



BSP



Company Secretary

22nd August 2024

Ms. Nicola Lombardi
ASX Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000
Australia

By Electronic Lodgment

Dear Ms. Lombardi,

BSP Financial Group Limited – Appendix 4D

In accordance with the ASX Listing Rules, BSP Financial Group Limited (**ASX: BFL | PNGX: BSP**) provides to ASX for release to the Market its Appendix 4D for the period ended 30th June 2024.

Yours sincerely,
BSP Financial Group Limited

Laurentia Laracy
Company Secretary

Enclosure

BSP Financial Group Limited

Section 34, Allotment 6 & 7, Klinki Street, Waigani Drive, Port Moresby, National Capital District
PO Box 78, Port Moresby, Papua New Guinea

+675 305 6798 LLaracy@bsp.com.pg www.bsp.com.pg

BSP Financial Group Limited

ARBN 649 704 656

Appendix 4D

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.

Table of Contents

1.	Appendix 4D: Half Year results	3
1.1	Company details and reporting period	3
1.2	Results for announcement to the market	3
1.3	ASX Appendix 4D table	4
1.4	Results snapshot (June 24 vs June 23)	4
1.5	Subsequent events	4
2.	Half Year results	5
2.1	Financial summary	5
2.2	Results commentary	6
2.2.1	Income	6
2.2.2	Operating expenses	7
2.2.3	Additional Company Tax refund	8
2.2.4	Balance sheet metrics.....	8
2.2.5	Lending	9
2.2.6	Allowance for expected credit losses (ECL).....	10
2.2.7	Deposits	10
2.2.8	Capital and shareholder return	12
2.3	Additional notes	13
2.3.1	Analysis of intangible assets	13
2.3.2	Net tangible assets per ordinary share.....	13
2.3.3	Details of associates and joint venture arrangement entities.....	14
3.	Consolidated financial statements.....	14
3.1	Basis of preparation.....	14
3.2	Statements of comprehensive income	14
3.3	Statements of financial position	15
3.4	Statements of changes in shareholders' equity.....	16
3.5	Statements of cash flows	17
3.6	Segment reporting	18
4.	Directors Declaration.....	20

1. Appendix 4D: 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.

This report is provided to the ASX under listing rule 4.2A.

Reporting currency

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

1.3 ASX Appendix 4D table

Details of reporting period and corresponding period	3
Results for announcement to the market	3
Results commentary	6
Net tangible assets per ordinary share	13
Details of individual and total dividends	13
Dividend dates	3
Details of any dividend or distribution reinvestment plans in operation	3
Details of associates and joint venture arrangement entities	14
Accounting standards used for foreign entities	4

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

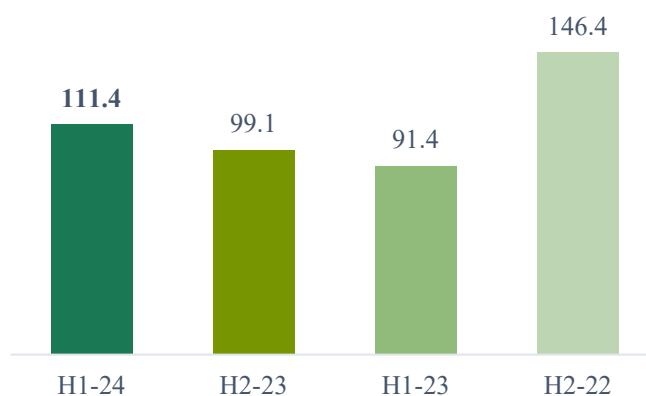
	Jun-24	Dec-23	Change		Jun-23	Change	
	Km	Km	Km	%	Km	Km	%
Net interest income	981.9	944.3	37.6	4.0	900.5	81.4	9.0
Other operating income	477.1	497.1	(20.0)	(4.0)	406.7	70.4	17.3
Total income	1,459.0	1,441.4	17.6	1.2	1,307.2	151.8	11.6
Impairment expenses	(83.8)	(103.6)	19.8	(19.1)	(78.6)	(5.2)	6.6
Operating 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					June 24 to June 23 change	toea
	Jun-24	Dec-23	Jun-23	Dec-22	toea		
Earnings per share (toea)	toea	toea	toea	toea	toea	toea	
Basic and diluted	111.4	99.1	91.4	146.4		20.0	
Average interest earning assets and interest bearing liabilities	Jun-24	Dec-23	Change	Change	Jun-23	Change	Change
	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
Financial performance ratios	Jun-24	Dec-23	Change	Change	Jun-23	Change	Change
	%	%	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

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

Financial position ratio	Jun-24	Dec-23	Change	Change	Jun-23	Change	Change
	%	%	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.

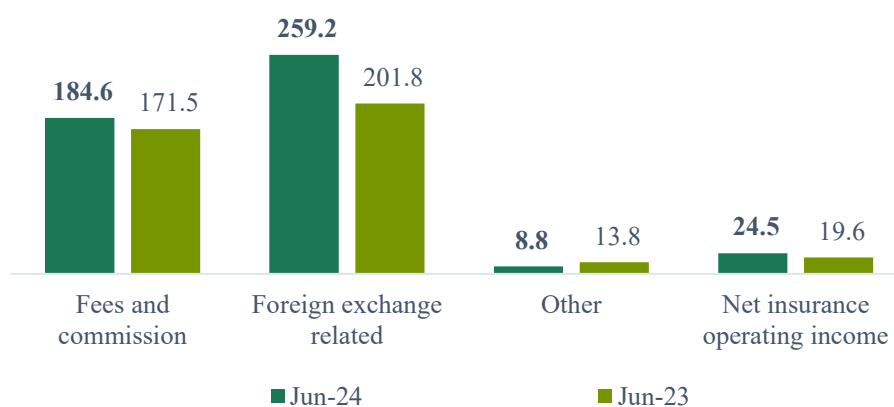
Fees and commission income increased by 7.6% compared to the same period last year, due to an increase in new accounts and growth in electronic channel transactions, particularly from countries with significant tourist activity.

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)

¹Excludes 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.

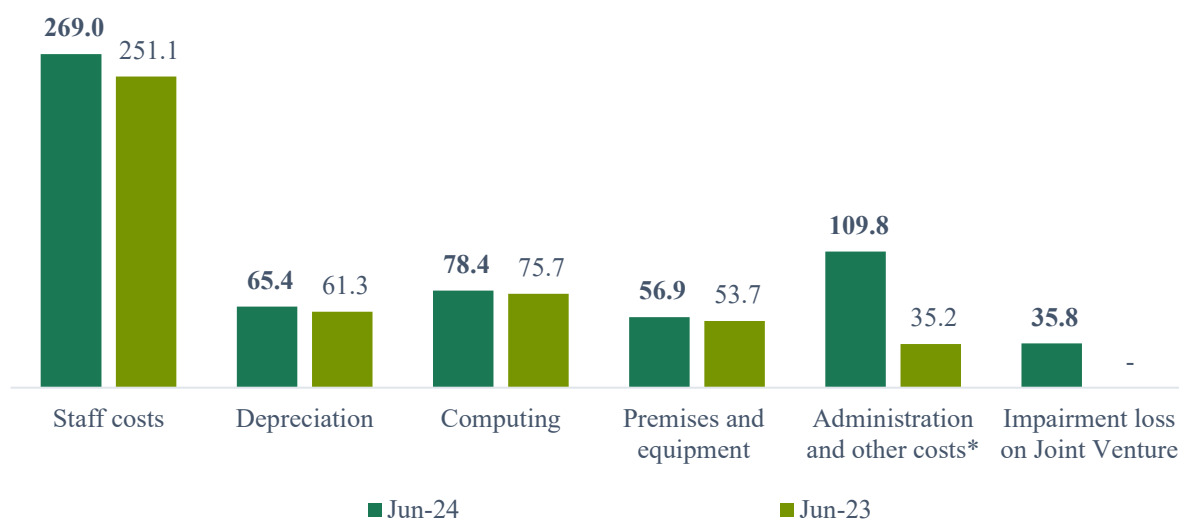
Depreciation expenses increased by 6.7% compared to corresponding period, mainly driven by full six months impact of the core banking project capitalised in April 2023.

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	
	Km	Km	Km	%	Km	Km	%
ASSETS							
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.

Economic sector risk concentration	As at Jun-24	As at Dec-23	Change		As at Jun-23	Change	
	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

Customer segment classification	As at Jun-24	As at Dec-23	Change		As at Jun-23	Change	
	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)

	Jun-24	Dec-23	Change		Jun-23	Change	
<i>Credit Expenses</i>	Km	Km	Km	%	Km	Km	%
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

	As at Jun-24	As at Dec-23	Change		As at Jun-23	Change	
<i>Provisions</i>	Km	Km	Km	%	Km	Km	%
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		As at Jun-23	Change	
	%	%	bps	%	%	bps	%
Provisions to loans	4.3	4.3	-	-	4.3	-	-

2.2.7 Deposits

	As at Jun-24	As at Dec-23	Change		As at Jun-23	Change	
	Km	Km	Km	%	Km	Km	%
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

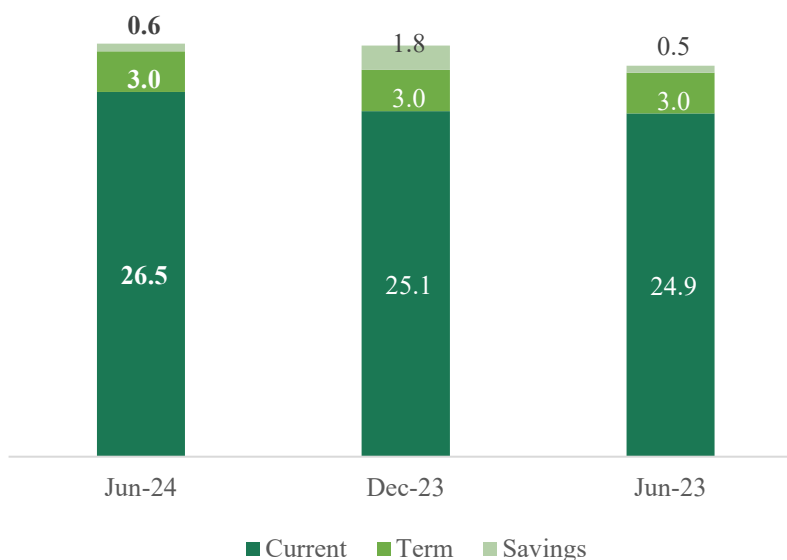
31 December 2023	1 to 3 months	4 to 12 months	1-2 years	2-5 years	5 and over	Total
Current	25,070.2	-	-	-	-	25,070.2
Savings	1,775.2	-	-	-	-	1,775.2
Term	953.8	1,713.0	178.2	25.4	119.3	2,989.7
Total deposits	27,799.2	1,713.0	178.2	25.4	119.3	29,835.1

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	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

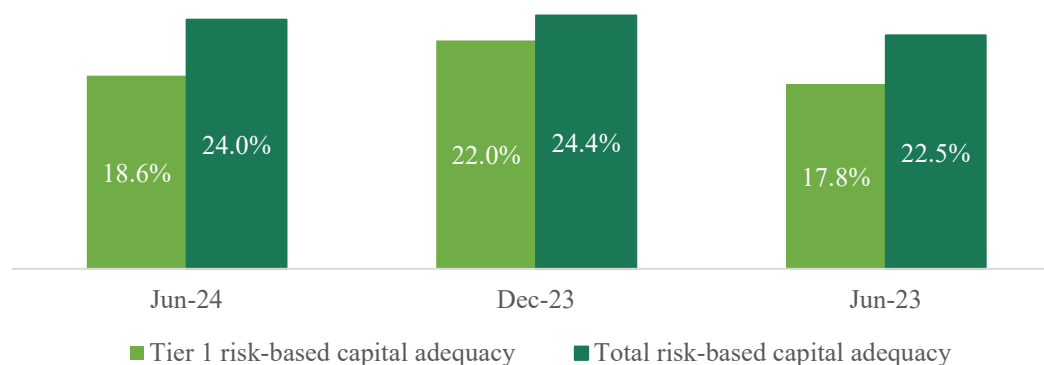
2.2.8.1 Assets and capital

	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

	Jun-24	Dec-23	Change		Jun-23	Change	
<i>Earnings per ordinary share</i>	Toea	toea	toea	%	Toea	Toea	%
Statutory earnings per ordinary share (weighted average)	111.4	99.1	12.3	12.4	91.4	20.0	21.9
	Jun-24	Dec-23	Change		Jun-23	Change	
<i>Weighted average number of ordinary shares</i>	K(000's)	K(000's)	K(000's)	%	K(000's)	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		Jun-23	Change	
	%	%	bps	%	%	bps	%
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			Amortisation Impairment Expense		
	Jun-24 Km	Dec-23 Km	Jun-23 Km	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

	Jun-24	Dec-23	Jun-23
Ownership interest held by consolidated entity as at 30 June 2024	%	%	%
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	Dec-23	Jun-23
	Km	Km	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			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
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

¹As 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

¹BSP 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