Acting Company Secretary

17th August 2023

Ms. Elizabeth Wamsa
General Manager
PNGX Markets
Monian Tower, Office 2, Level 1,
Douglas Street, Port Moresby.
P.O 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 30 June 2023.

Sincerely,
BSP Financial Group Limited

Jamie-Lee Loh
Acting Company Secretary

Enclosure

BSP Financial Group Limited
Incorporated in Papua New Guinea | ARBN 649 704 656
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BSP Financial Group Limited

ARBN 649 704 656

Appendix 5B

Half Year Results

For the period ended 30 June 2023

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 2023
Previous corresponding period - six months ended	30 June 2022

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 Stock 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, Waigani Drive, Port Moresby.

1.2 Results for announcement to the market

Revenue from ordinary activities	↑	4.2% to K1,341.1m
Profit from ordinary activities after tax attributable to shareholders	↑	7.6% to K427.2m
Net profit for the period attributable to shareholders	↑	7.6% to K427.2m

Dividends	Record date	Date payable/paid	Amount per security
Current financial year 2023			
2023 interim dividend - unfranked	25 September 2023	13 October 2023	37.0 toea
Previous financial year 2022			
2022 interim dividend - unfranked	26 September 2022	14 October 2022	34.0 toea
2022 final dividend – unfranked	10 March 2023	21 April 2023	140.0 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 PGK million (Km) unless otherwise stated.

1.3 PNGX Appendix 5B table

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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	13
Accounting standards used for foreign entities	4

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.

Half Year financial statements
This report should be read in conjunction with BSP's 30 June 2023 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.

Comparatives for prior periods have been restated to reflect the modified retrospective transition to the new accounting standard IFRS 17 (Insurance contracts), which came into effect on 1 January 2023.

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 23 vs June 22)

Statutory profit	↑	7.6% to K427.2m
Statutory earnings per share	↑	7.6% to 91.4 toea
Net interest margin	↓	(50.0) bps to 6.1%
Capital adequacy ratio	↓	(70.0) bps to 22.5%

1.5 Subsequent events

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

2. Half Year results

2.1 Financial summary

	Jun-23	Dec-22	Change		Jun-22	Change	
	Km	Km	Km	%	Km	Km	%
Net interest income	889.4	869.6	19.8	2.3	875.5	13.9	1.6
Other operating income	451.7	445.7	6.0	1.3	411.9	39.8	9.7
Total income	**1,341.1**	**1,315.3**	**25.8**	**2.0**	**1,287.4**	**53.7**	**4.2**
Impairment expenses	(78.6)	(14.8)	(63.8)	431.1	20.2	(98.8)	(489.1)
Operating expenses	(510.9)	(519.1)	8.2	(1.6)	(470.2)	(40.7)	8.7
Additional Company Tax	-	-	-	-	(190.0)	190.0	(100.0)
Profit before income tax	**751.6**	**781.4**	**(29.8)**	**(3.8)**	**647.4**	**104.2**	**16.1**
Income tax expense	(324.4)	(93.9)	(230.5)	245.5	(250.2)	(74.2)	29.7
Net profit for the period	**427.2**	**687.5**	**(260.3)**	**(37.9)**	**397.2**	**30.0**	**7.6**

	Half Year				
	Jun-23	Dec-22	Jun-22	Dec-21	Jun-23 to Jun-22 change
Earnings per share (toea)	toea	toea	toea	toea	toea
Basic and diluted	91.4	146.4	85.0	133.9	6.4

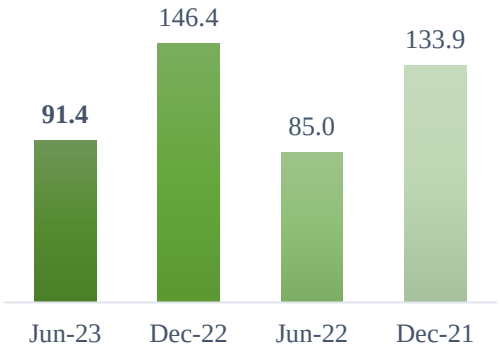
	Jun-23	Dec-22	Change	Change	Jun-22	Change	Change
Average interest earning assets and interest bearing liabilities	Km	Km	Km	%	Km	Km	%
Average interest earning assets	29,233.4	27,633.1	1,600.3	5.8	26,900.4	2,333.0	8.7
Average interest bearing liabilities	27,997.6	25,683.3	2,314.3	9.0	24,761.7	3,235.9	13.1

	Jun-23	Dec-22	Change	Change	Jun-22	Change	Change
Financial performance ratios	%	%	bps	%	%	bps	%
Net interest margin (annualised)	6.1	6.3	(20.0)	(3.2)	6.6	(50.0)	(7.6)
Cost to income ratio*	38.1	39.5	(140.0)	(3.5)	36.5	160.0	4.4

**Excludes Additional Company Tax for comparative*

	Jun-23	Dec-22	Change	Change	Jun-22	Change	Change
Financial position ratio	%	%	bps	%	%	bps	%
Return on average ordinary equity	10.8	18.1	(730.0)	(40.3)	10.8	-	-
Return on average assets	1.2	2.1	(90.0)	(42.9)	1.3	(10.0)	(7.7)

Earnings per share (toea)



2.2 Results commentary

2.2.1 Income

	Jun-23	Dec-22	Change		Jun-22	Change	
	Km	Km	Km	%	Km	Km	%
Interest income							
Loans and receivables from customers	631.3	599.2	32.1	5.4	591.7	39.6	6.7
Treasury bills	85.2	104.8	(19.6)	(18.7)	136.3	(51.1)	(37.5)
Central Bank bills	4.0	1.6	2.4	150.0	4.2	(0.2)	(4.8)
Other financial assets - Inscribed stock	194.7	192.0	2.7	1.4	177.2	17.5	9.9
Other	37.7	20.9	16.8	80.4	7.1	30.6	431.0
Total interest income	**952.9**	**918.5**	**34.4**	**3.7**	**916.5**	**36.4**	**4.0**
Interest Expense	63.5	48.9	14.6	29.9	41.0	22.5	54.9
Net interest income	**889.4**	**869.6**	**19.8**	**2.3**	**875.5**	**13.9**	**1.6**
Other income							
Fees and commission	216.5	211.3	5.2	2.5	207.7	8.8	4.2
Foreign exchange related	201.7	186.5	15.2	8.2	175.8	25.9	14.7
Other	13.9	14.1	(0.2)	(1.4)	18.2	(4.3)	(23.6)
Net insurance operating income	19.6	33.8	(14.2)	(42.0)	10.2	9.4	92.2
Total other income	**451.7**	**445.7**	**6.0**	**1.3**	**411.9**	**39.8**	**9.7**
Net operating income	**1,341.1**	**1,315.3**	**25.8**	**2.0**	**1,287.4**	**53.7**	**4.2**

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

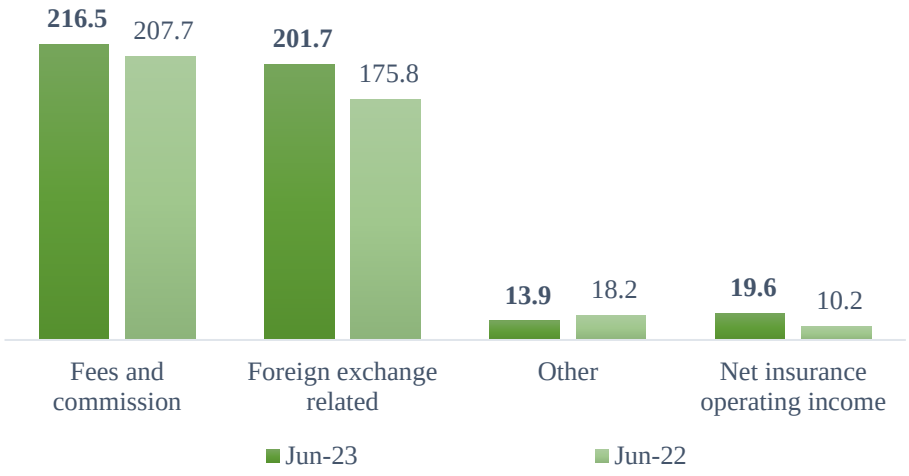
Net interest income increased by 1.6%, driven by lending volume growth particularly in PNG and Fiji. This was offset by higher cost of funds and rate driven reduction in income from investment securities.

Fees and commission income increased by 4.2%, reflecting strong transactional volume growth across PNG and overseas branches and subsidiaries.

Foreign exchange earnings increased by 14.7% compared to the prior period, driven by improved currency flows predominantly in overseas branches.

Net insurance operating income increased by 92.2%, driven by lower claims experience and higher investment income from improved performance of investment portfolio in particular those in the tourism sector.

Other income (Km)



2.2.2 Operating expenses

	Jun-23	Dec-22	Change		Jun-22	Change	
	Km	Km	Km	%	Km	Km	%
Staff costs	251.1	230.2	20.9	9.1	224.8	26.3	11.7
Depreciation	61.3	58.0	3.3	5.7	58.7	2.6	4.4
Computing	102.7	92.1	10.6	11.5	75.3	27.4	36.4
Premises and equipment	53.7	55.6	(1.9)	(3.4)	48.5	5.2	10.7
Administration and other costs	42.1	83.2	(41.1)	(49.4)	62.9	(20.8)	(33.1)
Total expenses	**510.9**	**519.1**	**(8.2)**	**(1.6)**	**470.2**	**40.7**	**8.7**

	Jun-23	Dec-22		Change	Jun-22	Change	
	%	%	bps	%	%	bps	%
Cost to income	38.1	39.5	(140.0)	(3.5)	36.5	160.0	4.4
Expenses to average assets	1.6	1.6	-	-	1.5	10.0	6.7
Staff and related costs to income	18.7	17.5	120.0	6.9	17.5	120.0	6.9

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

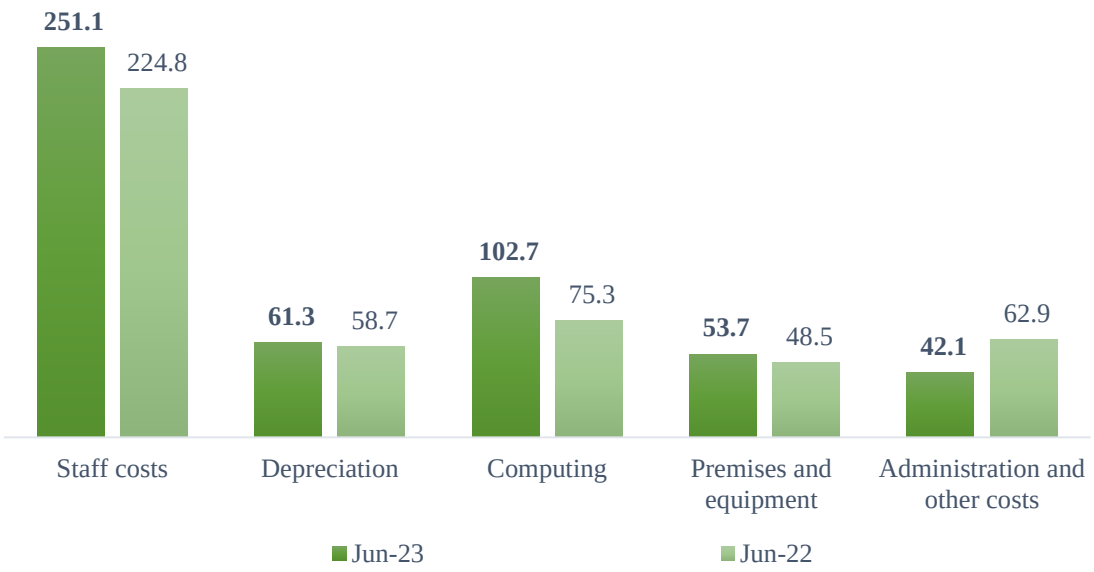
Staff costs increased by 11.7%, driven by annual performance based salary adjustments, together with the need to increase staff numbers in Retail and Operations to support pre and post go-live efforts of a new core banking system.

Depreciation expenses increased by 4.4%, due to amortisation of the first full period of the new core banking system.

Computing expenses increased by 36.4% against the previous corresponding period, mainly due to on-going investment in technology to support the new core banking system and enhance the Banks' digital capability.

Premises and equipment expense increased by 10.7%, mainly driven by an expansion of the Retail branch network and overall increase in property maintenance costs.

Operating expenses (Km)



2.2.3 Balance sheet metrics

	Jun-23	Dec-22	Change		Jun-22	Change	
ASSETS	**Km**	**Km**	**Km**	**%**	**Km**	**Km**	**%**
Cash and operating balances with Central Banks	2,631.7	3,761.6	(1,129.9)	(30.0)	2,661.6	(29.9)	(1.1)
Amounts due from other banks	4,967.1	4,128.3	838.8	20.3	1,285.9	3,681.2	286.3
Treasury and Central Bank bills	1,826.6	1,738.0	88.6	5.1	5,070.8	(3,244.2)	(64.0)
Cash reserve requirements with Central Banks	2,740.1	2,517.2	222.9	8.9	1,828.0	912.1	49.9
Other financial assets	5,443.4	4,789.2	654.2	13.7	4,571.0	872.4	19.1
Loans and receivables from customers	14,931.5	14,249.4	682.1	4.8	13,793.1	1,138.4	8.3
Property, plant and equipment	943.3	958.0	(14.7)	(1.5)	914.2	29.1	3.2
Aircraft subject to operating lease	27.3	28.7	(1.4)	(4.9)	30.0	(2.7)	(9.0)
Deferred tax assets	339.2	342.6	(3.4)	(1.0)	239.5	99.7	41.6
Other assets	1,297.2	1,238.7	58.5	4.7	1,093.4	203.8	18.6
Total assets	**35,147.4**	**33,751.7**	**1,395.7**	**4.1**	**31,487.5**	**3,659.9**	**11.6**
LIABILITIES							
Amounts due to other banks	441.4	272.3	169.1	62.1	266.8	174.6	65.4
Customer deposits	28,362.2	26,919.4	1,442.8	5.4	25,071.0	3,291.2	13.1
Insurance contract liabilities	1,098.2	1,062.7	35.5	3.3	985.4	112.8	11.4
Other liabilities	1,368.3	1,389.4	(21.1)	(1.5)	1,569.0	(200.7)	(12.8)
Deferred tax liabilities	49.5	48.4	1.1	2.3	40.2	9.3	23.1
Total liabilities	**31,319.6**	**29,692.2**	**1,627.4**	**5.5**	**27,932.4**	**3,387.2**	**12.1**
SHAREHOLDERS EQUITY							
Ordinary shares	372.1	372.1	-	-	372.1	-	-
Retained earnings	3,137.2	3,366.8	(229.6)	(6.8)	2,842.0	295.2	10.4
Other Reserves	317.7	319.9	(2.2)	(0.7)	340.3	(22.6)	(6.6)
Equity attributable to the members of the company	**3,827.0**	**4,058.8**	**(231.8)**	**(5.7)**	**3,554.4**	**272.6**	**7.7**
Minority Interest	0.8	0.7	0.1	14.3	0.7	0.1	14.3
Total shareholders' equity	**3,827.8**	**4,059.5**	**(231.7)**	**(5.7)**	**3,555.1**	**272.7**	**7.7**
Total equity and liabilities	**35,147.4**	**33,751.7**	**1,395.7**	**4.1**	**31,487.5**	**3,659.9**	**11.6**

2.2.4 Lending

	As at Jun-23	As at Dec-22	Change		As at Jun-22	Change	
	Km	Km	Km	%	Km	Km	%
Overdrafts	1,086.7	977.1	109.6	11.2	943.8	142.9	15.1
Lease financing	193.8	199.0	(5.2)	(2.6)	206.1	(12.3)	(6.0)
Term loans	11,549.5	10,928.6	620.9	5.7	10,537.5	1,012.0	9.6
Mortgages	2,766.1	2,786.8	(20.7)	(0.7)	2,768.7	(2.6)	(0.1)
Gross loans and receivables from customers	**15,596.1**	**14,891.5**	**704.6**	**4.7**	**14,456.1**	**1,140.0**	**7.9**
Less allowance for losses on loans and receivables from customers	(664.6)	(642.1)	(22.5)	3.5	(663.0)	(1.6)	0.2
Net loans and receivables from customers	**14,931.5**	**14,249.4**	**682.1**	**4.8**	**13,793.1**	**1,138.4**	**8.3**

Gross loan volumes increased by 7.9% from the prior corresponding period. The growth reflects increased demand for credit in PNG and Fiji.

Provision balances increased by 0.2% from the prior corresponding period. The increase in the level of lending provisions is consistent with the external risk rating models used by BSP.

	As at Jun-23	As at Dec-22	Change		As at Jun-22	Change	
Economic sector risk concentration	**Km**	**Km**	**Km**	**%**	**Km**	**Km**	**%**
Commerce, Finance and other business	6,983.3	7,064.7	(81.4)	(1.2)	7,720.6	(737.3)	(9.5)
Private households	3,916.2	3,710.4	205.8	5.5	3,035.8	880.4	29.0
Government and public authorities	1,036.0	789.8	246.2	31.2	737.7	298.3	40.4
Agriculture	341.6	297.5	44.1	14.8	179.2	162.4	90.6
Transport and communication	1,170.7	899.7	271.0	30.1	1,000.5	170.2	17.0
Manufacturing	402.6	411.6	(9.0)	(2.2)	356.4	46.2	13.0
Construction	1,081.1	1,075.7	5.4	0.5	762.9	318.2	41.7
Net loans and receivables from customers	**14,931.5**	**14,249.4**	**682.1**	**4.8**	**13,793.1**	**1,138.4**	**8.3**

	As at Jun-23	As at Dec-22	Change		As at Jun-22	Change	
Customer segment classification	**Km**	**Km**	**Km**	**%**	**Km**	**Km**	**%**
Corporate/ Commercial	9,047.4	8,434.7	612.7	7.3	7,962.2	1,085.2	13.6
Government	1,969.1	2,107.4	(138.3)	(6.6)	2,279.2	(310.1)	(13.6)
Retail	3,915.0	3,707.3	207.7	5.6	3,551.7	363.3	10.2
Net loans and receivables from customers	**14,931.5**	**14,249.4**	**682.1**	**4.8**	**13,793.1**	**1,138.4**	**8.3**

2.2.5 Allowance for expected credit losses (ECL)

Credit Expenses	Jun-23 Km	Dec-22 Km	Change Km	Change %	Jun-22 Km	Change Km	Change %
Net (write back)/write off	63.2	16.3	46.9	287.7	12.0	51.2	426.7
Provision expense	40.2	41.5	(1.3)	(3.1)	(8.4)	48.6	(578.6)
Total Credit expense	**103.4**	**57.8**	**45.6**	**78.9**	**3.6**	**99.8**	**2,772.2**
Bad debts recoveries	(32.8)	(34.5)	1.7	(4.9)	(29.6)	(3.2)	10.8
Credit expenses net of recoveries	**70.6**	**23.3**	**47.3**	**203.0**	**(26.0)**	**96.6**	**(371.5)**

Provisions	As at Jun-23 Km	As at Dec-22 Km	Change Km	Change %	As at Jun-22 Km	Change Km	Change %
Collectively assessed provisions	340.7	345.3	(4.6)	(1.3)	348.4	(7.7)	(2.2)
Individually assessed provisions	267.2	225.7	41.5	18.4	255.4	11.8	4.6
Total provision for on balance sheet exposure	**607.9**	**571.0**	**36.9**	**6.5**	**603.8**	**4.1**	**0.7**
Collective provision for off balance sheet exposure	56.7	71.1	(14.4)	(20.3)	59.2	(2.5)	(4.2)
Total provisions for doubtful debts	**664.6**	**642.1**	**22.5**	**3.5**	**663.0**	**1.6**	**0.2**

Impaired Assets	Km	Km	Km	%	Km	Km	%
Gross impaired assets	604.5	481.4	123.1	25.6	507.5	97.0	19.1
Net impaired assets	349.1	255.7	93.4	36.5	240.3	108.8	45.3
Net impaired loans to gross loans %	2.2	1.7	0.5	29.4	1.6	0.6	37.5

	As at Jun-23 %	As at Dec-22 %	Change bps	Change %	As at Jun-22 %	Change bps	Change %
Provisions to loans	4.3	4.3	-	-	4.6	(30.0)	(6.5)

2.2.6 Deposits

	As at Jun-23 Km	As at Dec-22 Km	Change Km	Change %	As at Jun-22 Km	Change Km	Change %
On demand and short term	25,405.6	24,075.3	1,330.3	5.5	22,345.2	3,060.4	13.7
Term	2,956.6	2,844.1	112.5	4.0	2,725.7	230.9	8.5
Total deposits	**28,362.2**	**26,919.4**	**1,442.8**	**5.4**	**25,070.9**	**3,291.3**	**13.1**

Deposits grew by 13.1%, driven by increases in non-interest bearing current account balances. Term deposit balances increased, contributing to the higher cost of funds.

2.2.6 Deposits (continued)

30 June 2023	1 to 3 months	4 to 12 months	1-2 years	2-5 years	5 and over	Total
On demand and short term	25,405.6	-	-	-	-	25,405.6
Term	2,030.0	875.9	43.4	7.1	0.2	2,956.6
Total deposits	**27,435.6**	**875.9**	**43.4**	**7.1**	**0.2**	**28,362.2**

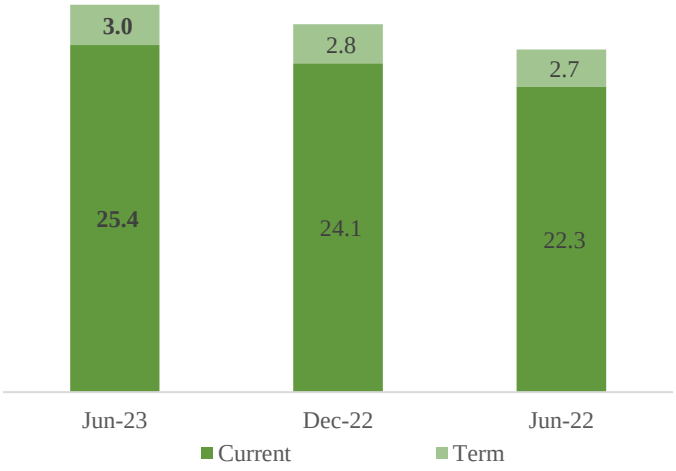
31 December 2022	1 to 3 months	4 to 12 months	1-2 years	2-5 years	5 and over	Total
On demand and short term	24,075.2	-	-	-	-	24,075.2
Term	1,538.6	1,198.7	90.8	16.1	-	2,844.2
Total deposits	**25,613.8**	**1,198.7**	**90.8**	**16.1**	**-**	**26,919.4**

30 June 2022	1 to 3 months	4 to 12 months	1-2 years	2-5 years	5 and over	Total
On demand and short term	22,345.2	-	-	-	-	22,345.2
Term	1,584.4	837.5	65.2	28.0	210.6	2,725.7
Total deposits	**23,929.6**	**837.5**	**65.2**	**28.0**	**210.6**	**25,070.9**

	As at Jun-23	As at Dec-22	Change		As at Jun-22	Change	
	%	%	bps	%	%	bps	%
Loans to deposit ratio	55.0	55.3	(30.0)	(0.5)	57.7	(270.0)	(4.7)

BSP is well placed for growth, given its strong liquidity position to meet any increase in credit demand, as economic activity accelerates across the markets where BSP operates in.

Deposits (K billion)



2.2.7 Capital and shareholder return

2.2.7.1 Assets and capital

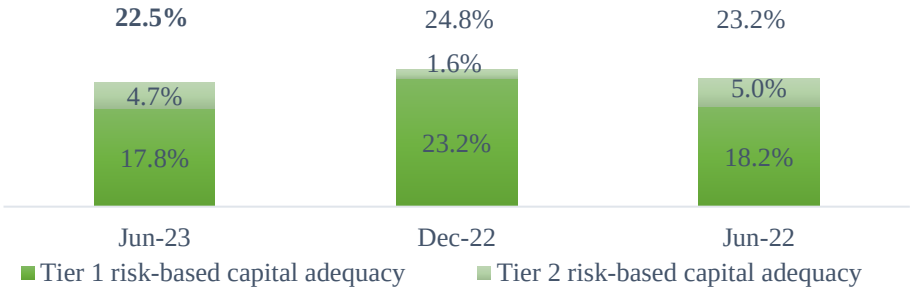
	As at Jun-23	As at Dec-22	Change		As at June 22	Change	
	Km	Km	Km	%	Km	Km	%
Total assets	35,147.4	33,751.7	1,395.7	4.1	31,487.5	3,659.9	11.6
Capital adequacy							
Total regulatory capital	3,368.8	3,548.2	(179.4)	(5.1)	3,174.8	194.0	6.1
Risk-weighted assets	14,992.6	14,328.3	664.3	4.6	13,787.1	1,205.5	8.7

	As at Jun-23	As at Dec-22	Change		As at June 22	Change	
	%	%	bps	%	%	bps	%
Total risk-based capital adequacy	22.5	24.8	(230.0)	(9.3)	23.2	(70.0)	(3.0)
Tier 1 risk-based capital adequacy*	17.8	23.2	(540.0)	(23.3)	18.2	(40.0)	(2.2)
Tier 2 risk-based capital adequacy	4.7	1.6	310.0	193.8	5.0	(30.0)	(6.0)
Leverage capital ratio	7.7	10.6	(290.0)	(27.4)	8.0	(30.0)	(3.8)

**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 2023, the Group's overall capital adequacy ratio and leverage capital ratio met the capital adequacy criteria for a "well-capitalised" bank.

Total capital adequacy



2.2.7.2 Shareholder returns

Earnings per ordinary share	Jun-23 Toea	Dec-22 toea	Change toea	%	Jun-22 Toea	Change Toea	%
Statutory earnings per ordinary share (weighted average)	91.4	146.4	(55.0)	(37.6)	85.0	6.4	7.5

Weighted average number of ordinary shares	Jun-23 K(000's)	Dec-22 K(000's)	Change K(000's)	%	Jun-22 K(000's)	Change K(000's)	%
Weighted avg. number of ordinary shares used in EPS calculations	467,220	467,220	-	-	467,225	(5)	-

2.2.7 Capital and shareholder return (continued)

2.2.7.2 Shareholder returns (continued)

Ratios	Jun-23 %	Dec-22 %	Change bps	Change %	Jun-22 %	Change bps	Change %
Return on average equity	10.8	18.1	(730.0)	(40.3)	10.8	-	-
Return on average assets	1.2	2.1	(90.0)	(42.9)	1.3	(10.0)	(7.7)

2.2.7.3 Dividends payable/paid

Earnings per ordinary share	FY22	FY21	Change		FY20	Change	
Dividend per share - toea	168.0	144.0	24.0	16.7	134.0	34.0	25.4%
Dividend amount paid - Km	788.9	676.5	112.4	16.6	569.4	219.5	38.5%
Payout ratio	72.7%	62.8%	9.9	15.8%	63.9%	8.8	13.8%

2.3 Additional notes

2.3.1 Analysis of intangible assets

Analysis of Intangible assets	Balance Sheet Carrying Values Jun-23 Km	Dec-22 Km	Jun-22 Km	Amortisation Impairment Expense Jun-23 Km	Dec-22 Km	Jun-22 Km
Goodwill	45.3	45.3	45.3	-	-	-
Software	252.6	249.1	187.6	21.7	25.0	14.0
	297.9	**294.4**	**232.9**	**21.7**	**25.0**	**14.0**

2.3.2 Net tangible assets per ordinary share

	Jun-23 Km	Dec-22 Km	Jun-22 Km
Net tangible asset backing per ordinary share per PGK	7.6	8.1	7.1
	Km	**Km**	**Km**
Net assets	3,827.9	4,059.5	3,735.3
Intangibles	(297.9)	(294.4)	(232.9)
Net tangible asset attributable to ordinary shareholders	**3,530.0**	**3,765.1**	**3,502.4**
Number of fully paid ordinary shares on issue (000s)	**467,220**	**467,220**	**467,225**

2.3.3 Details of associates and joint venture arrangement entities

Ownership interest held by consolidated entity as at 30 June 2023	Jun-23 %	Dec-22 %	Jun-22 %
Joint venture			
Suva Central Limited	50.0	50.0	50.0
Richmond Limited	61.3	61.3	61.3
BSP Finance Cambodia	50.0	50.0	50.0
BSP Finance Laos	50.0	50.0	50.0
Platform Pacific Limited	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, 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

	Jun-23	Dec-22	Jun-22
	Km	Km	Km
Interest income	952.9	918.5	916.5
Interest expense	(63.5)	(48.9)	(41.0)
Net interest income	**889.4**	**869.6**	**875.5**
Net fee and commission income	216.5	211.3	207.7
Other income	215.7	200.7	194.0
Net insurance operating income	19.5	33.7	10.2
Total net operating income before impairment and operating expenses	**1,341.1**	**1,315.3**	**1,287.4**
Impairment of financial assets	(78.6)	(14.8)	20.2
Operating expenses	(510.9)	(519.1)	(470.2)
Additional Company Tax	-	-	(190.0)
Profit before income tax	**751.6**	**781.4**	**647.4**
Income tax expense	(324.4)	(93.9)	(250.2)
Net profit for the period	**427.2**	**687.5**	**397.2**
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Translation of financial information of foreign operations to presentation currency	(5.1)	(1.0)	(52.4)
Recognition of deferred tax asset on asset revaluation movement	(0.1)	-	1.6
Net movement in asset revaluation reserve	3.4	0.5	(0.6)
Other comprehensive income, net of tax	**(1.8)**	**(0.5)**	**(51.4)**
Total comprehensive income for the period	**425.4**	**687.0**	**345.8**

3.3 Statements of financial position

	Jun-23	Dec-22	Jun-22
ASSETS	**Km**	**Km**	**Km**
Cash and operating balances with Central Banks	2,631.7	3,761.6	2,661.6
Amounts due from other banks	1,826.6	1,738.0	1,285.9
Treasury and Central Bank bills	4,967.1	4,128.3	5,070.8
Cash reserve requirements with Central Banks	2,740.1	2,517.2	1,828.0
Other financial assets	5,443.4	4,789.2	4,571.0
Loans and receivables from customers	14,931.5	14,249.4	13,793.1
Property, plant and equipment	943.3	958.0	914.2
Aircraft subject to operating lease	27.3	28.7	30.0
Deferred tax assets	339.2	342.6	239.5
Other assets	1,297.2	1,238.7	1,093.4
Total assets	**35,147.4**	**33,751.7**	**31,487.5**
LIABILITIES			
Amounts due to other banks	441.4	272.3	266.8
Customer deposits	28,362.2	26,919.4	25,071.0
Insurance contract liability	1,098.2	1,062.7	985.4
Other liabilities	1,368.3	1,389.4	1,569.0
Deferred tax liabilities	49.5	48.4	40.2
Total liabilities	**31,319.6**	**29,692.2**	**27,932.4**
SHAREHOLDERS EQUITY			
Ordinary shares	372.1	372.1	372.1
Retained earnings	3,137.2	3,366.8	2,842.0
Other reserves	317.7	319.9	340.3
Equity attributable to the members of the company	**3,827.0**	**4,058.8**	**3,554.4**
Minority interests	0.8	0.7	0.7
Total shareholders' equity	**3,827.8**	**4,059.5**	**3,555.1**
Total equity and liabilities	**35,147.4**	**33,751.7**	**31,487.5**

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 2023	372.1	319.9	3,366.8	0.7	4,059.5
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)	1.4	-	-
Other	-	1.0	(0.3)	-	0.7
Balance at 30 June 2023	**372.1**	**317.7**	**3,137.3**	**0.7**	**3,827.8**
Balance as at 1 July 2022	**372.1**	**340.3**	**2,842.0**	**0.7**	**3,555.1**
Net profit	-	-	687.6	-	687.6
Other Comprehensive income	-	(0.5)	-	-	(0.5)
Total comprehensive income	**-**	**(0.5)**	**687.6**	**-**	**687.1**
Dividends paid during the period	-	-	(159.4)	-	(159.4)
Total transactions with owners	**-**	**-**	**(159.4)**	**-**	**(159.4)**
Impact from change in tax rate	-	(23.1)	-	-	(23.1)
Other	-	-	(0.2)	-	(0.2)
Transfer from asset revaluation reserve	-	(0.1)	0.1	-	-
BSP Life policy reserve	-	3.3	(3.3)	-	-
Balance at 31 December 2022	**372.1**	**319.9**	**3,366.8**	**0.7**	**4,059.5**
Balance at 1 January 2022	**372.1**	**396.9**	**3,025.1**	**0.8**	**3,794.9**
Transition to IFRS 17 impact	-	-	43.9	-	43.9
Restated balance beginning of year	**372.1**	**396.9**	**3,069.0**	**0.8**	**3,838.8**
Net profit	-	-	397.2	-	397.2
Other Comprehensive income	-	(51.3)	-	-	(51.3)
Total comprehensive income	**-**	**(51.3)**	**397.2**	**-**	**345.9**
Dividends paid during the period	-	-	(629.4)	(0.2)	(629.6)
Gain attributable to minority interests	-	-	(0.1)	0.1	-
Total transactions with owners	**-**	**-**	**(629.5)**	**(0.1)**	**(629.6)**
Transfer from asset revaluation reserve	-	(5.3)	5.3	-	-
Balance at 30 June 2022	**372.1**	**340.3**	**2,842.0**	**0.7**	**3,555.1**

3.5 Statements of cash flows

	Jun-23	Dec-22	Jun-22
	Km	Km	Km
CASH FLOW FROM OPERATING ACTIVITIES			
Interest received	933.2	914.6	908.4
Fees and other income	404.2	386.4	351.6
Interest paid	(51.1)	(39.5)	(39.2)
Insurance premiums	104.8	132.4	102.7
Claims, surrenders and maturity payments	(62.1)	(82.1)	(62.1)
Additional company tax	-	(190.0)	-
Amounts paid to suppliers and employees	(542.6)	(498.6)	(440.7)
Operating cash flow before changes in operating assets	**786.4**	**623.2**	**820.7**
Increase in loans and receivables from customers	(663.4)	(441.4)	(410.8)
Movements in cash reserve requirement with Central Banks	1,471.4	(2,243.9)	1,429.0
Movements in other assets	(224.6)	(43.1)	(127.2)
Increase / (decrease) in customer deposits	(54.8)	3,329.2	(79.1)
Increase in other liabilities	248.8	98.0	147.7
Net cash flow from operations before income tax	**1,563.8**	**1,322.0**	**1,780.3**
Income taxes paid	(245.1)	(277.5)	(178.0)
Net cash flow from operating activities	**1,318.7**	**1,044.5**	**1,602.3**
CASH FLOW FROM INVESTING ACTIVITIES			
Decrease/(increase) in government securities	(1,538.5)	730.8	(941.5)
Expenditure on property, plant and equipment	(50.5)	(81.0)	(39.6)
Expenditure for software development costs	(12.9)	(8.1)	(44.2)
Proceeds from disposal of property, plant & equipment	0.5	0.2	3.9
Net cash flow from investing activities	**(1,601.4)**	**641.9**	**(1,021.4)**
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid	(657.8)	(159.4)	(629.5)
Repayment of interest on borrowings	(9.5)	(7.2)	(7.2)
Repayment of borrowing	(246.5)	-	-
Net cash flow used in financing activities	**(913.8)**	**(166.6)**	**(636.7)**
Net Increase/(decrease) in cash and cash equivalents	(1,196.5)	1,519.8	(55.8)
Effect of exchange rate movements on cash and cash equivalents	(13.9)	26.8	(132.6)
Cash and cash equivalents at the beginning of the year	5,227.3	3,680.7	3,869.1
Cash and cash equivalents at the end of the year	**4,016.9**	**5,227.3**	**3,680.7**

3.6 Segment reporting

Half Year ended 30 June 2023	PNG Bank	Offshore Banks	Non-Bank Services	Adjust Inter Segments	Total
Net interest income	720.7	151.2	17.2	0.3	889.4
Other income	322.2	137.3	8.8	(36.2)	432.1
Net insurance income	-	-	20.0	(0.4)	19.6
Total operating income	**1,042.9**	**288.5**	**46.0**	**(36.3)**	**1,341.1**
Operating expenses	(389.1)	(116.2)	(10.5)	4.9	(510.9)
Impairment expenses	(64.7)	(5.6)	(8.3)	-	(78.6)
Profit before income tax	**589.1**	**166.7**	**27.2**	**(31.4)**	**751.6**
Income tax	(283.9)	(35.6)	(4.9)	-	(324.4)
Net profit after income tax	**305.2**	**131.1**	**22.3**	**(31.4)**	**427.2**
Assets	25,303.4	9,316.8	2,017.4	(1,490.2)	35,147.4
Liabilities	(22,635.6)	(8,096.8)	(1,444.2)	857.0	(31,319.6)
Net Assets	**2,667.8**	**1,220.0**	**573.2**	**(633.2)**	**3,827.8**

Half Year ended 31 December 2022	PNG Bank	Offshore Banks	Non-Bank Services	Adjust Inter Segments	Total
Net interest income	708.6	143.3	17.4	0.3	869.6
Other income	302.7	130.0	7.8	(28.5)	412.0
Net insurance income	-	-	33.7	-	33.7
Total operating income	**1,011.3**	**273.3**	**58.9**	**(28.2)**	**1,315.3**
Operating expenses	(399.2)	(113.2)	(9.2)	2.4	(519.2)
Impairment expenses	4.0	(15.5)	(3.4)	-	(14.9)
Profit before income tax	**616.1**	**144.6**	**46.3**	**(25.8)**	**781.2**
Income tax	(46.5)	(34.4)	(12.8)	-	(93.7)
Net profit after income tax	**569.6**	**110.2**	**33.5**	**(25.8)**	**687.5**
Assets	24,106.7	9,311.1	2,082.3	(1,748.4)	33,751.7
Liabilities	(21,122.2)	(8,110.7)	(1,556.6)	1,097.3	(29,692.2)
Net Assets	**2,984.5**	**1,200.4**	**525.7**	**(651.1)**	**4,059.5**

Half Year ended 30 June 2022	PNG Bank	Offshore Banks	Non-Bank Services	Adjust Inter Segments	Total
Net interest income	724.0	135.6	15.8	0.1	875.5
Other income	320.0	110.0	17.9	(46.2)	401.7
Net insurance income	-	-	10.2	-	10.2
Total operating income	**1,044.0**	**245.6**	**43.9**	**(46.1)**	**1,287.4**

3.6 Segment reporting (continued)

Half Year ended 30 June 2022	PNG Bank	Offshore Banks	Non-Bank Services	Adjust Inter Segments	Total
Operating expenses	(360.1)	(104.1)	(9.4)	3.5	(470.1)
Impairment expenses	10.8	9.8	(0.4)	-	20.2
Additional company tax	(190.0)	-	-	-	(190.0)
Profit before income tax	**504.7**	**151.3**	**34.1**	**(42.6)**	**647.5**
Income tax	(209.0)	(35.0)	(6.3)	-	(250.3)
Net profit after income tax	**295.7**	**116.3**	**27.8**	**(42.6)**	**397.2**
Assets	22,393.7	8,754.5	1,953.1	(1,613.8)	31,487.5
Liabilities	(19,808.5)	(7,653.5)	(1,463.1)	992.7	(27,932.4)
Net Assets	**2,585.2**	**1,101.0**	**490.0**	**(621.1)**	**3,555.1**

4. Directors Declaration

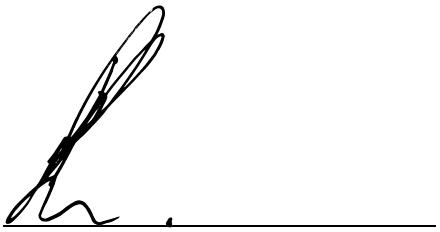
The directors declare that:

- 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 period ended 30 June 2023.

Signed in accordance with a resolution of the directors.

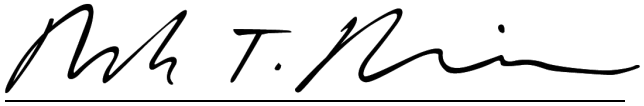
On behalf of the Directors.

Dated and signed at Port Moresby this 17th day of August 2023.



Robert G Bradshaw

Chairman



Mark T Robinson

Group Chief Executive Officer/ Managing Director