BSP

Company Secretary

22nd August 2024

Ms. Elizabeth Wamsa
General Manager
PNGX Markets
Monian Tower, Office 2, Level 1
Douglas Street, Port Moresby
PO Box 1531
Port Moresby 121
Papua New Guinea

By Electronic Lodgment

Dear Ms. Wamsa,

BSP Financial Group Limited – Appendix 5B

In accordance with the PNGX Listing Rules, BSP Financial Group Limited **(ASX: BFL | PNGX: BSP)** provides to PNGX for release to market its Appendix 5B for the period ended 30th June 2024.

Yours sincerely,
BSP Financial Group Limited

Laurentia Laracy
Company Secretary

Enclosure

BSP Financial Group Limited
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BSP Financial Group Limited

ARBN 649 704 656

Appendix 5B

Half Year Results

For the period ended 30 June 2024

APRA Disclaimer:
BSP Financial Group Limited is not authorised under the Banking Act 1959 (Commonwealth of Australia) and is not supervised by the Australian Prudential Regulation Authority (APRA). BSP's products are not covered by the depositor protection provisions in section 13A of the Banking Act 1959 and will not be covered by the financial claims scheme under Division 2AA of the Banking Act 1959.

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1. Appendix 5B: Half Year results

1.1 Company details and reporting period

BSP Financial Group Limited (BSP)	
ARBN 649 704 656	
Reporting period – six months ended	30 June 2024
Previous corresponding period - six months ended	30 June 2023

Principal activities

The principal activity of the BSP Financial Group Limited (BSP) is the provision of commercial banking and financial services throughout Papua New Guinea (PNG) and the Asia Pacific region. The Group's activities also include fund management and life insurance business services. BSP is a company listed on the PNG Exchange Markets (PNGX) and the Australian Securities Exchange (ASX), incorporated under the Companies Act of Papua New Guinea, and is an authorised Bank under the Banks and Financial Institutions Act of Papua New Guinea. The Group is also licensed to operate in Solomon Islands, Fiji, Cook Islands, Samoa, Tonga, Vanuatu, Cambodia and Lao. The registered office is at Section 34, Allotment 6 & 7, Klinki Street, and Waigani Drive, Port Moresby.

1.2 Results for announcement to the market

Revenue from ordinary activities	▲	11.6% to K1,459.0m
Profit from ordinary activities after tax attributable to shareholders	▲	21.8% to K520.5m
Net profit for the period attributable to shareholders	▲	21.8% to K520.5m

Dividends	Record date	Date payable/paid	Amount per security
Current financial year 2024			
2024 interim dividend – unfranked	28 August 2024	20 September 2024	45 toea
Previous financial year 2023			
2023 interim dividend – unfranked	25 September 2023	13 October 2023	37 toea
2023 final dividend – unfranked	28 February 2024	22 March 2024	106 toea

Papua New Guinean domiciled investors who migrate their shares to the ASX, receive dividends in Papua New Guinea Kina (PGK). Should a Papua New Guinean domiciled shareholder move their shareholding to the Australian share register, together with a transfer to an Australian-based fund manager, or custodian (on the basis that the shareholding will still be under the control of the Papua New Guinean resident shareholder), dividends will continue to be paid in PGK. Offshore investors with BSP shares on the ASX will receive dividends in AUD. The exchange rate applicable on the Record date will be used to convert the PGK dividend to AUD.

BSP does not have a dividend reinvestment plan.

The release of this announcement was authorised by the BSP Board of Directors.

Reporting currency

All amounts in this report have been rounded to the nearest million Papua New Guinea Kina (Km) unless otherwise stated.

1.3 PNGX Appendix 5B table

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Details of individual and total dividends	13
Dividend dates	3
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Details of associates and joint venture arrangement entities	14
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Details of entities over which control has been gained, or lost, during the period
During the reporting period, the Group recorded a partial divestment (40% interest) of its investment in Future Farms Limited which is a subsidiary for BSP Life (Fiji) Limited. The entity retained control over the investment.

As at June 2024, the Group has classified its investment in joint venture (BSP Finance Cambodia & BSP Finance Laos) as held for sale. The investment is expected to be sold in the next financial year for a total consideration of K22.417 million. The carrying amount of the investment has been measured at the lower of its carrying amount and fair value less costs to sell, resulting in a reclassification to non-current assets held for sale with a carrying amount of K22.417 million. The impairment taken up in this period is K35.816 million.

Half Year financial statements
This report should be read in conjunction with BSP's 30 June 2024 Interim Condensed Financial Statements, prepared in accordance with the International Financial Reporting Standards, as issued by the International Accounting Standards Board and interpretations of these standards issued by the International Financial Reporting Interpretations Committee, as well as the requirements of the PNG Companies Act 1997.

The Financial Statements have been reviewed by BSP's appointed external auditor and approved by the Board, upon recommendation of the Board Audit and Compliance Committee.

1.4 Results snapshot (June 24 vs June 23)

Statutory profit	▲	21.8% to K520.5m
Statutory earnings per share	▲	21.9% to 111.4 toea
Net interest margin	▲	10.0 bps to 6.3%
Capital adequacy ratio	▲	150.0 bps to 24.0%

1.5 Subsequent events

There are no adjusting, or disclosing, events after the end of the reporting period.

2. Half Year results

2.1 Financial summary

	Jun-24	Dec-23	Change		Jun-23	Change	
	Km	Km	Km	%	Km	Km	%
Net interest income	981.9	944.3	37.6	4.0	900.5	81.4	9.0
Other operating income	477.1	497.1	(20.0)	(4.0)	406.7	70.4	17.3
Total income	**1,459.0**	**1,441.4**	**17.6**	**1.2**	**1,307.2**	**151.8**	**11.6**
Impairment expenses	(83.8)	(103.6)	19.8	(19.1)	(78.6)	(5.2)	6.6
Operating expenses	(615.3)	(536.0)	(79.3)	14.8	(477.0)	(138.3)	29.0
Additional Company Tax refund	95.0	-	95.0	-	-	95.0	-
Profit before income tax	**854.9**	**801.8**	**53.1**	**6.6**	**751.6**	**103.3**	**13.7**
Income tax expense	(334.4)	(338.8)	4.4	(1.3)	(324.4)	(10.0)	3.1
Net profit for the period	**520.5**	**463.0**	**57.5**	**12.4**	**427.2**	**93.3**	**21.8**

	Half Year				
	Jun-24	Dec-23	Jun-23	Dec-22	June 24 to June 23 change
Earnings per share (toea)	toea	toea	toea	toea	toea
Basic and diluted	111.4	99.1	91.4	146.4	20.0

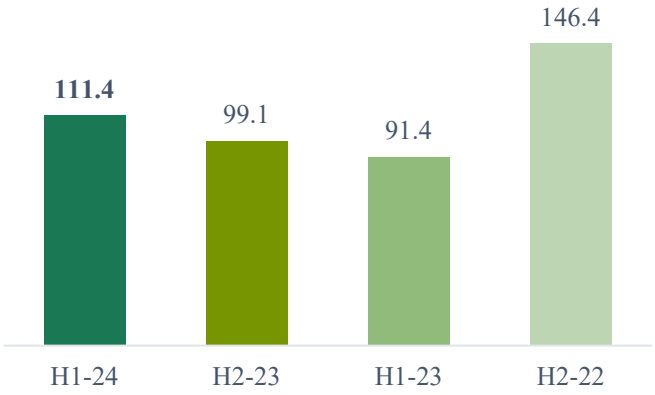
	Jun-24	Dec-23	Change	Change	Jun-23	Change	Change
Average interest earning assets and interest bearing liabilities	Km	Km	Km	%	Km	Km	%
Average interest earning assets	31,370.3	30,001.2	1,369.1	4.6	29,263.5	2,106.8	7.2
Average interest bearing liabilities	30,252.7	28,692.6	1,560.1	5.4	27,995.0	2,257.7	8.1

	Jun-24	Dec-23	Change	Change	Jun-23	Change	Change
Financial performance ratios	%	%	bps	%	%	bps	%
Net interest margin (annualised)	6.3	6.2	10.0	1.6	6.2	10.0	1.6
Cost to income ratio[1]	39.7	37.2	250.0	6.7	36.5	320.0	8.8

[1]*Excludes impairment of Joint Venture (Cambodia and Laos) in current period, K35.8 million.*

	Jun-24	Dec-23	Change	Change	Jun-23	Change	Change
Financial position ratio	%	%	bps	%	%	bps	%
Return on average ordinary equity	12.2	11.5	70.0	6.1	10.9	130.0	11.9
Return on average assets	1.4	1.3	10.0	7.7	1.2	20.0	16.7

Earnings per share (toea)



2.2 Results commentary

2.2.1 Income

	Jun-24	Dec-23	Change		Jun-23	Change	
	Km	Km	Km	%	Km	Km	%
Interest income							
Loans and receivables from customers	715.1	672.8	42.3	6.3	642.4	72.7	11.3
Other financial assets - inscribed stock	232.2	224.8	7.4	3.3	194.7	37.5	19.3
Treasury bills	53.9	69.0	(15.1)	(21.9)	85.2	(31.3)	(36.7)
Central Bank bills	1.9	3.6	(1.7)	(47.2)	4.0	(2.1)	(52.5)
Other	36.5	28.7	7.8	27.2	37.7	(1.2)	(3.2)
Total interest income	**1,039.6**	**998.9**	**40.7**	**4.1**	**964.0**	**75.6**	**7.8**
Interest Expense	57.7	54.6	3.1	5.7	63.5	(5.8)	(9.1)
Net interest income	**981.9**	**944.3**	**37.6**	**4.0**	**900.5**	**81.4**	**9.0**
Other income							
Fees and commission	184.6	182.4	2.2	1.2	171.5	13.1	7.6
Foreign exchange related	259.2	255.9	3.3	1.3	201.8	57.4	28.4
Other	8.8	17.2	(8.4)	(48.8)	13.8	(5.0)	(36.2)
Net insurance operating income	24.5	41.6	(17.1)	(41.1)	19.6	4.9	25.0
Total other income	**477.1**	**497.1**	**(20.0)**	**(4.0)**	**406.7**	**70.4**	**17.3**
Net operating income	**1,459.0**	**1,441.4**	**17.6**	**1.2**	**1,307.2**	**151.8**	**11.6**

Comments on individual categories when compared to the previous corresponding period are:

Net interest income increased by 9.0%, fueled largely by lending volume growth and a modest improvement in NIM, especially in PNG and Fiji. Additionally, increased investment securities volumes contributed to this growth, despite a decrease in investment margins.

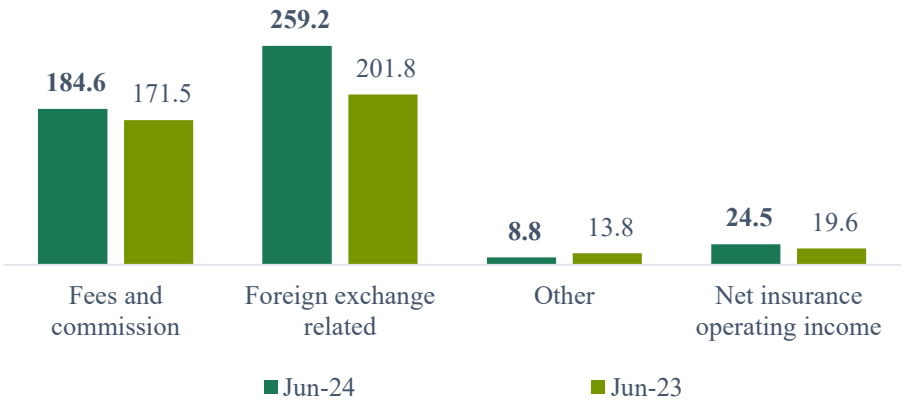
Fees and commission income increased by 7.6% compared to the same period last year, due to an increase in new accounts and growth in electronic channel transactions, particularly from countries with significant tourist activity.

Foreign exchange earnings increased by 28.4% from the prior period, primarily driven by increased flows from resource and non-resource based sectors in PNG, along with heightened international trade and investments from other countries where the Group operates.

Other income decreased by 36.2%, primarily due to declining results from Joint Ventures compared to prior period and other non-banking activities, including reduced gains from asset disposals.

Net insurance operating income increased by 25%, driven by improved claims experience and increased investment income.

Other income (Km)



2.2.2 Operating expenses

	Jun-24	Dec-23	Change		Jun-23	Change	
	Km	Km	Km	%	Km	Km	%
Staff costs	269.0	243.9	25.1	10.3	251.1	17.9	7.1
Depreciation	65.4	65.8	(0.4)	(0.6)	61.3	4.1	6.7
Computing	78.4	80.3	(1.9)	(2.4)	75.7	2.7	3.6
Premises and equipment	56.9	53.0	3.9	7.4	53.7	3.2	6.0
Administration and other costs	109.8	93.0	16.8	18.1	35.2	74.6	211.9
Impairment on Joint Venture	35.8	-	35.8	-	-	35.8	-
Total expenses	**615.3**	**536.0**	**79.3**	**14.8**	**477.0**	**138.3**	**29.0**

	Jun-24	Dec-23		Change	Jun-23	Change	
	%	%	bps	%	%	bps	%
Cost to income[1]	39.7	37.2	250.0	6.7	36.5	320.0	8.8
Expenses to average assets	1.7	1.5	20.0	13.3	1.4	30.0	21.4
Staff and related costs to income	18.4	16.9	150.0	8.9	19.2	(80.0)	(4.2)

[1]*Excludes impairment on Joint Venture (Cambodia and Laos) in current period, K35.8 million.*

Comments on individual categories when compared to the previous corresponding period are:

Staff costs increased by 7.1%, largely driven by the inflationary impacts of annual performance based salary adjustments, promotions, and increase in staffing to support the Group Modernising for Growth strategy.

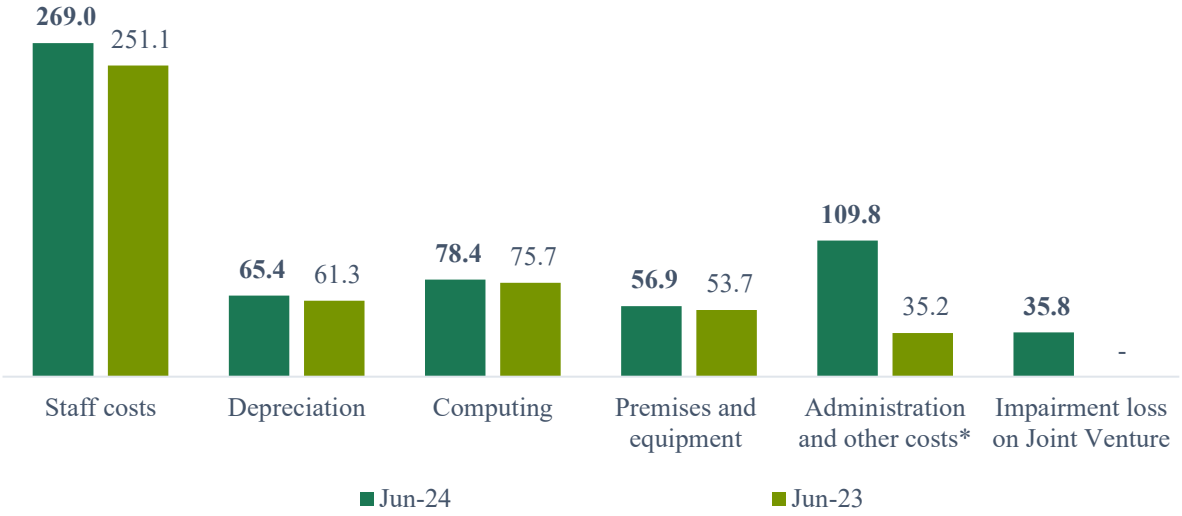
Depreciation expenses increased by 6.7% compared to corresponding period, mainly driven by full six months impact of the core banking project capitalised in April 2023.

Computing expenses increased by 3.6%, driven by increased system maintenance costs and professional consultancy services for the new core banking system.

Premises and equipment expense increased by 6.0%, driven by office space leasing cost and the continuing increase in fuel prices.

Administration and other costs increased by 211.9% mainly driven by the one-off release in legal provisions of K55.6m in the comparative period (June 2023). Excluding the legal provision release in June 2023, admin and other expenses increased by 20.9%, driven by the Modernising for Growth strategy to optimise operational processing and strengthen competitive positioning.

Operating expenses (Km)



** June 2023 comparative period had a one-off release in legal provisions of K55.6m.*

2.2.3 Additional Company Tax refund

On 19 February 2024, BSP entered into a settlement with the Commissioner General of the Internal Revenue Commission in relation the judicial review of the PNG Government's imposition of Additional Company Tax. In accordance with the settlement agreement, of the K190 million previously paid and expensed by BSP into an escrow account, K95 million was returned to BSP in April 2024, which was realised to profit and loss after tax.

The balance of K95 million held in escrow was paid to the Internal Revenue Commission as full and final settlement of the litigation concerning the imposition of the Additional Company Tax.

2.2.4 Balance sheet metrics

	Jun-24	Dec-23	Change		Jun-23	Change	
ASSETS	**Km**	**Km**	**Km**	**%**	**Km**	**Km**	**%**
Cash and operating balances with Central Banks	2,935.8	3,306.1	(370.3)	(11.2)	2,631.7	304.1	11.6
Amounts due from other banks	1,832.0	1,779.7	52.3	2.9	1,826.6	5.4	0.3
Treasury and Central Bank bills	3,210.8	3,803.6	(592.8)	(15.6)	4,967.1	(1,756.3)	(35.4)
Cash reserve requirements with Central Banks	3,293.7	2,841.8	451.9	15.9	2,740.1	553.6	20.2
Other financial assets	6,997.2	6,373.5	623.7	9.8	5,443.4	1,553.8	28.5
Loans and receivables from customers	16,488.9	16,013.0	475.9	3.0	14,931.5	1,557.4	10.4
Assets held for sale	22.4	-	22.4	-	-	22.4	-
Property, plant and equipment	1,013.8	1,034.7	(20.9)	(2.0)	943.3	70.5	7.5
Aircraft subject to operating lease	31.2	32.4	(1.2)	(3.7)	27.3	3.9	14.3
Deferred tax assets	325.4	329.3	(3.9)	(1.2)	339.2	(13.8)	(4.1)
Other assets	1,291.4	1,437.2	(145.8)	(10.1)	1,297.2	(5.8)	(0.4)
Total assets	**37,442.6**	**36,951.3**	**491.3**	**1.3**	**35,147.4**	**2,295.2**	**6.5**
LIABILITIES							
Amounts due to other banks	324.9	363.7	(38.8)	(10.7)	441.4	(116.5)	(26.4)
Customer deposits	29,981.8	29,835.1	146.7	0.5	28,362.2	1,619.6	5.7
Insurance contract liabilities	1,342.0	1,249.5	92.5	7.4	1,105.9	236.1	21.3
Other liabilities	1,420.2	1,197.9	222.3	18.6	1,368.2	52.0	3.8
Deferred tax liabilities	56.5	61.8	(5.3)	(8.6)	49.5	7.0	14.1
Total liabilities	**33,125.4**	**32,708.0**	**417.4**	**1.3**	**31,327.2**	**1,798.2**	**5.7**
SHAREHOLDERS EQUITY							
Ordinary shares	372.1	372.1	-	-	372.1	-	-
Retained earnings	3,436.5	3,415.7	20.8	0.6	3,129.6	306.9	9.8
Other Reserves	473.5	454.8	18.7	4.1	317.7	155.8	49.0
Equity attributable to the members of the company	**4,282.1**	**4,242.6**	**39.5**	**0.9**	**3,819.4**	**462.7**	**12.1**
Minority Interest	35.1	0.7	34.4	4,914.3	0.8	34.3	4,287.5
Total shareholders' equity	**4,317.2**	**4,243.3**	**73.9**	**1.7**	**3,820.2**	**497.0**	**13.0**
Total equity and liabilities	**37,442.6**	**36,951.3**	**491.3**	**1.3**	**35,147.4**	**2,295.2**	**6.5**

2.2.5 Lending

	As at Jun-24	As at Dec-23	Change		As at Jun-23	Change	
	Km	Km	Km	%	Km	Km	%
Overdrafts	1,395.4	1,329.0	66.4	5.0	1,086.7	308.7	28.4
Lease financing	214.5	187.3	27.2	14.5	193.8	20.7	10.7
Term loans	12,643.4	12,320.0	323.4	2.6	11,549.5	1,093.9	9.5
Mortgages	2,982.8	2,888.9	93.9	3.3	2,766.1	216.7	7.8
Gross loans and receivables from customers	**17,236.1**	**16,725.2**	**510.9**	**3.1**	**15,596.1**	**1,640.0**	**10.5**
Less allowance for losses on loans and receivables from customers	(747.2)	(712.2)	(35.0)	4.9	(664.6)	(82.6)	12.4
Net loans and receivables from customers	**16,488.9**	**16,013.0**	**475.9**	**3.0**	**14,931.5**	**1,557.4**	**10.4**

Gross loan volumes increased by 10.5% from the prior corresponding period. The growth reflects steady economic growth and increased demand for credit in PNG and the Pacific Markets.

Provision balances increased by 12.4% from the prior corresponding period, driven by provision taken up for an exposure that is secured. Accordingly, we remain confident of a full recovery. Additionally, the increase includes recognition of impairments connected with our Retail lending, as we expect on a growing portfolio.

	As at Jun-24	As at Dec-23	Change		As at Jun-23	Change	
Economic sector risk concentration	**Km**	**Km**	**Km**	**%**	**Km**	**Km**	**%**
Commerce, Finance and other business	8,349.0	7,759.6	589.4	7.6	6,983.3	1,365.7	19.6
Private households	4,455.4	4,331.8	123.6	2.9	3,916.2	539.2	13.8
Government and public authorities	575.6	696.6	(121.0)	(17.4)	1,036.0	(460.4)	(44.4)
Agriculture	442.5	371.1	71.4	19.2	341.6	100.9	29.5
Transport and communication	1,333.4	1,216.3	117.1	9.6	1,170.7	162.7	13.9
Manufacturing	451.5	430.0	21.5	5.0	402.6	48.9	12.1
Construction	881.5	1,207.6	(326.1)	(27.0)	1,081.1	(199.6)	(18.5)
Net loans and receivables from customers	**16,488.9**	**16,013.0**	**475.9**	**3.0**	**14,931.5**	**1,557.4**	**10.4**

	As at Jun-24	As at Dec-23	Change		As at Jun-23	Change	
Customer segment classification	**Km**	**Km**	**Km**	**%**	**Km**	**Km**	**%**
Corporate/ Commercial	9,736.6	9,224.5	512.1	5.6	9,047.4	689.2	7.6
Government	2,103.2	2,234.6	(131.4)	(5.9)	1,969.0	134.2	6.8
Retail	4,649.1	4,553.9	95.2	2.1	3,915.1	734.0	18.7
Net loans and receivables from customers	**16,488.9**	**16,013.0**	**475.9**	**3.0**	**14,931.5**	**1,557.4**	**10.4**

2.2.6 Allowance for expected credit losses (ECL)

Credit Expenses	Jun-24 Km	Dec-23 Km	Change Km	Change %	Jun-23 Km	Change Km	Change %
Net (write back)/write off	72.1	94.6	(22.5)	(23.8)	63.2	8.9	14.1
Provision expense	57.7	52.5	5.2	9.9	40.2	17.5	43.5
Total Credit expense	**129.8**	**147.1**	**(17.3)**	**(11.8)**	**103.4**	**26.4**	**25.5**
Bad debts recoveries	(45.7)	(45.0)	(0.7)	1.6	(32.8)	(12.9)	39.3
Credit expenses net of recoveries	**84.1**	**102.1**	**(18.0)**	**(17.6)**	**70.6**	**13.5**	**19.1**

Provisions	As at Jun-24 Km	As at Dec-23 Km	Change Km	Change %	As at Jun-23 Km	Change Km	Change %
Collectively assessed provisions	357.8	365.9	(8.1)	(2.2%)	340.7	17.1	5.0
Individually assessed provisions	337.8	291.5	46.3	15.9%	267.2	70.6	26.4
Total provision for on balance sheet exposure	**695.6**	**657.4**	**38.2**	**5.8%**	**607.9**	**87.7**	**14.4**
Collective provision for off balance sheet exposure	51.6	54.8	(3.2)	(5.8%)	56.7	(5.1)	(9.0)
Total provisions for doubtful debts	**747.2**	**712.2**	**35.0**	**4.9%**	**664.6**	**82.6**	**12.4**

Impaired Assets	Km	Km	Km	%	Km	Km	%
Gross impaired assets	692.9	664.4	28.5	4.3	604.5	88.4	14.6
Net impaired assets	355.1	372.9	(17.8)	(4.8)	337.3	17.8	5.3
Net impaired loans to gross loans %	2.1	2.2	(10.0bps)	(4.5)	2.2	(10.0bps)	(4.5)

	As at Jun-24 %	As at Dec-23 %	Change bps	Change %	As at Jun-23 %	Change bps	Change %
Provisions to loans	4.3	4.3	-	-	4.3	-	-

2.2.7 Deposits

	As at Jun-24 Km	As at Dec-23 Km	Change Km	Change %	As at Jun-23 Km	Change Km	Change %
Current	26,465.1	25,070.2	1,394.9	5.6	24,912.4	1,552.7	6.2
Savings	561.6	1,775.2	(1,213.6)	(68.4)	493.2	68.4	13.9
Term	2,955.1	2,989.7	(34.6)	(1.2)	2,956.6	(1.5)	(0.1)
Total deposits	**29,981.8**	**29,835.1**	**146.7**	**0.5**	**28,362.2**	**1,619.6**	**5.7**

Deposits grew by 5.7%, driven by increases in current and savings account balances that support our lending and investments growth.

2.2.7 Deposits (continued)

30 June 2024	1 to 3 months	4 to 12 months	1-2 years	2-5 years	5 and over	Total
Current	26,465.0	-	-	-	-	26,465.0
Savings	561.6	-	-	-	-	561.6
Term	2,030.0	874.5	43.4	7.1	0.2	2,955.2
Total deposits	**29,056.6**	**874.5**	**43.4**	**7.1**	**0.2**	**29,981.8**

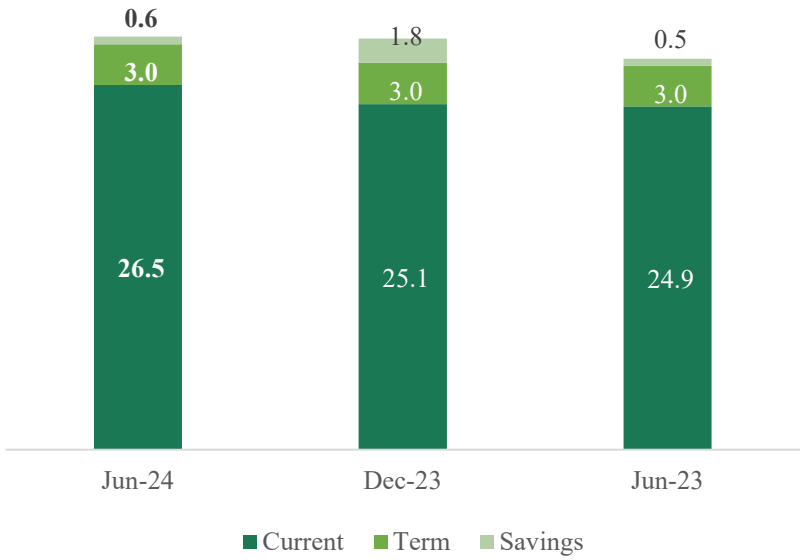
31 December 2023	1 to 3 months	4 to 12 months	1-2 years	2-5 years	5 and over	Total
Current	25,070.2	-	-	-	-	25,070.2
Savings	1,775.2	-	-	-	-	1,775.2
Term	953.8	1,713.0	178.2	25.4	119.3	2,989.7
Total deposits	**27,799.2**	**1,713.0**	**178.2**	**25.4**	**119.3**	**29,835.1**

30 June 2023	1 to 3 months	4 to 12 months	1-2 years	2-5 years	5 and over	Total
Current	24,912.5	-	-	-	-	24,912.5
Savings	493.2	-	-	-	-	493.2
Term	2,030.0	875.9	43.4	7.1	0.1	2,956.5
Total deposits	**27,435.7**	**875.9**	**43.4**	**7.1**	**0.1**	**28,362.2**

	As at Jun-24	As at Dec-23	Change		As at Jun-23	Change	
	%	%	bps	%	%	bps	%
Loans to deposit ratio	57.5	56.1	140.0	2.5	55.0	250.0	4.5

Robust deposit growth has positioned the Group well to support credit expansion, with economic activity expected to gain momentum due to the acceleration of resource projects in PNG and increased tourism activities in its Pacific Markets operations.

Deposits (K billion)



2.2.8 Capital and shareholder return

2.2.8.1 Assets and capital

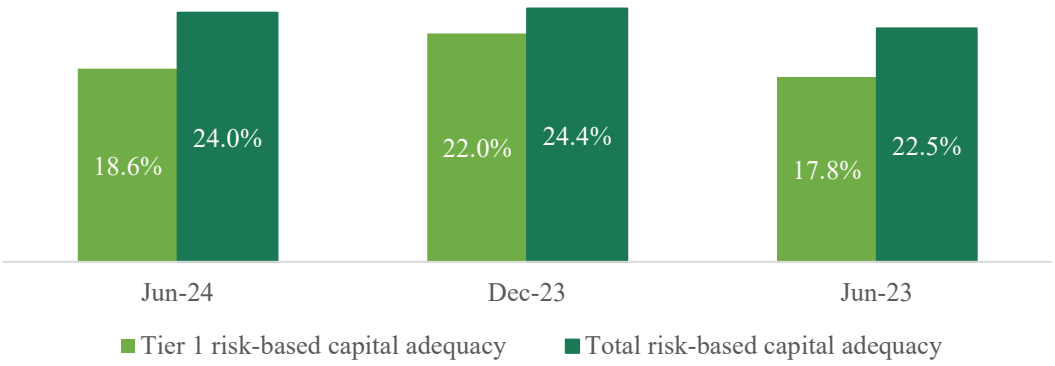
	As at Jun-24	As at Dec-23	Change		As at June 23	Change	
	Km	Km	Km	%	Km	Km	%
Total assets	37,442.6	36,951.3	491.3	1.3	35,147.4	2,295.2	6.5
Capital adequacy							
Total regulatory capital	3,947.9	3,881.3	66.6	1.7	3,368.8	579.1	17.2
Risk-weighted assets	16,421.6	15,916.7	504.9	3.2	14,992.6	1,429.0	9.5

	As at Jun-24	As at Dec-23	Change		As at June 23	Change	
	%	%	bps	%	%	bps	%
Total risk-based capital adequacy	24.0	24.4	(40.0)	(1.6)	22.5	150.0	6.7
Tier 1 risk-based capital adequacy*	18.6	22.0	(340.0)	(15.5)	17.8	80.0	4.5
Tier 2 risk-based capital adequacy	5.4	2.4	300.0	125.0	4.7	70.0	14.9
Leverage capital ratio	8.3	9.6	(130.0)	(13.5)	7.7	60.0	7.8

**Per prudential guidelines, Half Year NPAT is part of Tier 2 capital as the six monthly accounts are reviewed only and not audited. NPAT is transferred to retained earnings and classified as Tier 1 upon completion of audited accounts at financial year end (December).*

As of 30 June 2024, the Group's overall capital adequacy ratio and leverage capital ratio met the capital adequacy criteria for a "well-capitalised" bank.

Total capital adequacy



2.2.8.2 Shareholder returns

Earnings per ordinary share	Jun-24 Toea	Dec-23 toea	Change toea	%	Jun-23 Toea	Change Toea	%
Statutory earnings per ordinary share (weighted average)	111.4	99.1	12.3	12.4	91.4	20.0	21.9

Weighted average number of ordinary shares	Jun-24 K(000's)	Dec-23 K(000's)	Change K(000's)	%	Jun-23 K(000's)	Change K(000's)	%
Weighted avg. number of ordinary shares used in EPS calculations	467,220	467,220	-	-	467,220	-	-

2.2.8 Capital and shareholder return (continued)

2.2.8.2 Shareholder returns (continued)

Ratios	Jun-24 %	Dec-23 %	Change bps	Change %	Jun-23 %	Change bps	Change %
Return on average equity	12.2	11.5	70.0	6.1	10.9	130.0	11.9
Return on average assets	1.4	1.3	10.0	7.7	1.2	20.0	16.7

2.2.8.3 Dividends payable/paid

Earnings per ordinary share	FY23	FY22	Change		FY21	Change	
Dividend per share - toea	143.0	174.0	(31.0)	(17.8%)	173.0	(30.0)	(17.3%)
Dividend amount paid - Km	668.0	813.5	(145.5)	(17.9%)	810.8	(142.8)	(17.6%)
Payout ratio	75.0%	75.0%	-	-	75.0%	-	-

2.3 Additional notes

2.3.1 Analysis of intangible assets

Analysis of Intangible assets	Balance Sheet Carrying Values Jun-24 Km	Dec-23 Km	Jun-23 Km	Amortisation Impairment Expense Jun-24 Km	Dec-23 Km	Jun-23 Km
Goodwill	45.3	45.3	45.3	-	-	-
Software	232.5	236.9	252.6	24.2	24.7	21.7
	277.8	**282.2**	**297.9**	**24.2**	**24.7**	**21.7**

2.3.2 Net tangible assets per ordinary share

	Jun-24 Km	Dec-23 Km	Jun-23 Km
Net tangible asset backing per ordinary share (PGK)	8.7	8.5	7.5
Net assets	4,317.2	4,243.3	3,820.2
Intangibles	(277.8)	(282.2)	(297.9)
Net tangible assets attributable to ordinary shareholders	**4,039.4**	**3,961.1**	**3,522.3**
Number of fully paid ordinary shares on issue (000s)	467,220	467,220	467,220

2.3.3 Details of associates and joint venture arrangement entities

Ownership interest held by consolidated entity as at 30 June 2024	Jun-24 %	Dec-23 %	Jun-23 %
Joint venture			
Suva Central Limited	50.0	50.0	50.0
Richmond Limited	50.0	50.0	61.3
BSP Finance Cambodia	50.0	50.0	50.0
BSP Finance Laos	50.0	50.0	50.0

3. Consolidated financial statements

3.1 Basis of preparation

The financial information has been extracted from the reviewed consolidated financial statements of BSP Financial Group Limited that have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board and interpretations of these standards issued by the International Financial Reporting Interpretations Committee.

3.2 Statements of comprehensive income

	Jun-24 Km	Dec-23 Km	Jun-23 Km
Interest income	1,039.6	998.9	964.0
Interest expense	(57.7)	(54.6)	(63.5)
Net interest income	**981.9**	**944.3**	**900.5**
Fee and commission income	184.6	182.4	171.5
Other income	268.0	273.1	215.6
Net insurance operating income	24.5	41.6	19.6
Total net operating income before impairment and operating expenses	**1,459.0**	**1,441.4**	**1,307.2**
Impairment of financial assets	(83.8)	(103.6)	(78.6)
Operating expenses	(615.3)	(536.0)	(477.0)
Additional Company Tax refund	95.0	-	-
Profit before income tax	**854.9**	**801.8**	**751.6**
Income tax expense	(334.4)	(338.8)	(324.4)
Net profit for the period	**520.5**	**463.0**	**427.2**
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Translation of financial information of foreign operations to presentation currency	22.3	99.2	(5.1)
Recognition of deferred tax asset on asset revaluation	0.7	0.8	(0.1)
Net movement in asset revaluation reserve	(2.7)	34.9	3.4
Other comprehensive income, net of tax	**20.3**	**134.9**	**(1.8)**
Total comprehensive income for the period	**540.8**	**597.9**	**425.4**

3.3 Statements of financial position

	Jun-24	Dec-23	Jun-23
ASSETS	**Km**	**Km**	**Km**
Cash and operating balances with Central Banks	2,935.8	3,306.1	2,631.7
Amounts due from other banks	1,832.0	1,779.7	1,826.6
Treasury and Central Bank bills	3,210.8	3,803.6	4,967.1
Cash reserve requirements with Central Banks	3,293.7	2,841.8	2,740.1
Other financial assets	6,997.2	6,373.5	5,443.4
Loans and receivables from customers	16,488.9	16,013.0	14,931.5
Assets held for sale[1]	22.4	-	-
Property, plant and equipment	1,013.8	1,034.7	943.3
Aircraft subject to operating lease	31.2	32.4	27.3
Deferred tax assets	325.4	329.3	339.2
Other assets	1,291.4	1,437.2	1,297.2
Total assets	**37,442.6**	**36,951.3**	**35,147.4**
LIABILITIES			
Amounts due to other banks	324.9	363.7	441.4
Customer deposits	29,981.8	29,835.1	28,362.2
Insurance contract liabilities	1,342.0	1,249.5	1,105.9
Other liabilities	1,420.2	1,197.9	1,368.2
Deferred tax liabilities	56.5	61.8	49.5
Total liabilities	**33,125.4**	**32,708.0**	**31,327.2**
SHAREHOLDER'S EQUITY			
Ordinary shares	372.1	372.1	372.1
Retained earnings	3,436.5	3,415.7	3,129.6
Other reserves	473.5	454.8	317.7
Equity attributable to the members of the company	**4,282.1**	**4,242.6**	**3,819.4**
Minority interests	35.1	0.7	0.8
Total shareholders' equity	**4,317.2**	**4,243.3**	**3,820.2**
Total equity and liabilities	**37,442.6**	**36,951.3**	**35,147.4**

[1]As of June 2024, the Company has classified its investment in the joint ventures (BSP Finance Cambodia & BSP Finance Laos) as held for sale. The investment is expected to be sold in the next financial year for a total consideration of K22.417 million. The carrying amount of the investment has been measured at the lower of its carrying amount and fair value less costs to sell, resulting in a reclassification to non-current assets held for sale with a carrying amount of K22.417 million. The impairment taken up in this period is K35.816 million.

3.4 Statements of changes in shareholders' equity

	Share Capital	Reserves	Retained earnings	Minority interest	Total
	Km	Km	Km	Km	Km
Balance at 1 January 2024	**372.1**	**454.8**	**3,415.7**	**0.7**	**4,243.3**
Net profit	-	-	520.5	-	520.5
Other Comprehensive income	-	20.3	-	-	20.3
Total comprehensive income	**-**	**20.3**	**520.5**	**-**	**540.8**
Dividends paid during the period	-	-	(501.0)	(0.2)	(501.2)
Partial sale of investment in subsidiary[1]	-	-	-	34.3	34.3
Gain attributed to minority interest	-	-	(0.3)	0.3	-
Total transactions with owners	**-**	**-**	**(501.3)**	**34.4**	**(466.9)**
Transfer from asset revaluation reserve	-	(1.6)	1.6	-	-
Balance at 30 June 2024	**372.1**	**473.5**	**3,436.5**	**35.1**	**4,317.2**
Balance as at 1 July 2023	**372.1**	**317.7**	**3,129.6**	**0.8**	**3,820.2**
Net profit	-	-	463.0	-	463.0
Other Comprehensive income	-	134.9	-	-	134.9
Total comprehensive income	**-**	**134.9**	**463.0**	**-**	**597.9**
Dividends paid during the period	-	-	(174.0)	-	(174.0)
Total transactions with owners	**-**	**-**	**(174.0)**	**-**	**(174.0)**
Impact from change in tax rate	-	-	(0.8)	-	(0.8)
Transfer from asset revaluation reserve	-	(0.2)	0.2	-	-
BSP Life policy reserve	-	2.4	(2.3)	(0.1)	-
Balance at 31 December 2023	**372.1**	**454.8**	**3,415.7**	**0.7**	**4,243.3**
Balance at 1 January 2023	**372.1**	**320.0**	**3,359.2**	**0.7**	**4,052.0**
Net profit	-	-	427.2	-	427.2
Other Comprehensive income	-	(1.8)	-	-	(1.8)
Total comprehensive income	**-**	**(1.8)**	**427.2**	**-**	**425.4**
Dividends paid during the period	-	-	(657.6)	(0.2)	(657.8)
Gain attributable to minority interests	-	-	(0.2)	0.2	-
Total transactions with owners	**-**	**-**	**(657.8)**	**-**	**(657.8)**
Transfer from asset revaluation reserve	-	(1.4)	1.5	-	0.1
Others	-	0.9	(0.5)	0.1	0.5
Balance at 30 June 2023	**372.1**	**317.7**	**3,129.6**	**0.8**	**3,820.2**

[1]BSP Life (Fiji) Limited divested 40% of its interest in Future Farms Limited during the reporting period. The entity retained control over the investment.

3.5 Statements of cash flows

	Jun-24	Dec-23	Jun-23
	Km	Km	Km
CASH FLOW FROM OPERATING ACTIVITIES			
Interest received	1,072.2	877.8	933.2
Fees and other income	406.8	546.1	404.2
Interest paid	(36.3)	(74.8)	(51.1)
Insurance premiums	161.4	161.3	104.8
Claims, surrenders and maturity payments	(86.0)	(104.3)	(62.1)
Additional Company Tax refund	95.0	-	-
Amounts paid to suppliers and employees	(602.8)	(618.3)	(542.6)
Operating cash flow before changes in operating assets and liabilities	**1,010.3**	**787.8**	**786.4**
Increase in loans and receivables from customers	(469.8)	(779.9)	(663.4)
Increase/(decrease) in customer deposits	54.9	979.2	1,471.4
Increase in cash reserve requirements with Central Banks	(445.5)	(65.8)	(224.6)
(Increase)/decrease in other assets	79.0	(115.8)	(54.8)
Increase in other liabilities	295.8	88.1	248.8
Net cash flow from operations before income tax	**524.7**	**893.6**	**1,563.8**
Income taxes paid	(284.8)	(460.9)	(245.1)
Net cash flow from operating activities	**239.9**	**432.7**	**1,318.7**
CASH FLOW FROM INVESTING ACTIVITIES			
(Increase)/decrease in government securities	(32.3)	330.5	(1,538.5)
Expenditure on property, plant and equipment	(47.9)	(23.3)	(50.5)
Expenditure for software development costs	(15.9)	(69.6)	(12.9)
Proceeds from disposal of property, plant & equipment	2.5	-	0.5
Partial sale of investment in subsidiary	34.3	-	-
Net cash flow from investing activities	**(59.3)**	**237.6**	**(1,601.4)**
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid	(501.2)	(174.0)	(657.8)
Repayment of interest on borrowings	-	-	(9.5)
Payments for other financing activities	-	-	(246.5)
Net cash flow used in financing activities	**(501.2)**	**(174.0)**	**(913.8)**
Net Increase/(decrease) in cash and cash equivalents	**(320.6)**	**496.3**	**(1,196.5)**
Effect of exchange rate movements on cash and cash equivalents	41.4	208.9	(13.9)
Cash and cash equivalents at the beginning of the year	4,722.1	4,016.9	5,227.3
Cash and cash equivalents at the end of the year	**4,442.9**	**4,722.1**	**4,016.9**

3.6 Segment reporting

Half Year ended 30 June 2024	PNG Bank	Pacific Markets	Non-Bank Services	Adjust Inter Segments	Total
Net interest income	786.6	175.4	19.3	0.6	981.9
Other income	395.1	131.2	6.2	(79.9)	452.6
Net insurance income	-	-	24.1	0.4	24.5
Total operating income	**1,181.7**	**306.6**	**49.6**	**(78.9)**	**1,459.0**
Operating expenses	(456.1)	(119.3)	(43.7)	3.8	(615.3)
Impairment expenses	(75.3)	2.2	(10.7)	-	(83.8)
Additional Company Tax refund	95.0	-	-	-	95.0
Profit before income tax	**745.3**	**189.5**	**(4.8)**	**(75.1)**	**854.9**
Income tax	(279.0)	(49.2)	(6.2)	-	(334.4)
Net profit after income tax	**466.3**	**140.3**	**(11.0)**	**(75.1)**	**520.5**
Assets	26,118.3	10,931.1	2,361.7	(1,968.5)	37,442.6
Liabilities	(23,206.6)	(9,505.6)	(1,766.6)	1,353.4	(33,125.4)
Net Assets	**2,911.7**	**1,425.5**	**595.1**	**(615.1)**	**4,317.2**

Half Year ended 31 December 2023					
Net interest income	757.9	168.7	17.8	(0.1)	944.3
Other income	305.5	151.8	18.0	(19.8)	455.5
Net insurance income	-	-	40.6	1.0	41.6
Total operating income	**1,063.4**	**320.5**	**76.4**	**(18.9)**	**1,441.4**
Operating expenses	(407.5)	(126.0)	(7.3)	4.8	(536.0)
Impairment expenses	(96.7)	(3.9)	(3.0)	-	(103.6)
Profit before income tax	**559.2**	**190.6**	**66.1**	**(14.1)**	**801.8**
Income tax	(275.2)	(49.4)	(14.2)	-	(338.8)
Net profit after income tax	**284.0**	**141.2**	**51.9**	**(14.1)**	**463.0**
Assets	25,964.7	10,560.8	2,264.2	(1,838.4)	36,951.3
Liabilities	(23,119.5)	(9,165.3)	(1,652.0)	1,228.8	(32,708.0)
Net Assets	**2,845.2**	**1,395.5**	**612.2**	**(609.6)**	**4,243.3**

3.6 Segment reporting (continued)

Half Year ended 30 June 2023	PNG Bank	Pacific Markets	Non-Bank Services	Adjust Inter Segments	Total
Net interest income	721.4	161.1	17.6	0.4	900.5
Other income	287.6	127.4	8.3	(36.2)	387.1
Net insurance income	-	-	20.0	(0.4)	19.6
Total operating income	**1,009.0**	**288.5**	**45.9**	**(36.2)**	**1,307.2**
Operating expenses	(355.1)	(116.2)	(10.5)	4.8	(477.0)
Impairment expenses	(64.7)	(5.6)	(8.3)	-	(78.6)
Profit before income tax	**589.2**	**166.7**	**27.1**	**(31.4)**	**751.6**
Income tax	(283.9)	(35.6)	(4.9)	-	(324.4)
Net profit after income tax	**305.3**	**131.1**	**22.2**	**(31.4)**	**427.2**
Assets	25,303.4	9,316.8	2,017.4	(1,490.2)	35,147.4
Liabilities	(22,635.5)	(8,096.9)	(1,451.8)	857.0	(31,327.2)
Net Assets	**2,667.9**	**1,219.9**	**565.6**	**(633.2)**	**3,820.2**

4. Directors Declaration

The directors declare that:

- in the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable;
- the interim condensed financial statements are prepared in accordance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting' as well as the requirements of the Companies Act 1997. The interim condensed financial statements does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

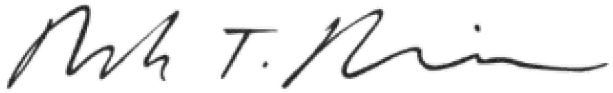
Signed in accordance with a resolution of the directors.

On behalf of the Directors.

Dated and signed at Port Moresby this 22nd day of August 2024.

Robert G Bradshaw

Chairman



Mark T Robinson

Group Chief Executive Officer & Managing Director