

20 February 2026

BSP INVESTOR BRIEFING FY25 RESULTS

SPEAKING NOTES

Methuselah Eka Wabiria: Good morning from Port Moresby. Thank you for joining Bank South Pacific's 2025 full year results presentation.

We released BSP Financial Group's 2025 financial results to the PNGX and ASX earlier this morning, and I would like to welcome you to our investor briefing.

My name is Methuselah Eka Wabiria, Senior Manager for ESG and Investor Relations. Our presenters this morning are Mark Robinson, our Group Chief Executive Officer and Glen Skarott, our Group Chief Financial Officer.

After the presentation, which should last about 30 minutes, there will be an opportunity for investor questions. If you are joining from the webcast, you can submit written questions in the Q&A text box that should be showing at the bottom of your screen right now. For those who wish to ask their questions over the conference call, an operator will read out instructions at the end of the presentation.

I would also like to draw your attention to the legal disclaimer associated with this presentation, which is on this slide. Let me now hand over to our Group CEO, Mark Robinson.

Mark Robinson: Thank you, Meth. Good morning, welcome to our 2025 full-year results briefing.

I am going to start with an overview of BSP and our full year performance. Glen will then walk you through the financial results in detail before I return to outline our strategy and the outlook, and we'll then move to your questions.

Turning to slide 5, I want to take a moment to remind you about the scale of our business, our track record and the opportunity ahead of us in PNG and the rest of the South Pacific.

First, BSP is the largest bank in the South Pacific, with market leading positions in 7 countries, serving over 3 million customers.



We operate the most extensive distribution network in the region — spanning branches, ATMs, EFTPOS, mobile and internet banking, and agent banking — extending access into rural and remote communities where few other providers operate.

Our banking roots are here in PNG, with our origins dating back to Commonwealth Bank opening its first branch in Rabaul in 1916, over 100 years ago. Over time, Commonwealth Bank's PNG business and then National Australia Bank's business in PNG became what is now BSP Financial Group, and in 2015, we acquired Westpac's businesses in 5 South Pacific countries.

This has built a bank that is a well governed and well-managed regional champion with a track record of delivering for our shareholders.

We have done that through a diversified revenue base, with strong contributions from lending, foreign exchange, transaction banking and life insurance. Importantly, we know there is “more gas in the tank” and we are investing for growth and performance through our Modernising for Growth program.

The opportunity is very clear. Economic and market growth in the region is being driven by a young and growing population, demand for agricultural commodities and fisheries, tourism, and the world-class endowment the region has in energy and mineral resources, particularly in Papua New Guinea.

We are also growing by using digital channels to bring banking to the region's under-banked and to help unlock more opportunities to champion prosperity in the South Pacific.

Moving to slide 6, you'll see that BSP delivered a strong financial performance in 2025, underpinned by disciplined execution and a clear focus on long-term value creation.

Some highlights include Net Profit after Tax, which increased by 13% to K1.17 billion or approximately A\$440 million.

This was driven by Revenue growth across all key businesses, up over 14% to K3.41 billion or approximately A\$1.28 billion, reflecting growth in lending, FX and transaction banking.

We are investing to Modernise for Growth, which saw an expected increase operating expenses; however, we are continuing to manage costs tightly, and our Cost-to-Income Ratio of 42.9% remains well within our target range and below that of Australian banks.



A particular highlight is BSP's Return on Equity at 23.8%, which increased by 50 basis points, continuing our 20-year track record of a ROE above 20%. This is well ahead of international peers with ROE of around 11% and reflects our ability to effectively manage our operations and costs while reinforcing our scale in the South Pacific.

Our capital position remains strong, with a Capital Adequacy Ratio of 26.4% as of year-end, which is significantly higher than the Bank of Papua New Guinea's requirement of 12.0%.

The bottom line is that BSP not only delivered strong operational results in 2025, and we continued investing in the future of the business while providing exceptional returns to our shareholders – many of which are PNG and South Pacific institutions focused on the retirement needs of hundreds of thousands of people in the region.

Following this year's strong performance, the BSP Board has declared a final dividend of K1.38 per share, payable on 27 March 2026. That brings our Full Year Dividend per share to K1.88, up 13% from the previous year.

Turning to slide 7, I'll talk a bit more about strategy at the end of this presentation, but I really want to make three points here.

First, our history and scale mean we have a deep understanding of the region. This includes the role BSP plays in supporting nation building, strengthening economic resilience and providing rural and remote communities with banking services that support financial inclusion. Our ability to prudently manage risk across our region, and we understand the need to invest to continue to improve the customer experience and stay ahead of competition across the region.

Second, we have a clear strategy to be the South Pacific's international bank, based on the six strategic pillars outlined on slide 7, including driving prosperity through convenient, digital services for our Retail and Corporate customers.

We are building a new Business Bank dedicated to supporting small to medium enterprises that are the lifeblood of the PNG and the South Pacific economies, bringing greater focus to corporate and government clients by continuing to develop world-class capabilities and services in our Corporate Bank.

Thirdly, we are building a track record of execution through a focus on areas that will "move the dial". Modernising for Growth is our K1.2 billion, four-year investment plan to ensure BSP continues to deliver sustainable growth. It's a program of improvement in every area of the business. And I am pleased to say that we are delivering the program on time and on budget.



So, in summary, 2025 has seen BSP deliver a strong financial performance, supported by a revenue base that's diversified by product, customer segment and geography, and continued investment based on a clear strategy and focus on execution.

I will now hand over to Glen to talk about the financials in more detail.

Glen Skarott: Thank you, Mark, and it is my pleasure to present these results to you, particularly given the quality of our numbers and the growth we are seeing in the business.

Starting on slide 9, FY25 was a strong year operationally, with solid growth in revenue and earnings while we deliberately leaned into investment for the future.

Group revenue grew 14.4% in Kina terms, with broad-based momentum across net interest income, FX and fees. This was supported by lending growth, stronger investment income from the securities portfolio, and continued customer activity across transactional banking.

Operating expenses increased 18.8% to K1.46 billion. This reflects deliberate investment of K137 million into our Modernising for Growth program as we moved into the execution phase of transformation.

Statutory NPAT increased 12.9% year-on-year to K1.17 billion. Underlying earnings momentum was stronger at 19.7%, once you adjust for one-off items last year.

Credit expense in FY25 reflects a normalisation from an unusually low FY24 outcome, which benefited from the release of COVID-related management overlays. The current year charge reflects portfolio growth and our continued prudent provisioning stance. Importantly, underlying asset quality remains sound, with delinquencies improving and provisions-to-loans stable.

Turning to slide 10, this highlights both the quality of our revenue growth and the operating leverage in the business, even as we materially stepped up investment.

Net interest income increased 9.1%, supported by lending growth and higher income from the securities portfolio. Net interest margin expanded 19 basis points to 6.41%, reflecting disciplined pricing and a modest portfolio shift toward higher-yielding assets.

FX income increased 28.7%, driven by higher exporter and importer activity and the continued uptake of our digital FX offering.

Fee and commission income grew 14.5%, reflecting customers increasingly using BSP as their primary transactional bank and continued growth in our digital channels.



Operating expenses increased 18.8% to K1.46 billion, driven by a deliberate increase in headcount leading to higher employment costs, and a planned step-up in technology investment.

Modernising for Growth investment of K137 million is now fully flowing through the P&L as we move into the execution phase of transformation. Even with this step-change in investment, operating profit still grew 11.3% to K1.95 billion. That speaks to the underlying operating leverage of the franchise. Ex-transformation, the core cost base remains tightly controlled, and the business is funding its modernisation program from organic earnings growth.

On slide 11, cost growth is deliberate and targeted — primarily people, technology, depreciation and program delivery as platforms progressively go live.

CTI increased 160 basis points to 42.9%, remaining within our 42–45% target range and below the major Australian banks.

The increase in CTI was driven by investment in growth and capability — around 35 basis points from adding 200 roles to support growth and improved customer outcomes. 32 basis points from long-term incentives, 30 basis points from MFG investment reflecting controlled investment in the business, and 9 basis points from CPI-linked salary increases.

We expect CTI to trend higher in our target range over the next few years as the MFG program moves into its peak expensing and depreciation phase, with more platforms going live and further direct operating costs flowing through the P&L.

As major platforms stabilise and automation increases, we expect operating leverage to reassert and CTI to normalise to the lower 40s over the medium term.

Moving to slide 12 on credit quality — we're pleased with how the portfolio is performing.

Delinquencies improved modestly over the year and remain low at 2.7% of total loans, reflecting continued stability across our markets. The FY25 impairment charge represents a normalisation from an unusually low FY24 outcome, which benefited from the release of COVID-related management overlays.

The current year charge reflects portfolio growth and our ongoing prudent provisioning approach — not any deterioration in underlying asset quality. Provision coverage remains stable year-on-year, and we continue to apply a conservative approach to risk management across retail, SME and corporate portfolios. Importantly, we are not seeing any emerging stress in any single sector or geography, and our asset quality metrics remain well within our risk appetite settings.



On slide 13, our balance sheet remains strong and conservatively positioned. Total assets grew nearly 16%, and deposits grew over 17% last year, reflecting strong franchise momentum and customer confidence in BSP across all markets. Demand deposits remain an important part of our funding mix, supporting a low cost of funds.

Gross loans grew nearly 8%, and that growth was fully funded by deposits — without stretching liquidity or our funding risk appetite. We are growing the balance sheet selectively and with discipline.

Slide 14 shows a stable and balanced loan book composition.

Retail mortgage growth reflects housing demand across Pacific markets, particularly Fiji. Business and corporate pipelines remain healthy and well diversified. Personal lending growth remains measured — we are not trading credit quality for yield. Overall, the portfolio mix remains stable, with no material shift into higher-risk segments.

Turning to slide 15, our key ratios highlight the quality of BSP's business. ROE of 23.8% reflects strong operational leverage and disciplined capital management.

Capital adequacy of 26.4% underpins our ability to absorb unexpected volatility across our markets, supports strategic flexibility, and remains comfortably above regulatory requirements.

Return on assets remains attractive, demonstrating balance sheet efficiency. This is a high-return, conservatively-capitalised balance sheet — not one built on leverage.

On slide 16, we continue to deliver attractive and sustainable shareholder returns. As Mark mentioned, the Board has declared a final dividend of K1.38 per share, bringing the full-year dividend to K1.88 per share, up 13% year-on-year. This represents a dividend payout ratio of 75%, consistent with the past few years — providing shareholders with an attractive income stream while maintaining balance sheet strength.

Our 10-year total shareholder return of 413% based on PNGX ownership reflects disciplined capital allocation and consistent earnings delivery over the cycle.

We're committed to a sustainable payout ratio that balances reinvestment, balance sheet strength and shareholder returns. FY25 demonstrates that BSP can grow earnings, invest in future capability, protect asset quality, and continue to deliver attractive returns to shareholders. And with that, I'll hand back to Mark to talk through the outlook.



Mark Robinson: Thank you, Glen. I wanted to briefly recap that we have a clear focus: we are the South Pacific's international bank.

It's a focus driven by our commitment to champion prosperity for the South Pacific, its people and communities. It's also reflected in our strategic pillars, which I talked about earlier, each of which is a critical element in uplifting people, communities and businesses across the region.

Turning to slide 18, our Modernising for Growth program is improving customer experience, driving efficiencies in the business and creating new opportunities for sustainable growth. We are making good progress, and there is still a lot of upside for our customers, for our staff and for our shareholders.

The progress is already apparent. Our monthly average digital transactions grew by 22.5% last year as customers adopted modern banking channels, with transactions at our branches and agents relatively flat.

As you can see, digital adoption continues to grow, with more customers shifting to mobile banking, which grew at almost 22% compounded annually over the past five years. Internet banking and EFTPOS grew at 33% and 18% respectively, compounded annually over the last 5 years. Over that period, ATM usage was flat but the trend changed last year with new ATMs that have more up time and deposit-taking capabilities.

Turning to slide 19, I want to share a few examples of the Modernising for Growth investments that are bringing the shift to digital to life. In Retail, we are bringing next generation infrastructure to BSP customers which is also saving time for branch staff and our customers.

We're upgrading our branches to bring our customers a better experience. This includes opening digital branches and investing in new skills for our staff as they are freed up to spend more time supporting our customers to use digital channels. We are also using data to better understand our customers and cater to them with personalised propositions through the launch of BSP First, BSP Gold and BSP Green. This year, we will also take a major step forward with the launch of our new digital experience platform, including new internet banking and mobile app experiences. We are also investing in business and corporate banking.

Our Business Bank was launched in April to provide a dedicated service, specifically tailored to small and medium-sized businesses. While there's a lot of focus on big projects, particularly in PNG, the fact is that small-to-medium size businesses are the life blood of the South Pacific economies, and those businesses also deserve dedicated attention and support. This market is also a significant growth opportunity for BSP.



In our Corporate Bank, we have introduced new risk and portfolio management capabilities and online FX services, and we have invested in more targeted customer propositions, such as serving our financial institution clients. This year, we will also introduce a new digital experience platform for our business and corporate customers.

Turning to slide 20, all this comes with a program of ESG work, which is aligning BSP with international standards.

Right back to our banking roots 110 years ago, we have focused on supporting the community and strong governance. This now includes supporting customers and the community as we witness the increasing frequency and intensity of climate events across the South Pacific.

Our ESG program of work looks to formalise all that we are doing across environment, social and governance to help investors understand our work and align with international standards.

As part of the 2025 Annual Report we published our second sustainability report. This report is based on a materiality-led approach that focuses on the issues that are important to the South Pacific.

I encourage you to take a look at our Annual Report, which was released today, for more information about our ESG strategy and initiatives.

Finally, turning now to slide 21. Let me close by saying that, BSP is delivering consistent growth and performance for our shareholders based on disciplined execution. With our ROE above 20% for over two decades, we are not only the leading financial institution in the South Pacific, we are also delivering attractive returns for our shareholders. We are modernising to create a better experience for our customers and staff, and we are investing to build stronger, more resilient communities.

We enter 2026 with confidence. We serve a region that spans almost 6,000 km from our eastern-most branch in Rarotonga in the Cook Islands, to Vanimo in the West Sepik province of PNG. This is a region that is more connected than ever and with incredible diversity.

Our customer segments are diverse, from agriculture and fisheries with established domestic and international markets - to some of the world's best destinations for tourism - to world-class commodities and resources, including gold, copper, and silver, and major reserves of oil and LNG. With the investment we are making in our staff, the modernisation of our infrastructure, our scale and deep local relationships, I believe the best is yet to come for BSP.



Finally, I would like to express my sincere thanks to our nearly 5,000 staff across the region, without whom this result wouldn't have been possible. Thank you for your hard work, professionalism and passion for BSP and our customers.

Let me now pass you back to Methuselah, who will open the briefing for questions.

Key Q&A

Methuselah Eka Wabiria: Thank you, Mark. We have received a number of questions in advance about PNG's grey-listing by the Financial Action Task Force late last week. Mark, can I invite you to make a few comments on that topic.

Mark Robinson: Thank you, Meth. By way of background, countries are placed on a "Grey List" after a detailed examination of laws, systems and controls within the country to detect and prosecute a range of illegal activities including money laundering.

FATF had previously placed PNG on the grey list in 2014. PNG exited the grey list in 2016 after the enactment of important laws and regulations and amendments to the Criminal Code and the Proceeds of Crime Act 2005.

The 2026 grey listing followed an examination in 2024 of the effectiveness of PNG's money laundering laws and detection and prosecution systems. Now, the primary concern of FATF is that there have not been prosecutions of cases under the various anti-money laundering laws.

The first thing to say with respect to BSP and for our customers, stakeholders and the general public is that BSP will continue to operate normally. The near-term impact on BSP of the grey-listing will likely be increased reporting requirements in PNG. Our customers may be impacted by longer processing times for some transactions and potentially higher costs.

The grey-listing highlights the importance of strong controls for all banks, including BSP, to ensure the financial system remains sound and that banks meet their reporting obligations to the Bank of Papua New Guinea. BSP continues to take these obligations very seriously.

It will take time to address the matters raised by Financial Action Task Force before PNG is removed from the grey list. We take this opportunity to reaffirm that BSP is committed to working with the appropriate authorities and other financial institutions to support these efforts.

Speaking Notes End