

BSP Financial Group Limited

ARBN 649 704 656

Appendix 5C

Full-Year Results

For the year ended 31 December 2024



APRA Disclaimer:

BSP Financial Group Limited (BSP) is not authorized under the Banking Act 1959 (Commonwealth of Australia) and is not supervised by the Australian Prudential 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 5C: Full-year results

1.1 Company details and reporting period

BSP Financial Group Limited (BSP)

ARBN 649 704 656

Reporting period - twelve months ended

31 December 2024

Previous corresponding period - twelve months ended

31 December 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 Laos. The registered office is at Section 34, Allotment 6 & 7, Klinki Street, Waigani Drive, Port Moresby.

1.2 Results for announcement to the market

Revenue from ordinary activities	▲	8.4 % to K2,979.1m
Profit from ordinary activities after tax attributable to parent	▲	16.6 % to K1,037.7m
Net profit for the period attributable to parent	▲	16.6 % to K1,037.7m

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
2024 final dividend – unfranked	25 February 2025	21 March 2025	121 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 shareholders 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 shareholders 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 PNGX under listing rule 5.13.

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 5C table

Details of reporting period and corresponding period	3
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Details of total dividends	15
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Details of any dividend or distribution reinvestment plans in operation	3
Details of associates and joint venture arrangement entities	15
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Details of entities over which control has been gained or lost during the period

There have been no changes in ownership to Group entities during the reporting period.

Full year financial statements

This report should be read in conjunction with the 31 December 2024 Financial Statements of BSP, 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.

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

1.4 Results snapshot (December 24 vs December 23)

Statutory Profit	▲	16.6% to K1,037.7m
Statutory earnings per share	▲	16.6% to 222.1 toea
Net interest margin	▲	7.0 basis points (bps) to 5.72%
Capital Adequacy Ratio	▲	180.0 bps to 26.2%

1.5 Subsequent events

Conversion of Fiji Branch to Subsidiary

As part of BSP Financial Group's strategic initiatives to enhance operational and regulatory compliance, the Fiji branch was converted into a wholly owned subsidiary, BSP Financial Group (Fiji) Pte Limited, effective 1 January 2025. This restructuring aligns with the Group's commitment to gaining operational efficiencies and meeting jurisdictional requirements. This is also in line with recent global corporate financial structure trends.

Nature of the Transaction

The conversion will involve the transfer of all assets, liabilities, and operations of the Fiji branch to the new subsidiary. The transaction will be accounted for as a reorganisation within the Group.

1.5 Subsequent events (continued)

Financial Impact

The following net assets were transferred to the subsidiary. The foreign currency translation reserve at 1 January 2025 of K81.778 million attributable to the Fiji branch will be derecognised and recognised in that Statement of Income and Expenditure of the parent entity. The conversion has no material impact on the Group's assets, liabilities, equity, and profit or loss account.

Assets	K'000	Liabilities	K'000
Loans and advances	4,519.5	Deposits	5,460.0
Property, plant, and equipment	38.3	Amounts due to other banks	230.9
Cash and cash equivalents	1,343.8	Other liabilities	322.5
Cash reserve requirement with Central Bank	562.1	Equity & retained earnings	714.0
Amounts due to other banks	138.6		
Other assets	125.1		
Total assets	6,727.4	Total equity and liabilities	6,727.4

The net assets will be transferred to the subsidiary at their carrying amounts, and the investment in the subsidiary will be recognised at the same value in the parent entity's financial statements.

Consolidation in 2025

Following the conversion, BSP Financial Group (Fiji) Pte Limited will be fully consolidated into the BSP Financial Group's financial statements. All intercompany transactions and balances between the Group and the new subsidiary will also be eliminated on consolidation.

Regulatory and Operational Implications

The conversion involved engagement with various stakeholders and regulatory approvals were received from the Reserve Bank of Fiji, Fiji Revenue and Custom Services, Fiji Competition & Consumer Commission, Investment Fiji and the Government of Fiji. The subsidiary now operates as "BSP Financial Group (Fiji) Pte Limited" and complies with all local statutory and regulatory requirements.

2. Full-year results

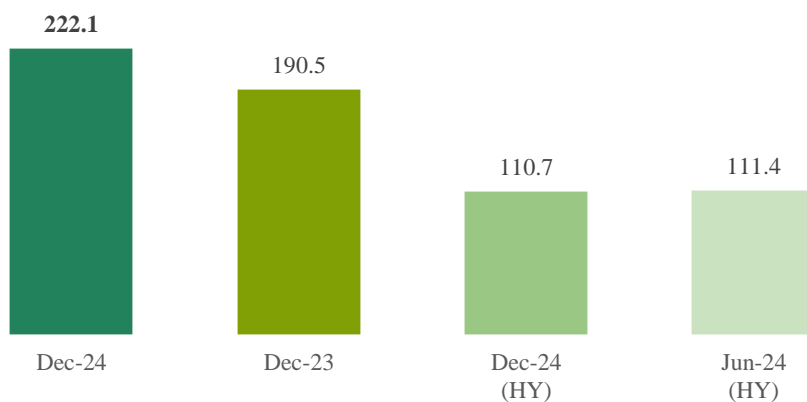
2.1 Financial summary

	Full-year ended				Half-year ended			
	Dec-24	Dec-23	Change	Dec-24	Jun-24	Change		
	Km	Km						Km
Net interest income	1,964.5	1,844.8	119.7	6.5	982.6	981.9	0.7	0.1
Other operating income	1,014.6	903.9	110.7	12.2	537.5	477.1	60.4	12.7
Total operating income	2,979.1	2,748.7	230.4	8.4	1,520.1	1,459.0	61.1	4.2
Impairment of financial assets	18.2	(182.2)	200.4	(110.0)	102.0	(83.8)	185.8	(221.7)
Operating expenses	(1,267.3)	(1,013.1)	(254.2)	25.1	(652.0)	(615.3)	(36.7)	6.0
Additional company tax settlement	95.0	-	95.0	-	-	95.0	(95.0)	-
Profit before income tax	1,825.0	1,553.4	271.6	17.5	970.1	854.9	115.2	13.5
Income tax expense	(787.3)	(663.2)	(124.1)	18.7	(452.9)	(334.4)	(118.5)	35.4
Net profit for the period attributable to parent	1,037.7	890.2	147.5	16.6	517.2	520.5	(3.3)	(0.6)

2.1 Financial summary (continued)

	Full-year ended				Half-year ended			
	Dec-24	Dec-23	Change		Dec-24	Jun-24	Change	
Earnings per share (toea)	Toea	Toea	Toea	%	Toea	Toea	toea	%
Basic and diluted	222.1	190.5	31.6	16.6	110.7	111.4	(0.7)	(0.6)
	Full-year ended				Half-year ended			
	Dec-24	Dec-23	Change		Dec-24	Jun-24	Change	
Average interest earning assets and interest bearing liabilities	Km	Km	Km	%	Km	Km	Km	%
Average interest earning assets	34,277.1	32,650.7	1,626.4	5.0	34,277.1	34,438.1	(161.0)	(0.5)
Average interest bearing liabilities	29,771.0	28,695.2	1,075.8	3.7	29,771.0	30,252.7	(481.7)	(1.6)
	Full-year ended				Half-year ended			
	Dec-24	Dec-23	Change		Dec-24	Jun-24	Change	
Financial performance ratios	%	%	bps	%	%	%	bps	%
Net interest margin (annualized)	5.72	5.65	7.0	1.2	5.63	6.05	(42.0)	(6.9)
Cost to income ratio	42.5	36.9	560.0	15.2	42.9	39.7	320.0	8.1
	Full-year ended				Half-year ended			
	Dec-24	Dec-23	Change		Dec-24	Jun-24	Change	
Financial position ratio	%	%	bps	%	%	%	bps	%
Return on average ordinary equity	23.3	21.5	180.0	8.4	11.5	12.2	(70.0)	(5.7)
Return on average assets	2.8	2.5	30.0	12.0	1.4	1.4	-	-

Earnings per share (toea)



2.2 Results commentary

2.2.1 Income

	Full-year ended				Half-year ended			
	Dec-24	Dec-23	Change		Dec-24	Jun-24	Change	
	Km	Km	Km	%	Km	Km	Km	%
Interest income								
Loans and receivables from customers	1,439.9	1,315.2	124.7	9.5	724.8	715.1	9.7	1.4
Other financial assets - Inscribed stock	468.4	419.5	48.9	11.7	236.2	232.2	4.0	1.7
Treasury Bills	103.9	154.2	(50.3)	(32.6)	50.0	53.9	(3.9)	(7.2)
Central Bank Bills	3.8	7.6	(3.8)	(50.0)	1.9	1.9	-	-
Cash and balances with Central Banks	36.3	31.4	4.9	15.6	36.3	-	36.3	-
Other	39.5	35.0	4.5	12.9	3.0	36.5	(33.5)	(91.8)
Total interest income	2,091.8	1,962.9	128.9	6.6	1,052.2	1,039.6	12.6	1.2
Interest expense	127.3	118.1	9.2	7.8	69.6	57.7	11.9	20.6
Net interest income	1,964.5	1,844.8	119.7	6.5	982.6	981.9	0.7	0.1
Other income								
Fees and commission								
Electronic banking related fee income	248.8	213.4	35.4	16.6	134.2	114.6	19.6	17.1
Electronic banking related fee expense	(92.8)	(73.7)	(19.1)	25.9	(51.2)	(41.6)	(9.6)	23.1
Net electronic banking related fee income	156.0	139.7	16.3	11.7	83.0	73.0	10.0	40.2
Trade and international related	22.3	20.7	1.6	7.7	11.2	11.1	0.1	0.9
Product related	166.0	157.8	8.2	5.2	86.1	79.9	6.2	7.8
Others	42.3	35.7	6.6	18.5	21.7	20.6	1.1	5.3
Net fee and commission income	230.6	214.2	16.4	7.7	119.0	111.6	7.4	14.0
Total net fees and commission income	386.6	353.9	32.7	9.2	202.0	184.6	17.4	54.2
Foreign exchange related	560.6	457.7	102.9	22.5	301.4	259.2	42.2	16.3
Net insurance operating income	57.8	61.2	(3.4)	(5.6)	48.9	8.9	40.0	449.4
Sundry income	9.6	31.1	(21.5)	(69.1)	(14.8)	24.4	(39.2)	(160.7)
Total other income	1,014.6	903.9	110.7	12.2	537.5	477.1	60.4	12.7
Net operating income	2,979.1	2,748.7	230.4	8.4	1,520.1	1,459.0	61.1	4.2

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

Net interest income increased by 6.5%, driven by moderate loan volume growth with prudent management of the margin between the interest received on our investment in government securities and other assets, and the interest paid on deposits held by the Group.

Total net fees and commission income grew by 9.2% compared to the same period last year, driven by transaction uplift in our digital channels.

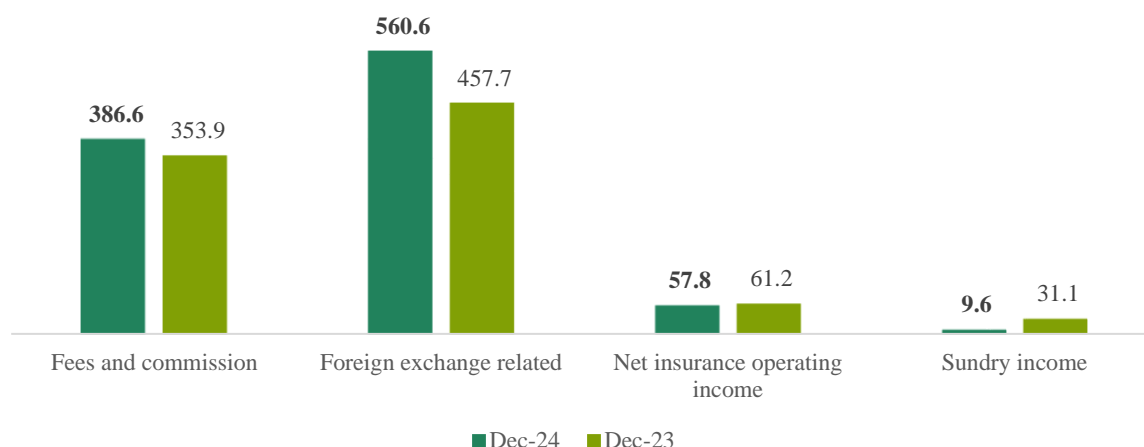
Foreign exchange earnings up 22.5% compared to the previous period from continued momentum in currency flows in resource and non-resource sectors in PNG, along with a boost in international trade and investments from other countries where BSP operates.

Net insurance operating income Net insurance operating income fell by 5.6%, which is attributed to a decline in investment income.

Sundry income reduction driven by weak financial performance from the Joint Venture operations.

2.2.1 Income (continued)

Other income (Km)



2.2.2 Operating expenses

	Full-year ended				Half-year ended			
	Dec-24	Dec-23	Change		Dec-24	Jun-24	Change	
	Km	Km	Km	%	Km	Km	Km	%
Staff costs	562.4	495.0	67.4	13.6	293.4	269.0	24.4	9.1
Depreciation	81.1	80.7	0.4	0.5	15.7	65.4	(49.7)	(76.0)
Computing	159.5	141.5	18.0	12.7	81.1	78.4	2.7	3.4
Premises and equipment	115.0	106.7	8.3	7.8	58.1	56.9	1.2	2.1
Administration and other costs	313.5	189.2	124.3	65.7	203.7	109.8	93.9	85.5
Impairment of joint venture	35.8	-	35.8	-	-	35.8	(35.8)	(100.0)
Total expenses	1,267.3	1,013.1	254.2	25.1	652.0	615.3	36.7	6.0

	Full-year ended				Half-year ended			
	Dec-24	Dec-23	Change		Dec-24	Jun-24	Change	
	%	%	bps	%	%	%	bps	%
Operating expenses ratios								
Cost to income	42.5	36.9	560.0	15.2	42.9	39.7	320.0	8.1
Expenses to average assets	3.4	2.9	50.0	17.2	1.7	1.7	-	-
Staff and related costs to income	18.9	18.0	90.0	5.0	19.3	18.4	90.0	4.9

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

Staff costs increased by 13.6%, up from 9.1% in the previous period. The increase is linked to the recruitment of additional specialists in Technology, as well as in Retail Banking to support the Modernising for Growth Strategy, further heightened by performance-based annual salary adjustments.

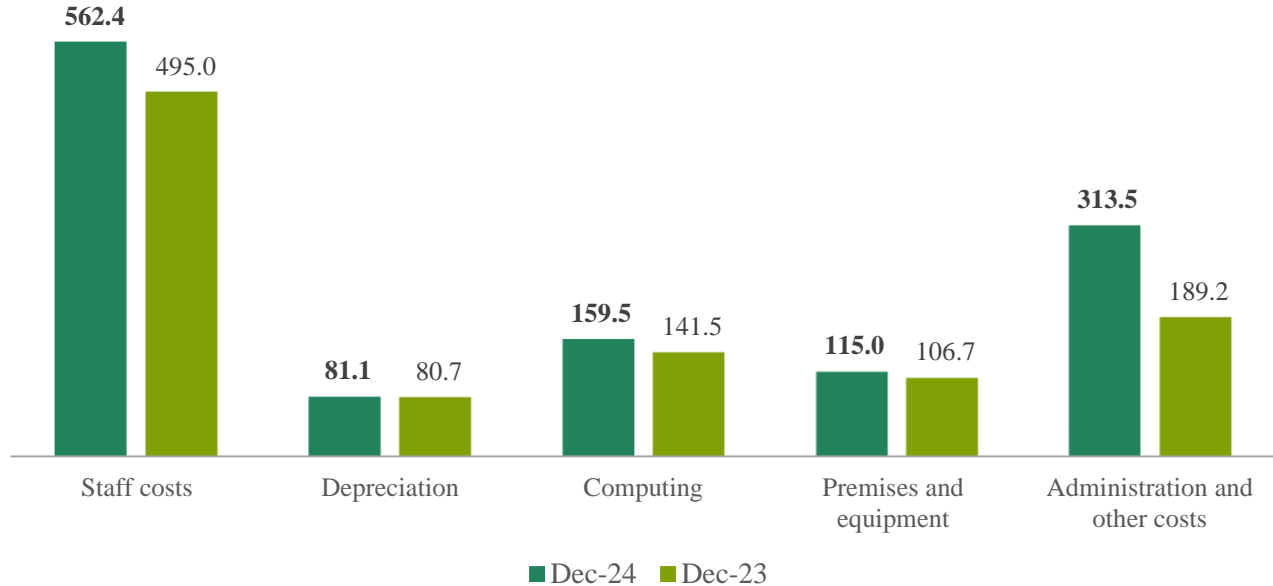
Depreciation costs remain steady as projects initiated in the second half of 2024 continue to progress.

Computing expenses rose by 12.7% compared to the same period last year, largely driven by heightened technology usage as the Group embarks on its Modernising for Growth Strategy and industry related Consumer Price Index increases.

Administration and other costs surged by 65.7%, mainly driven by the one-off release in legal provisions in the comparative period (June 2023). Excluding the legal provision release in June 2023, administration and other expenses increased by 28.0% associated with the engagement of external specialists to support our strategy execution and staff upskilling.

2.2.2 Operating expenses (continued)

Operating expenses (Km)



2.2.3 Company Tax Rate Changes

The 2025 PNG National Budget and subsequent legislation passed before year end introduced a gradual reduction in the Corporate Income Tax rate for commercial banks as outlined below:

1. Profits below K300 million: Tax rate reduces from 45% to 40% in 2025, and 35% in 2026.
2. Profits above K300 million: Tax rate drops from 45% to 44% in 2025, decreasing by 1% annually until reaching 35%.

Given the legislation has been substantively enacted as at 31 December 2024 deferred tax balances have been calculated using the revised tax rates in the period they are expected to be utilized. A one-off charge of K37.347 million to tax expense was recognised resulting from the restatement of deferred tax balances relating to PNG Bank and its branches at the effective tax rate in the December 2024 accounts.

The PNG Government imposed a K190 million Additional Company Tax (the Tax) on banks with over 40% market share for the 2022 financial year, directly affecting BSP's net profit. The Tax was non-deductible and was deposited in an escrow account pending BSP's legal challenge. On 19 February 2024, BSP settled its judicial review with the Internal Revenue Commission (IRC), agreeing to:

1. Receive a K95 million refund from the escrow account.
2. Pay K95 million to the IRC as a final settlement which was completed in April 2024.

2.2.4 Balance sheet metrics

	As at balance date				As at balance date			
	Dec-24	Dec-23	Change		Jun-24	Jun-23	Change	
	Km	Km	Km	%	Km	Km	Km	%
ASSETS								
Cash and operating balances with Central Banks	3,361.6	3,306.1	55.5	1.7	2,935.8	2,631.7	304.1	11.6
Amounts due from other banks	1,874.2	1,779.7	94.5	5.3	1,832.0	1,826.6	5.4	0.3
Treasury and Central Bank Bills	2,517.7	3,803.6	(1,285.9)	(33.8)	3,210.8	4,967.1	(1,756.3)	(35.4)
Cash reserve requirement with Central Banks	3,255.4	2,841.8	413.6	14.6	3,293.7	2,740.1	553.6	20.2
Other financial assets	7,158.0	6,373.5	784.5	12.3	6,997.2	5,443.4	1,553.8	28.5
Loans and receivables from customers	16,269.8	16,013.0	256.8	1.6	16,488.9	14,931.5	1,557.4	10.4
Assets held for sale	14.5	-	14.5	-	22.4	-	22.4	-
Property, plant and equipment	1,046.6	1,034.7	11.9	1.2	1,013.8	943.3	70.5	7.5
Aircraft subject to operating lease	30.0	32.4	(2.4)	(7.4)	31.2	27.3	3.9	14.3
Deferred tax assets	257.5	329.3	(71.8)	(21.8)	325.4	339.2	(13.8)	(4.1)
Other assets	1,338.1	1,437.2	(99.1)	(6.9)	1,291.4	1,297.2	(5.8)	(0.4)
Total assets	37,123.4	36,951.3	172.1	0.5	37,442.6	35,147.4	2,295.2	6.5
LIABILITIES								
Amounts due to other banks	260.2	363.7	(103.5)	(28.5)	324.9	441.4	(116.5)	(26.4)
Customer deposits	29,083.0	29,835.1	(752.1)	(2.5)	29,981.8	28,362.2	1,619.6	5.7
Insurance policy liabilities	1,437.7	1,249.5	188.2	15.1	1,342.0	1,105.9	236.1	21.3
Other liabilities	1,630.9	1,197.9	433.0	36.1	1,420.2	1,368.2	52.0	3.8
Deferred tax liabilities	58.5	61.8	(3.3)	(5.3)	56.5	49.5	7.0	14.1
Total liabilities	32,470.3	32,708.0	(237.7)	(0.7)	33,125.4	31,327.2	1,798.2	5.7
SHAREHOLDERS' EQUITY								
Ordinary shares	372.1	372.1	-	-	372.1	372.1	-	-
Retained earnings	3,732.6	3,415.7	316.9	9.3	3,436.5	3,129.6	306.9	9.8
Other reserves	513.6	454.8	58.8	12.9	473.5	317.7	155.8	49.0
Equity attributable to the members of the company	4,618.3	4,242.6	375.7	8.9	4,282.1	3,819.4	462.7	12.1
Minority interests	34.8	0.7	34.1	4,871.4	35.1	0.8	34.3	4,287.5
Total shareholders' equity	4,653.1	4,243.3	409.8	9.7	4,317.2	3,820.2	497.0	13.0
Total equity and liabilities	37,123.4	36,951.3	172.1	0.5	37,442.6	35,147.4	2,295.2	6.5

2.2.5 Lending

	As at balance date				As at balance date			
	Dec-24	Dec-23	Change		Jun-24	Jun-23	Change	
	Km	Km	Km	%	Km	Km	Km	%
Overdrafts	1,160.7	1,328.9	(168.2)	(12.7)	1,395.4	1,086.7	308.7	28.4
Lease financing	217.2	187.3	29.9	16.0	214.5	193.8	20.7	10.7
Term loans	12,146.9	12,320.1	(173.2)	(1.4)	12,643.4	11,549.5	1,093.9	9.5
Mortgages	3,307.5	2,888.9	418.6	14.5	2,982.8	2,766.1	216.7	7.8
Gross loans and receivables from customers	16,832.3	16,725.2	107.1	0.6	17,236.1	15,596.1	1,640.0	10.5
Less allowance for losses on loans and receivables from customers	(562.5)	(712.2)	149.7	(21.0)	(747.2)	(664.6)	(82.6)	12.4
Net loans and receivables from customers	16,269.8	16,013.0	256.8	1.6	16,488.9	14,931.5	1,557.4	10.4

Gross loans grew by just 0.6% in 2024, with the main change being a slight uplift in Retail mortgages, which grew 15% in 2024. The growth in mortgages was largely the result of increased demand from our Fiji customers.

Provision balances decreased by 21.0% compared to the same period last year, owing to improved economic conditions in the markets we operate in.

	As at balance date				As at balance date			
	Dec-24	Dec-23	Change		Jun-24	Jun-23	Change	
	Km	Km	Km	%	Km	Km	Km	%
Economic sector risk concentration								
Commerce, finance and other business	8,110.8	7,759.4	351.4	4.5	8,349.0	6,983.3	1,365.7	19.6
Private households	4,335.4	4,331.8	3.6	0.1	4,455.4	3,916.2	539.2	13.8
Government and public authorities	647.9	696.6	(48.7)	(7.0)	575.6	1,036.0	(460.4)	(44.4)
Agriculture	201.9	371.1	(169.2)	(45.6)	442.5	341.6	100.9	29.5
Transport and communication	1,368.4	1,216.3	152.1	12.5	1,333.4	1,170.7	162.7	13.9
Manufacturing	451.5	430.0	21.5	5.0	451.5	402.6	48.9	12.1
Construction	1,153.9	1,207.8	(53.9)	(4.5)	881.5	1,081.1	(199.6)	(18.5)
Net loans and receivables from customers	16,269.8	16,013.0	256.8	1.6	16,488.9	14,931.5	1,557.4	10.4

Customer segment classification	Km	Km	Km	%	Km	Km	Km	%
Corporate/ Commercial	9,405.5	9,224.5	181.0	2.0	9,736.6	9,047.5	689.1	7.6
Government	2,056.3	2,234.6	(178.3)	(8.0)	2,103.2	1,969.1	134.1	6.8
Retail	4,808.0	4,553.9	254.1	5.6	4,649.1	3,914.9	734.2	18.8
Net loans and receivables from customers	16,269.8	16,013.0	256.8	1.6	16,488.9	14,931.5	1,557.4	10.4

2.2.6 Allowance for expected credit losses (ECL)

	Full-year ended				Half-year ended			
	Dec-24	Dec-23	Change		Dec-24	Jun-24	Change	
<i>Credit Expenses</i>	Km	Km	Km	%	Km	Km	Km	%
Bad debts written off	96.0	157.8	(61.8)	(39.2)	23.9	72.1	(48.2)	(66.9)
Provision expense	(17.5)	92.7	(110.2)	(118.9)	(75.2)	57.7	(132.9)	(230.3)
Total Credit expense	78.5	250.5	(172.0)	(68.7)	(51.3)	129.8	(181.1)	(139.5)
Bad debts recoveries	(96.5)	(77.8)	(18.7)	24.0	(50.8)	(45.7)	(5.1)	11.2
Credit expenses net of recoveries	(18.0)	172.7	(190.7)	(110.4)	(102.1)	84.1	(186.2)	(221.4)

	As at balance date				As at balance date			
	Dec-24	Dec-23	Change		Jun-24	Jun-23	Change	
<i>Provisions</i>	Km	Km	Km	%	Km	Km	Km	%
Collectively assessed provisions	230.1	365.9	(135.8)	(37.1)	357.8	340.6	17.2	5.0
Individually assessed provisions	290.1	291.5	(1.4)	(0.5)	337.8	267.2	70.6	26.4
Total provision for on balance sheet exposure	520.2	657.4	(137.2)	(20.9)	695.6	607.8	87.8	14.4
Collective provision for off balance sheet exposure	42.3	54.8	(12.5)	(22.8)	51.6	56.8	(5.2)	(9.2)
Total provisions for doubtful debts	562.5	712.2	(149.7)	(21.0)	747.2	664.6	82.6	12.4

<i>Impaired (Stage 3) Assets</i>	Km	Km	Km	%	Km	Km	Km	%
Gross impaired assets	627.4	664.4	(37.0)	(5.6)	692.9	604.5	88.4	14.6
Net impaired assets	337.4	372.9	(35.5)	(9.5)	355.1	337.3	17.8	5.3
Net impaired loans to gross loans %	2.0	2.2	20 bps	(9.1)	2.2	2.2	-	-

	As at balance date				As at balance date			
	Dec-24	Dec-23	Change		Jun-24	Jun-23	Change	
	%	%	bps	%	%	%	bps	%
Provisions to loans	3.3	4.3	(100.0)	(23.3)	4.3	4.3	0.0	0.0

2.2.7 Deposits

	As at balance date				As at balance date			
	Dec-24	Dec-23	Change		Jun-24	Jun-23	Change	
	Km	Km	Km	%	Km	Km	Km	%
Current	23,873.0	25,070.2	(1,197.2)	(4.8)	26,465.1	24,912.4	1,552.7	6.2
Savings	2,070.8	1,775.2	295.6	16.7	561.6	493.2	68.4	13.9
Term	3,139.1	2,989.7	149.4	5.0	2,955.1	2,956.6	(1.5)	(0.1)
Total deposits	29,082.9	29,835.1	(752.2)	(2.5)	29,981.8	28,362.2	1,619.6	5.7

Total deposits for Group fell by 2.5%, primarily due to a decrease in current account balances. The Group's cost of funds remained steady at 0.4% in 2024, supported by stable market liquidity.

2.2.7 Deposits (continued)

31 December 2024	1 to 3 months	3 to 12 months	1-2 years	2-5 years	5 and over	Total
Current	23,873.0	-	-	-	-	23,873.0
Savings	2,070.8	-	-	-	-	2,070.8
Term	709.6	2,165.3	85.0	72.9	106.3	3,139.1
Total deposits	26,653.4	2,165.3	85.0	72.9	106.3	29,082.9

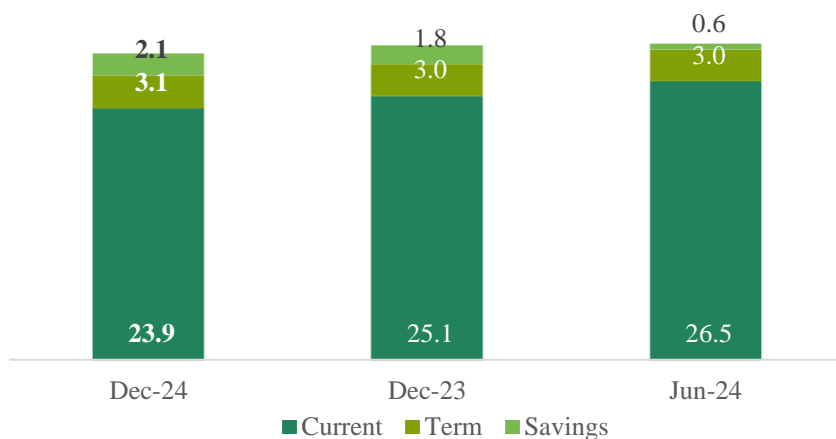
31 December 2023	1 to 3 months	3 to 12 months	1-2 years	2-5 years	5 and over	Total
Current	25,070.2	-	-	-	-	25,070.2
Savings	1,775.2	-	-	-	-	1,775.2
Term	953.8	1,713.0	178.2	25.4	119.3	2,989.7
Total deposits	27,799.2	1,713.0	178.2	25.4	119.3	29,835.1

	As at balance date				As at balance date			
	Dec-24	Dec-23	Change	Jun-24	Jun-23	Change		
	%	%	bps	%	%	bps	%	
Loans to deposit ratio	57.9	56.1	180.0	3.2	57.5	55.0	250.0	4.5

Despite a moderation in deposit growth, BSP remains well-capitalised and strategically positioned to support credit expansion. The anticipated acceleration of resource projects in Papua New Guinea (PNG) and increased tourism activity across Pacific markets are expected to drive stronger economic activity, creating favorable lending opportunities.

BSP's resilient balance sheet, prudent risk management, and deep market expertise reinforce its ability to capitalize on these growth drivers, ensuring sustained profitability and shareholder value creation.

Deposits (K billion)



2.2.8 Capital and shareholder return

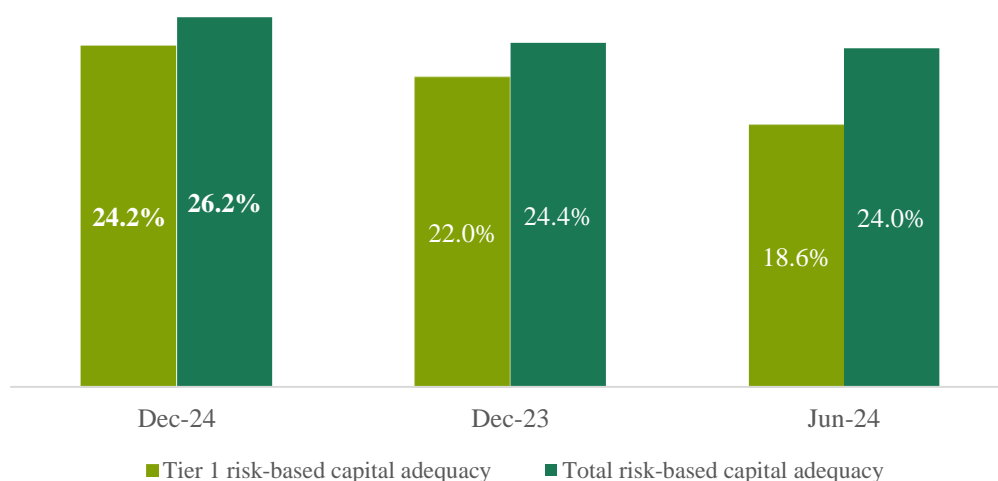
2.2.8.1 Assets and capital

	As at balance date				As at balance date			
	Dec-24	Dec-23	Change		Jun-24	Jun-23	Change	
	Km	Km	Km	%	Km	Km	Km	%
Regulatory capital and assets								
Total assets	37,123.4	36,951.3	172.1	0.5	37,442.6	35,147.4	2,295.2	6.5
Capital adequacy								
Total regulatory capital	4,294.5	3,881.3	413.2	10.6	3,947.9	3,368.8	579.1	17.2
Risk-weighted assets	16,366.3	15,916.7	449.6	2.8	16,421.6	14,992.6	1,429.0	9.5

	As at balance date				As at balance date			
	Dec-24	Dec-23	Change		Jun-24	Jun-23	Change	
	%	%	bps	%	%	%	bps	%
Regulatory ratios								
Total risk-based capital adequacy	26.2	24.4	180.0	7.4	24.0	22.5	150.0	6.7
Tier 1 risk-based capital adequacy	24.2	22.0	220.0	10.0	18.6	17.8	80.0	4.5
Leverage capital ratio	10.8	9.6	120.0	12.5	8.3	7.7	60.0	7.8

At the 31 December 2024, the Group's overall capital adequacy and leverage capital ratios satisfied the criteria for being classified as a "well-capitalized" bank.

Capital ratios (%)



2.2.8.2 Shareholder returns

	Full-year ended				Half-year ended			
	Dec-24	Dec-23	Change		Dec-24	Jun-24	Change	
	toea	toea	toea	%	toea	toea	toea	%
Earnings per ordinary share								
Statutory earnings per ordinary share (weighted average)	222.1	190.5	31.6	16.6	110.7	111.4	(0.7)	(0.6)

2.2.8 Capital and shareholder return (continued)

	Full-year ended				Half-year ended			
	Dec-24	Dec-23	Change		Jun-24	Jun-23	Change	
<i>Weighted average number of ordinary shares</i>	(000's)	(000's)	(000's)	%	(000's)	(000's)	(000's)	%
Weighted average number of ordinary shares used in EPS calculations	467,220	467,220	-	-	467,220	467,220	-	-

	Full-year ended				Half-year ended			
	Dec-24	Dec-23	Change		Dec-24	Jun-24	Change	
<i>Ratios</i>	%	%	bps	%	%	%	bps	%
Return on average equity	23.3	21.5	180.0	8.4	11.1	12.2	(110.0)	(9.0)
Return on average assets	2.8	2.5	30.0	12.0	1.4	1.4	-	-

2.2.8.3 Dividends payable/paid

<i>Earnings per ordinary share</i>	FY 24	FY 23	Change %	
Dividend per share - toea	166.0	143.0	23.0	16.1
Dividend amount payable/paid - Km	775.6	668.0	107.6	16.1
Payout ratio - %	75.0	75.0	-	-

2.3 Additional notes

2.3.1 Analysis of intangible assets

Analysis of Intangible assets	Balance Sheet Carrying Values as at		Amortisation Impairment Expense	
	Dec-24 Km	Dec-23 Km	Dec-24 Km	Dec-23 Km
Goodwill	45.3	45.3	-	-
Software	249.5	236.9	49.2	46.4
	294.8	282.2	49.2	46.4

2.3.2 Net tangible assets per ordinary share

	Dec-24 K	Dec-23 K
Net tangible asset backing per ordinary share per PGK	9.3	8.5

	Km	Km
Net assets	4,653.1	4,243.3
Intangibles	(294.8)	(282.2)
Net tangible asset attributable to ordinary shareholders	4,358.3	3,961.1
Number of fully paid ordinary shares on issue - 000s	467,220	467,220

2.3.3 Details of associates and joint venture arrangement entities

Ownership interest held by consolidated entity	Dec-24 %	Dec-23 %	Balance date
<i>Joint venture</i>			
Suva Central Ltd	50.0	50.0	31-Dec
Richmond Ltd	50.0	50.0	31-Dec
BSP Finance Cambodia	50.0	50.0	31-Dec
BSP Finance Laos	50.0	50.0	31-Dec

3 Consolidated financial statements

3.1 Basis of preparation

The financial information has been extracted from BSP Financial Group Limited's audited consolidated financial statements, which 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

	Full-year ended	
	Dec-24	Dec-23
	Km	Km
Interest income	2,091.8	1,962.9
Interest expense	(127.3)	(118.1)
Net interest income	1,964.5	1,844.8
Net fee and commission income	386.6	353.9
Other income	570.2	488.8
Net insurance operating income	57.8	61.2
Total net operating income before impairment and operating expenses	2,979.1	2,748.7
Impairment of financial assets	18.2	(182.2)
Operating expenses	(1,267.3)	(1,013.1)
Additional company tax settlement	95.0	-
Profit before income tax	1,825.0	1,553.4
Income tax expense	(787.3)	(663.2)
Net profit for the year attributable to parent	1,037.7	890.2
<i>Other comprehensive income</i>		
<i>Items that may or may not be subsequently reclassified to profit or loss:</i>		
Translation of financial information of foreign operations to presentation currency	38.6	94.1
Recognition of deferred tax on asset revaluation reserve movement	0.7	0.6
Net movement in asset revaluation reserve	(2.8)	38.4
Other comprehensive income, net of tax	36.5	133.1
Total comprehensive income for the year attributable to parent	1,074.2	1,023.3

3.3 Statements of financial position

	Full-year ended Group	
	Dec-24	Dec-23
	Km	Km
ASSETS		
Cash and operating balances with Central Banks	3,361.6	3,306.1
Amounts due from other banks	1,874.2	1,779.7
Treasury and Central Bank Bills	2,517.7	3,803.6
Cash reserve requirement with Central Banks	3,255.4	2,841.8
Other financial assets	7,158.0	6,373.5
Loans and receivables from customers	16,269.8	16,013.0
Assets held for sale ¹	14.5	-
Property, plant and equipment	1,046.6	1,034.7
Aircraft subject to operating lease	30.0	32.4
Deferred tax assets	257.5	329.3
Other assets	1,338.1	1,437.2
Total assets	37,123.4	36,951.3
LIABILITIES		
Amounts due to other banks	260.2	363.7
Customer deposits	29,083.0	29,835.1
Insurance policy liabilities	1,437.7	1,249.5
Other liabilities	1,630.9	1,197.9
Deferred tax liabilities	58.5	61.8
Total liabilities	32,470.3	32,708.0
SHAREHOLDERS EQUITY		
Ordinary shares	372.1	372.1
Retained earnings	3,732.6	3,415.7
Other reserves	513.6	454.8
Equity attributable to the members of the company	4,618.3	4,242.6
Minority interests	34.8	0.7
Total shareholders' equity	4,653.1	4,243.3
Total equity and liabilities	37,123.4	36,951.3

¹As of December 2024, the Company has classified its investment in the joint ventures (BSP Finance Cambodia & BSP Finance Laos) as held for sale. 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 K14.544 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 interests	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	-	-	1,037.7	-	1,037.7
Other comprehensive income	-	36.5	-	-	36.5
Total comprehensive income	-	36.5	1,037.7	-	1,074.2
Dividends paid during the year	-	-	(712.7)	(0.3)	(713.0)
Minority interest capital	-	-	-	34.0	34.0
Gain attributable to minority interests	-	-	(0.4)	0.4	-
Total transactions with owners	-	-	(713.1)	34.1	(679.0)
Transfer from asset revaluation reserve	-	(1.8)	1.8	-	-
Asset revaluation reserve tax effect change	-	14.6	-	-	14.6
BSP Life Policy Reserve	-	9.5	(9.5)	-	-
Balance at 31 December 2024	372.1	513.6	3,732.6	34.8	4,653.1
Balance as at 1 January 2023	372.1	319.8	3,359.3	0.7	4,051.9
Net profit	-	-	890.2	-	890.2
Other comprehensive income	-	133.1	-	-	133.1
Total comprehensive income	-	133.1	890.2	-	1,023.3
Dividends paid during the year	-	-	(831.6)	(0.2)	(831.8)
Gain attributable to minority interests	-	-	(0.2)	0.2	-
Total transactions with owners	-	-	(831.8)	-	(831.8)
Transfer from asset revaluation reserve	-	(1.6)	1.6	-	-
Others	-	1.0	(1.1)	-	(0.1)
BSP Life policy reserve	-	2.5	(2.5)	-	-
Balance at 31 December 2023	372.1	454.8	3,415.7	0.7	4,243.3

3.5 Statements of cash flows

	Full-year ended Group	
	Dec-24	Dec-23
	Km	Km
CASH FLOW FROM OPERATING ACTIVITIES		
Interest received	2,081.1	1,811.0
Fees and other income	888.9	950.3
Interest paid	(104.9)	(125.9)
Insurance premiums	304.6	266.1
Claims, surrenders & maturity payments	(173.4)	(166.4)
Additional company tax settlement	95.0	-
Amounts paid to suppliers and employees	(1,154.1)	(1,160.9)
Operating cash flow before changes in operating assets and liabilities	1,937.2	1,574.2
Net increase/ (decrease) in:		
Loans and receivables from customers	(12.8)	(1,443.3)
Cash reserve requirements with the Central Banks	(404.8)	(290.4)
Bills receivable and other assets	57.2	(170.6)
Net increase/ (decrease) in:		
Customer deposits	(887.2)	2,450.6
Bills payable and other liabilities	452.7	336.9
Net cash flow from operations before income tax	1,142.3	2,457.4
Income taxes paid	(653.7)	(706.0)
Net cash flow from operating activities	488.6	1,751.4
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from government securities	12,011.2	11,638.1
Purchases of government securities	(11,482.1)	(12,846.1)
Expenditure on property, plant & equipment	(135.4)	(74.8)
Expenditure for software development costs	(15.9)	(82.5)
Proceeds from disposal of property, plant & equipment	2.5	1.5
Net cash flow used in investing activities	380.3	(1,363.8)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	(713.0)	(831.8)
Payment of interest on borrowings	-	(246.5)
Repayment of principal on borrowings	-	(9.5)
Sale of minority interest in subsidiary	33.9	-
Net cash flow used in financing activities	(679.1)	(1,087.8)
Net increase/ (decrease) in cash and cash equivalents	189.8	(700.2)
Exchange rate movements on cash and cash equivalents	63.6	195.0
Cash and cash equivalents at the beginning of the year	4,722.1	5,227.3
Cash and Cash Equivalents at the end of the year	4,975.5	4,722.1

3.6 Segment reporting

Full-year ended 31 December 2024	PNG Bank	Pacific Markets	Non-Bank Entities	Adjust Inter Segments	Total
Net interest income	1,557.8	368.3	36.7	1.7	1,964.5
Net fee, commission and other income	378.0	124.5	6.4	(112.6)	396.3
Foreign exchange related	401.6	158.9	-	-	560.5
Net insurance income	-	-	57.3	0.5	57.8
Total operating income	2,337.4	651.7	100.4	(110.4)	2,979.1
Operating expenses	(972.5)	(253.8)	(47.4)	6.4	(1,267.3)
Impairment expenses	19.8	15.4	(17.0)	-	18.2
Additional company tax settlement	95.0	-	-	-	95.0
Profit before income tax	1,479.7	413.3	36.0	(104.0)	1,825.0
Income tax	(669.7)	(105.8)	(11.8)	-	(787.3)
Net profit after income tax	810.0	307.5	24.2	(104.0)	1,037.7
Assets	24,860.6	12,037.8	2,220.5	(1,995.5)	37,123.4
Liabilities	(21,701.3)	(10,502.3)	(1,665.8)	1,399.1	(32,470.3)
Net assets	3,159.3	1,535.5	554.7	(596.4)	4,653.1
Full-year ended 31 December 2023	PNG Bank	Pacific Markets	Non-Bank Entities	Adjust Inter Segments	Total
Net interest income	1,479.3	329.8	35.4	0.3	1,844.8
Net fee, commission and other income	393.8	20.9	26.3	(56.0)	385.0
Foreign exchange related	399.4	58.3	-	-	457.7
Net insurance income	-	-	60.6	0.6	61.2
Total operating income	2,272.5	409.0	122.3	(55.1)	2,748.7
Operating expenses	(774.2)	(230.5)	(17.8)	9.4	(1,013.1)
Impairment expenses	(161.4)	(9.5)	(11.3)	-	(182.2)
Profit before income tax	1,336.9	169.0	93.2	(45.7)	1,553.4
Income tax	(559.1)	(85.0)	(19.1)	-	(663.2)
Net profit after income tax	777.8	84.0	74.1	(45.7)	890.2
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

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;
- in the directors' opinion, the attached consolidated financial statements and notes thereto are in accordance with the PNG Companies ACT 1997, including compliance with International Financial Reporting Standards (IFRS) and giving a true and fair view of the financial position and performance of the Group as at and for the year ended 31 December 2024.

Signed in accordance with a resolution of the directors.


On behalf of the Directors.

Dated and signed at Port Moresby this 19th day of February 2025.



Robert G Bradshaw

Chairman



Mark T Robinson

Group Chief Executive Officer & Managing Director