

22 August 2025

## BSP FINANCIAL GROUP LTD 1H25 RESULTS

**BSP delivers 9.8% NPAT growth to K572m in 1H25, underpinned by strong revenue momentum, disciplined cost control and strategic investment in digital capabilities.**

BSP Financial Group Limited ("BSP"), the leading bank of the South Pacific, today announces its half year (1H25) results for the six months ended 30 June 2025.

### Financial Highlights

|                                                       |                                                                      |                                                                       |
|-------------------------------------------------------|----------------------------------------------------------------------|-----------------------------------------------------------------------|
| REVENUE<br><b>K1,602m</b><br>[A\$621m], ▲9.8%         | OPERATING EXPENSES<br><b>K681m</b><br>[A\$264m], ▲17.6% <sup>1</sup> | NET PROFIT AFTER TAX<br><b>K572m</b><br>[A\$222m], ▲9.8%              |
| ANNUALISED RETURN ON EQUITY<br><b>23.6%</b><br>▲70bps | 2025 INTERIM DIVIDEND PER SHARE<br><b>50 toea</b><br>▲11.1%          | EARNINGS PER ORDINARY SHARE<br><b>122.5 toea</b><br>[A\$0.47], ▲10.0% |

**Mark T. Robinson, Group Chief Executive Officer commented:** "We are pleased with BSP's performance this half, delivering another strong result with 9.8% year-on-year revenue growth compared to 1H24, underpinned by sustained business momentum. During the half, we launched our new brand and progressed the modernisation of our operations in line with our strategic priorities—reinforcing BSP's position as the leading international bank in the South Pacific and supporting long-term, sustainable growth for our shareholders."

We ended the half with a strong capital position, well above regulatory requirements, providing a robust platform for continued loan growth and strategic investment. This stable capital base, combined with strong performance, supported the declaration of an interim dividend of 50 toea per share, an 11.1% increase on the interim dividend paid last year."

<sup>1</sup> 17.6% is based on normalised 2024 operating expenses, excluding one-off impairment expenses; year-on-year change is 10.7% when including one-off impairment in the 2024 operating expenses result.



## Operating Performance

- Group revenue increased 9.8% on the prior comparative period (pcp), underpinned by a 3.6% rise in net interest income. This was partially offset by higher interest expense from growth in deposit volumes.
- Annualised net interest margin (NIM) of 5.8%, reflecting strong asset yields and prudent balance sheet management.
- Gross loans grew 2.1% in 1H25 to K17.6b, supported by growth in Retail lending.
- Customer deposits up 2.4% to K30.7b, underpinned by strong growth in transaction and savings accounts.
- Net fee and commission income rose 15%, reflecting strong customer activity across key segments, particularly higher transaction volumes in electronic channels.
- Foreign exchange revenue grew 23.6%, driven by increased transaction volumes from both resource and non-resource sectors in PNG, higher commodity prices, and strong trade and investment activity across our South Pacific markets.
- Net insurance operating income increased 14.4%, benefiting from higher investment income and lower claims experience.
- Operating expenses increased 17.6%<sup>1</sup> as the Group continued to invest in digital capabilities, data, and process improvements to enhance the customer experience.
- Cost to Income ratio increased 280bps<sup>1</sup> to 42.5% due to investments in the Modernising for Growth program, and is in line with the 42% to 45% range expectation.
- The combination of revenue growth, disciplined cost management, and a lower effective tax rate delivered a 9.8% increase in net profit after tax to K572 million.

## Modernising for Growth

BSP's Modernising for Growth strategy is delivering results, with digital transactions accelerating across the region. Internet Banking volumes more than doubled in two years to 7.8 million in 1H25 from 3.8 million in 1H23, while mobile banking transactions rose to 112.0 million from 78.8 million within the same period. We are investing in technology to better serve customers and deliver exceptional experiences, simplifying and enhancing our processes and platforms, building digital and data capabilities to improve decision-making, and attracting, developing and retaining the talent required to drive sustainable growth.

## Capital Management

BSP's Financial position comfortably exceeds minimum regulatory requirements. The capital adequacy ratio of 25.4% is more than double the Bank of Papua New Guinea's requirement of 12.0%. The Leverage ratio of 9.2% is comfortably above the 6% regulatory requirement.



## 1H25 Interim Ordinary Dividend

Following the continued strong operational performance in 1H25, the BSP Board has declared a first half dividend of 50 toea per share, an 11.1% increase on the first half of 2024. This represents a payout ratio of 40.5 per cent of 1H25 earnings which is consistent with the payout ratio in 1H24.

For ASX shareholders eligible to receive BFL dividends in AUD, the applicable exchange rate on the record date will be used.

The dividend payment schedule is as follows:

- **Ex-date:** Wednesday, 27 August 2025
- **Record date:** Thursday, 28 August 2025
- **Payment date:** Friday, 19 September 2025

## Outlook

While most of BSP's Pacific Markets economies have recovered to pre-pandemic levels, regional economic growth is subject to global uncertainty. In PNG, key resources projects awaiting Final Investment Decision are expected to result in improved medium-term prospects for the PNG economy.

BSP's outlook remains positive as economic activity continues to be supported by traditional growth drivers such as resources, tourism, remittances, and agricultural output across the South Pacific.

Mr Robinson said: *"BSP is well positioned to continue delivering attractive returns to shareholders. This confidence is underpinned by our ongoing investments in modernising core platforms, a strong and resilient balance sheet, a disciplined risk management framework, and a talented team with deep regional expertise."*