**BSP FINANCIAL GROUP LIMITED · BFL (ASX) / BSP (PNGX)**

# *First Half 2026 Trading Update: Strong performance, Continued Investment*

**ISSUED**
*21 August 2026*

**SECTOR**
*Banking & Finance*

**PERIOD**
*1H26 vs 1H25*

| NET PROFIT AFTER TAX | INTERIM DIVIDEND | REVENUE | COST-TO-INCOME |
|---|---|---|---|
| **K620m** | **K0.54/share** | **K1.89b** | **43.8%** |
| +8.4% | +8.0% | +17.7% | +130 bps |
| vs K571.8m in 1H25 | vs K0.50 in 1H25 | K1,606m in 1H25 | from 42.5% in 1H25 |

**PREPARED BY**

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# H1 2026 RESULTS SNAPSHOT

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## REVENUE GROWTH BROADENS WHILE MODERNISATION SPEND CONTINUES

*BSP delivered a strong start to FY2026, with unaudited statutory NPAT of K619.9m, up 8.4% on the prior corresponding period. Revenue rose 17.7% to K1.89b, underpinned by broad-based growth across lending, payment services and customer-driven FX earnings. Operating expenses grew faster than revenue as the Group continues to invest through its Modernising for Growth program, keeping the cost-to-income ratio within the top half of its 42%-45% target range. Credit quality remains sound and capital ratios stay comfortably above regulatory minimums.*

### HEADLINE FIGURES

| PGK millions | 1H25 | 1H26 | Change % |
|---|---|---|---|
| Net interest income | 1,017 | 1,174 | +15.4% |
| FX income | 321 | 429 | +33.8% |
| Revenue | 1,606 | 1,890 | +17.7% |
| Operating expenses | (681) | (825) | +21.1% |
| Credit impairment charges | (62) | (66) | +6.5% |
| **Statutory NPAT (unaudited)** | **572** | **620** | **+8.4%** |

*Source: BSP First Half 2026 Financial Results (21 Aug 2026).*

### JMP COMMENTARY

**Revenue mix keeps broadening**

FX income (+33.8%) was again the standout, now representing a growing share of non-interest income, which has risen to 38% of the total. Net interest income growth of 15.4% was supported by continued lending and deposit growth even as margins compressed 7bps to 6.3%.

**Cost growth remains the swing factor**

Opex rose 21.1% on higher employment costs and technology spend tied to Modernising for Growth. The CTI ratio of 43.8% sits within the 42-45% target band but near its top end, consistent with management's guidance for peak investment through 2026–2027.

**Credit quality holding up**

Impairment charges of K66m (provisions-to-loans of 3.3%) were up modestly on the half, while non-accrual rates improved 20bps to 2.6% - a supportive read on the underlying loan book despite regional growth risks.

# PERFORMANCE OVERVIEW

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DIVERSIFIED EARNINGS SUPPORT DISCIPLINED INVESTMENT FOR GROWTH

### NET INTEREST MARGIN

**6.3%**

↓ 7 bps

on 1H25

Down modestly on 1H25 as lending and deposit growth outpaced margin expansion.

### FOREIGN EXCHANGE INCOME

**K429m**

↑ 33.8%

on 1H25

Non-interest income now 38% of the total, driven by strong FX flow and deepening customer relationships.

### RETURN ON EQUITY

**23.9%**

↓ 60 bps

on 1H25

Still a strong shareholder return, reflecting continued earnings strength and disciplined capital management.

### OPERATING EXPENSES

**K825m**

↑ 21.1%

on 1H25

Higher employment costs and technology investment under Modernising for Growth; CTI at 43.8%, within 42–45% guidance.

### CAPITAL ADEQUACY RATIO

**25.3%**

↓ 10 bps

on 1H25

Comfortably above regulatory minimums, preserving capacity to support customers and lending growth.

### IMPAIRMENT CHARGES

**K66m**

↑ 6.5%

on 1H25

Provisions-to-loans at 3.3%; non-accrual rates improved 20bps to 2.6%, reflecting loan book quality.

*Source: BSP First Half 2026 Financial Results (21 August 2026)*

# PNGX TRADING ACTIVITY

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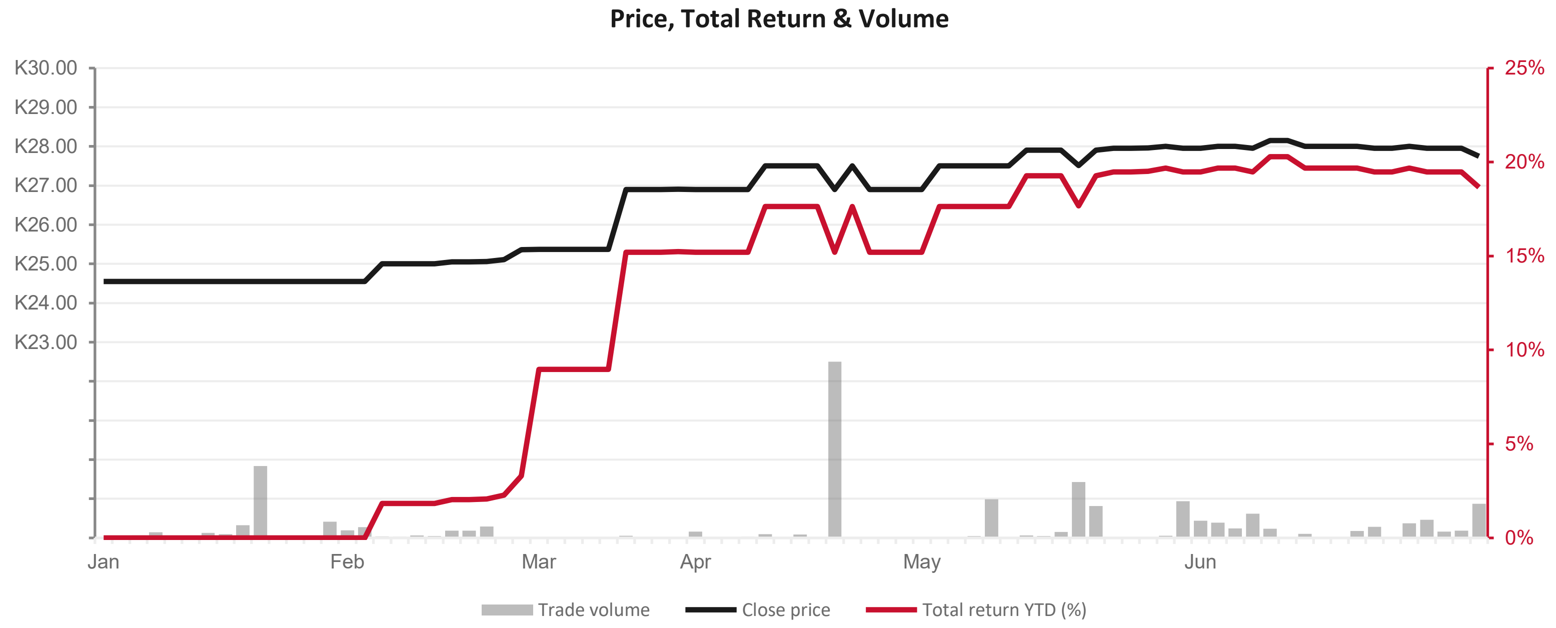
**BSP — JANUARY TO JUNE 2026**

*BSP shares delivered a first-half total return of +18.7% - a +13.0% capital return (K24.55 → K27.75) plus the K1.38 dividend (ex-div 26 Feb). The price absorbed the dividend without a meaningful ex-date drop: the cum-div close of K25.36 was followed by an ex-div print of K25.37. Volumes were heaviest in April and thinnest in March, with the stock re-rating steadily higher through Q2.*




*Source: PNGX matched on-market trades, January–June 2026; daily close shown. JMP Securities analysis.*

## H1 AT A GLANCE

**H1 TOTAL RETURN**

**+18.7%**

K24.55 → K29.13 (incl. dividend)

**CAPITAL RETURN**

**+13.0%**

K3.20/share gain

**DIVIDEND**

**K1.38**

ex-div 26 Feb 2026

**VOLUME / VALUE**

**4.24m**

K113.8m across 312 trades

## MONTHLY BREAKDOWN

| MONTH | TRADING DAYS | VOLUME | VALUE (PGK) | CLOSE RANGE |
|---|---:|---:|---:|---:|
| January 2026 | 14 | 711,725 | K17.5m | K24.55 |
| February 2026 | 11 | 302,574 | K7.5m | K24.55 – K25.36 |
| March 2026 | 9 | 18,069 | K0.5m | K25.37 – K26.91 |
| April 2026 | 13 | 1,121,117 | K30.2m | K26.90 – K27.50 |
| May 2026 | 16 | 1,047,078 | K29.0m | K27.50 – K28.00 |
| June 2026 | 17 | 1,041,634 | K29.1m | K27.75 – K28.15 |

# OUTLOOK & OUR VIEW

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GROWTH AGENDA SUPPORTED BY CAPITAL STRENGTH AND REGIONAL MOMENTUM

## WHAT WE'RE WATCHING

- El Niño is already weighing on agricultural output and production at some major PNG resources projects - a near-term risk to the growth outlook.
- Management remains optimistic on the medium term, pointing to a super cycle of major resources projects on the horizon for PNG and the South Pacific.
- BSP has been named exclusive banking partner of the 2026 Rugby League World Cup and announced plans for a new purpose-built Port Moresby headquarters - both signal continued investment in brand and regional presence.

## JMP VIEW

*Momentum intact; the cost program is still the story to watch.*

H1 NPAT growth of 8.4% and revenue growth of 17.7% confirm the operating momentum flagged after Q1, with FX income again the standout line. The CTI ratio at 43.8% sits near the top of the 42–45% target band, and management continues to guide to peak Modernising for Growth spend through 2026–2027 - execution on that program remains the key swing factor for the full year. Capital adequacy of 25.3% stays comfortably above regulatory minimums and continues to support both the growth agenda and dividend capacity.

## NON-FINANCIAL HIGHLIGHTS

**124**
Branches - the region's largest network

**278k+**
Wantok Wallet customers

**K1.7bn**
New lending to PNG & South Pacific businesses

**K252m**
Returned to shareholders in H1

## FOR FURTHER ENQUIRIES


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