of PNG. A targeted tax of this nature has the potential to slow the development of this sector.
- To encourage investment in PNG by local and international companies, a stable taxation and regulatory regime is needed. Revenue measures that target specific sectors to address short-term fiscal needs come at the expense of the long-term development of the sector.

Closing comments

Summary

- Record underlying profit result excluding new tax impacts was K1.136b in 2022, up 5.7%.
- Record statutory Group NPAT of K1.081b in 2022, [0.5%] above prior year of K1.075b, net of the Additional Company Tax (ACT) of K190m and a one-off credit of K135m tax expense resulting from the restatement of deferred tax balances for PNG Bank at 45% in the December 2022 accounts.
- Total assets up 11.3% and net loans up 5.5%.
- Total income up 9.6%, driven by interest from lending and government securities, FX income and higher volumes of channel transactions in 2022.
- Cost to income ratio up slightly to 38.1%.
- Total expenses up by 11.3%, driven by increases in staff, computing and premises costs.
- Capital adequacy is at 24.6% ... well above BPNG requirement of 12%.
- Dividend Yield at 14.0% and 14.6% on PNGX and ASX respectively.
- Overall a strong 2022 performance ... driven by improved economic activity following the re-opening of international borders in the countries we operate in.