

BSP Financial Group Limited

ARBN 649 704 656

Appendix 4D

Half-Year Results

For the period ended 30 June 2021



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 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 2021
Previous corresponding period - six months ended	30 June 2020

1.2 Results for announcement to the market

Revenue from ordinary activities		8.4% to K1,141.9m
Profit from ordinary activities after tax attributable to shareholders		17.6% to K449.3m
Net profit for the period attributable to shareholders		17.6% to K449.3m

Dividends	Record Date	Date payable/paid	Amount per security
Current financial year 2021			
2021 interim dividend - unfranked	27 September 2021	18 October 2021	39 toea
Previous financial year 2020			
2020 interim dividend - unfranked	7 October 2020	16 October 2020	25 toea
2020 final dividend - unfranked	4 June 2021	23 June 2021	105 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 would 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 Financial Group Limited (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 Kina (Km) unless otherwise stated.

1.3 ASX appendix 4D table

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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.

Half year financial statements

This report should be read in conjunction with the 30 June 2021 Interim Condensed Financial Statements of BSP Financial Group Limited, 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 Interim Condensed 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 21 vs June 20)

Statutory Profit		17.6% to K449.3m
Statutory earnings per share		17.7% to 96.2 toea
Net interest margin		39 bps to 6.4%
Capital Adequacy Ratio		170 bps to 23.0%

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

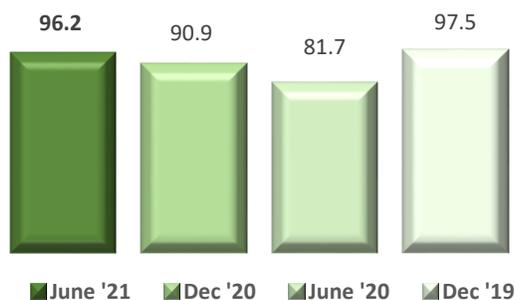
	Jun-21 Km	Dec-20 Km	Change		Jun-20 Km	Change	
			Km	%		Km	%
Net interest income	775.1	736.6	38.5	5.2	710.4	64.7	9.1
Other operating income	366.8	355.2	11.6	3.3	343.4	23.4	6.8
Total income	1,141.9	1,091.8	50.1	4.6	1,053.8	88.1	8.4
Impairment expenses	(62.6)	(89.8)	27.2	(30.3)	(111.5)	48.9	(43.9)
Operating expenses	(440.0)	(397.3)	(42.7)	10.7	(405.2)	(34.8)	8.6
Profit before income tax	639.3	604.7	34.6	5.7	537.1	102.2	19.0
Income tax expense	(190.0)	(180.4)	(9.6)	5.3	(155.2)	(34.8)	22.4
Net profit for the period	449.3	424.3	25.0	5.9	381.9	67.4	17.6

	Jun-21 toea	Half year		Dec-19 toea	June 21 to June 20 change toea
		Jun-21 toea	Jun-20 toea		
Earnings per share (toea)					
Basic and diluted	96.2	90.9	81.7	97.5	14.5

	Jun-21 Km	Dec-20 Km	Change		Jun-20 Km	Change	
			Km	%		Km	%
Average interest earning assets and interest bearing liabilities							
Average interest earning assets	24,410.8	22,603.2	1,807.6	8.0	21,067.7	3,343.1	15.9
Average interest bearing liabilities	22,438.6	20,713.5	1,725.1	8.3	19,534.9	2,903.7	14.9

	Jun-21 %	Dec-20 %	Jun-20 %	Dec-19 %	June 21 to June 20 Change Bps
Financial performance ratios					
Net interest margin	6.4	6.5	6.8	6.9	(39)
Cost to income ratio	38.5	36.4	38.5	37.0	-
Financial position ratio					
Return on average ordinary equity	13.2	13.1	12.4	14.3	80
Return on average assets	1.6	1.6	1.5	1.8	10

Earnings per share (toea)



2.2 Results commentary

2.2.1 Income

	Jun-21	Dec-20	Change		Jun-20	Change	
	Km	Km	Km	%	Km	Km	%
Interest income							
Loans, advances and other receivables	571.0	586.5	(15.5)	(2.6)	613.3	(42.3)	(6.9)
Treasury bills	106.9	86.7	20.2	23.3	76.6	30.3	39.6
Other financial assets - Inscribed stock	149.8	125.4	24.4	19.5	94.9	54.9	57.9
Other	4.4	6.9	(2.5)	(36.2)	1.7	2.7	158.8
Total interest income	832.1	805.5	26.6	3.3	786.5	45.6	5.8
Interest expenses	57.0	68.9	(11.9)	(17.3)	76.1	(19.1)	(25.1)
Net interest income	775.1	736.6	38.5	5.2	710.4	64.7	9.1
Other income							
Fees and commission	181.3	171.0	10.3	6.0	174.2	7.1	4.1
Foreign exchange related	154.1	143.0	11.1	7.8	145.2	8.9	6.1
Other	21.8	18.4	3.4	18.5	17.2	4.6	26.7
Net insurance operating income	9.6	22.8	(13.2)	(57.9)	6.8	2.8	41.2
Total other income	366.8	355.2	11.6	3.3	343.4	23.4	6.8
Net operating income	1,141.9	1,091.8	50.1	4.6	1,053.8	88.1	8.4

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

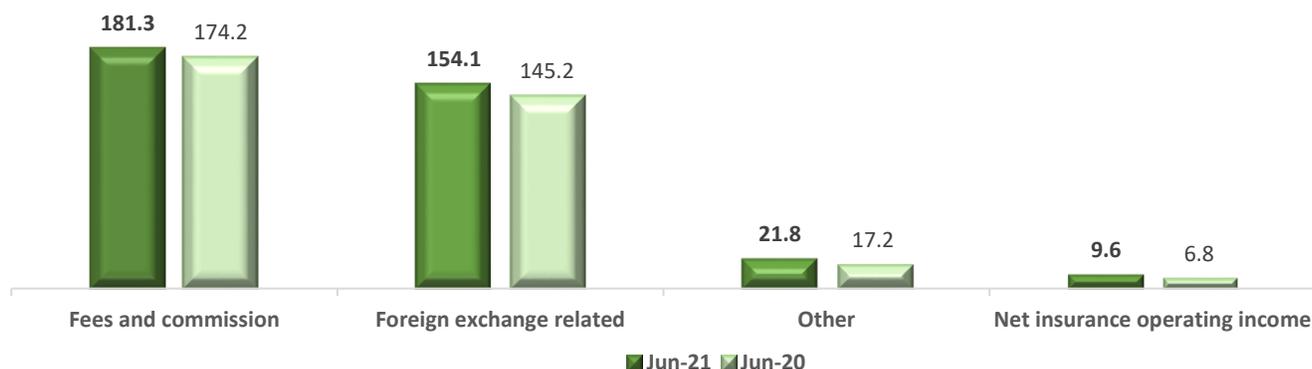
Net interest income increased by 9.1%, largely driven by higher interest earnings from investment securities and lower cost of funds. This was partially offset by lower interest on loans that was impacted by the indicator lending rate (ILR) in Papua New Guinea reducing by 100 bps on 1 April 2020. Consequently, the three (3) month ILR reduction in the previous corresponding period impacts the comparison with the Half Year 2021 result. Group loan growth increased by 1.7% over the last 12 months but remains flat or negative in most countries during the current year. Fiji has been more severely affected by the second wave of COVID-19.

Fees and commission income increased by 4.1%, due to improved transaction activity compared to the previous corresponding period, as the easing of pandemic related domestic restrictions in Papua New Guinea and offshore branches other than Fiji contributed to the improved results.

Foreign exchange earnings increased by 6.1% compared to the prior year, driven by improved currency flows.

Net insurance operating income increased by 41.2% due to favourable claims and investment income.

Other income (Km)



2.2.2 Operating expenses

	Jun-21	Dec-20	Change		Jun-20	Change	
	Km	Km	Km	%	Km	Km	%
Staff costs	206.0	191.5	14.5	7.6	189.0	17.0	9.0
Depreciation	53.6	52.4	1.2	2.3	48.4	5.2	10.7
Computing	69.2	42.9	26.3	61.3	66.8	2.4	3.6
Premises and equipment	43.5	41.3	2.2	5.3	44.8	(1.3)	(2.9)
Administration and other costs	67.7	69.2	(1.5)	(2.2)	56.2	11.5	20.5
Total expenses	440.0	397.3	42.7	10.7	405.2	34.8	8.6

	Jun-21	Dec-20	Change		Jun-20	Change	
			%	bps		%	bps
Cost to income ratio (%)	38.5	36.4	2.1	210	38.5	-	-
Expenses to average assets (%)	1.6	1.5	0.1	10	1.6	-	-
Staff and related costs to income (%)	18.0	17.5	0.5	50	17.9	0.1	10

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

Staff costs increased by 9.0% as a weakening KINA impacted FX denominated contract staff costs.

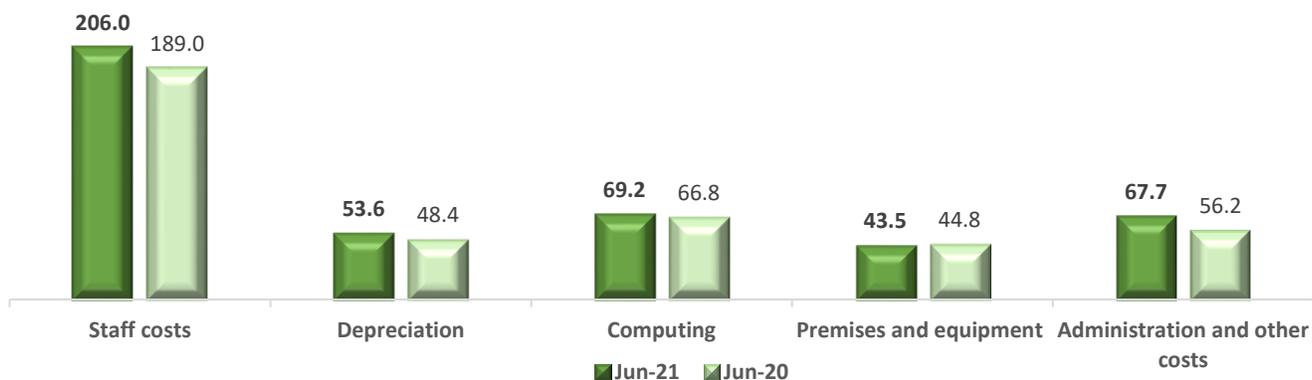
Depreciation increased by 10.7% following capitalisation of new core banking system costs incurred for BSP Vanuatu implemented in April 2021.

Computing expenses increased by 3.6% against the previous corresponding period mainly due to unfavorable exchange rates and higher expenses being incurred for the new core banking system project for PNG Bank expected to be implemented in 1H-2022.

Administration and other costs increased by 20.5%, due to professional service costs incurred for the ASX listing, which was successfully completed in May 2021 and additional consultancy expenses to support post core banking implementation activities in Vanuatu and pre-go live work for PNG.

Premises and equipment expense reduced due to comparatively lower repair and maintenance costs.

Operating expenses (Km)



2.2.3 Balance sheet metrics

	Jun-21 Km	Dec-20 Km	Change		Jun-20 Km	Change	
			Km	%		Km	%
ASSETS							
Cash and balances with Central Bank	2,824.4	2,897.2	(72.8)	(2.5)	1,575.2	1,249.2	79.3
Amounts due from other banks	1,172.1	1,187.5	(15.4)	(1.3)	1,125.1	47.0	4.2
Treasury and Central Bank bills	3,596.1	2,841.0	755.1	26.6	2,675.9	920.2	34.4
Statutory deposits with Central Bank	1,658.9	1,559.3	99.6	6.4	1,390.7	268.2	19.3
Other financial assets	4,090.0	3,242.2	847.8	26.1	2,852.3	1,237.7	43.4
Loans and advances to customers	13,389.9	13,581.2	(191.3)	(1.4)	13,228.8	161.1	1.2
Property, plant and equipment	869.7	895.5	(25.8)	(2.9)	862.0	7.7	0.9
Assets subject to operating lease	35.20	36.4	(1.2)	(3.3)	46.0	(10.8)	(23.5)
Tax receivable	-	-	-	-	12.6	(12.6)	(100.0)
Deferred tax assets	305.5	290.5	15.0	5.2	272.7	32.8	12.0
Other assets	953.9	992.6	(38.7)	(3.9)	893.0	60.9	6.8
Total assets	28,895.7	27,523.4	1,372.3	5.0	24,934.3	3,961.4	15.9
LIABILITIES							
Amounts due to other banks	66.6	126.3	(59.7)	(47.3)	147.1	(80.5)	(54.7)
Customer Deposits	23,030.3	21,654.0	1,376.3	6.4	19,499.7	3,530.6	18.1
Other liabilities	2,388.1	2,274.1	114.0	5.0	2,196.2	191.9	8.7
Deferred tax liabilities	36.8	35.4	1.4	4.0	41.2	(4.4)	(10.7)
Total liabilities	25,521.8	24,089.8	1,432.0	5.9	21,884.2	3,637.6	16.6
SHAREHOLDERS EQUITY							
Ordinary shares	372.2	372.2	-	-	372.3	(0.1)	-
Retained earnings	2,578.5	2,622.2	(43.7)	(1.7)	2,324.6	253.9	10.9
Other Reserves	422.5	438.5	(16.0)	(3.6)	349.0	73.5	21.1
Equity attributable to the members of the company	3,373.2	3,432.9	(59.7)	(1.7)	3,045.9	327.3	10.7
Minority Interest	0.7	0.7	-	-	4.2	(3.5)	(83.3)
Total shareholders' equity	3,373.9	3,433.6	(59.7)	(1.7)	3,050.1	323.8	10.6
Total equity and liabilities	28,895.7	27,523.4	1,372.3	5.0	24,934.3	3,961.4	15.9

2.2.4 Lending

	Jun-21	Dec-20	Change		Jun-20	Change	
	Km	Km	Km	%	Km	Km	%
Overdrafts	836.7	812.3	24.4	3.0	1,095.2	(258.5)	(23.6)
Lease financing	242.5	278.8	(36.3)	(13.0)	271.9	(29.4)	(10.8)
Term loans	10,277.9	10,415.2	(137.3)	(1.3)	9,885.5	392.4	4.0
Mortgages	2,795.3	2,813.4	(18.1)	(0.6)	2,646.0	149.3	5.6
Policy loans	110.1	105.2	4.9	4.7	118.8	(8.7)	(7.3)
Gross loans and receivables from customers	14,262.5	14,424.9	(162.4)	(1.1)	14,017.4	245.1	1.7
Less allowance for losses on loans and receivables from customers	(872.6)	(843.7)	(28.9)	3.4	(788.6)	(84.0)	10.7
Net loans and receivables from customers	13,389.9	13,581.2	(191.3)	(1.4)	13,228.8	161.1	1.2

Gross loan volumes marginally increased by 1.7% from the previous corresponding period despite the overall economic constraints prevailing across all countries. Notwithstanding the low growth, BSP's market share remained in line with June 2020 levels.

Lending provisions increased by 10.7% from the previous corresponding period, with the provisions to loans ratio increasing from 5.6% to 6.1% percent for the same period. The increase in gross loans to provisions ratios demonstrates the lingering impact of COVID-19 related economic uncertainty with macro-economic indicators in most of the countries showing negative, or low growth.

Economic sector risk concentration	Km	Km	Km	%	Km	Km	%
Commerce, finance and other business	6,847.3	7,318.6	(471.3)	(6.4)	7,308.0	(460.7)	(6.3)
Private households	3,223.2	3,232.6	(9.4)	(0.3)	3,149.6	73.6	2.3
Government and public authorities ¹	555.2	157.8	397.4	251.8	178.3	376.9	211.4
Agriculture	277.7	313.2	(35.5)	(11.3)	343.7	(66.0)	(19.2)
Transport and communication	1,151.9	1,218.8	(66.9)	(5.5)	1,027.2	124.7	12.1
Manufacturing	369.2	383.7	(14.5)	(3.8)	337.0	32.2	9.6
Construction	965.4	956.5	8.9	0.9	885.0	80.4	9.1
Net loans and receivables from customers	13,389.9	13,581.2	(191.3)	(1.4)	13,228.8	161.1	1.2

Customer segment classification	Km	Km	Km	%	Km	Km	%
Corporate and commercial	7,964.1	8,100.2	(136.1)	(1.7)	7,679.5	284.6	3.7
Government	2,199.6	2,247.8	(48.2)	(2.1)	2,399.3	(199.7)	(8.3)
Retail	3,226.2	3,233.2	(7.0)	(0.2)	3,150.0	76.2	2.4
Net loans and receivables from customers	13,389.9	13,581.2	(191.3)	(1.4)	13,228.8	161.1	1.2

¹ Exposure to a loan with Papua New Guinea government guarantee of K0.4b was transferred to a direct exposure with the government in 1H-2021.

2.2.5 Allowance for expected credit losses (ECL)

<i>Credit Expenses</i>	Jun-21	Dec-20	Change		Jun-20	Change	
	Km	Km	Km	%	Km	Km	%
Bad debts written off	36.5	60.0	(23.5)	(39.2)	36.0	0.5	1.4
Provision expense	46.9	45.7	1.2	2.6	98.1	(51.2)	(52.2)
Total credit expense	83.4	105.7	(22.3)	(21.1)	134.1	(50.7)	(37.8)
Bad debts recovered	(29.3)	(31.0)	1.7	(5.5)	(25.5)	(3.8)	14.9
Credit expenses net of recoveries	54.1	74.7	(20.6)	(27.6)	108.6	(54.5)	(50.2)

Provisions

Collectively assessed provisions	536.5	517.5	19.0	3.7	459.9	76.6	16.7
Individually assessed provisions	288.3	272.8	15.5	5.7	278.7	9.6	3.4
Total provision for on balance sheet exposure	824.8	790.3	34.5	4.4	738.6	86.2	11.7
Collective provision for off balance sheet exposure	47.8	53.4	(5.6)	(10.5)	50.0	(2.2)	(4.4)
Total provision for doubtful debts	872.6	843.7	28.9	3.4	788.6	84.0	10.7

Impaired assets

Gross impaired assets	538.2	539.0	(0.8)	(0.1)	527.2	11.0	2.1
Net impaired assets	249.9	266.1	(16.2)	(6.1)	248.5	1.4	0.6
Net impaired loans to gross loans %	1.8	1.8	-	-	1.8	-	-
	Jun-21	Dec-20	Change		Jun-20	Change	
	%	%	bps		%	bps	
Provisions to loans	6.1	5.8	30		5.6	50	

2.2.6 Deposits

	Jun-21	Dec-20	Change		Jun-20	Change	
	Km	Km	Km	%	Km	Km	%
Current	18,325.6	16,001.8	2,323.8	14.5	15,009.5	3,316.1	22.1
Savings	1,459.5	1,988.3	(528.8)	(26.6)	758.4	701.1	92.4
Term	3,245.2	3,663.9	(418.7)	(11.4)	3,731.8	(486.6)	(13.0)
Total deposits	23,030.3	21,654.0	1,376.3	6.4	19,499.7	3,530.6	18.1

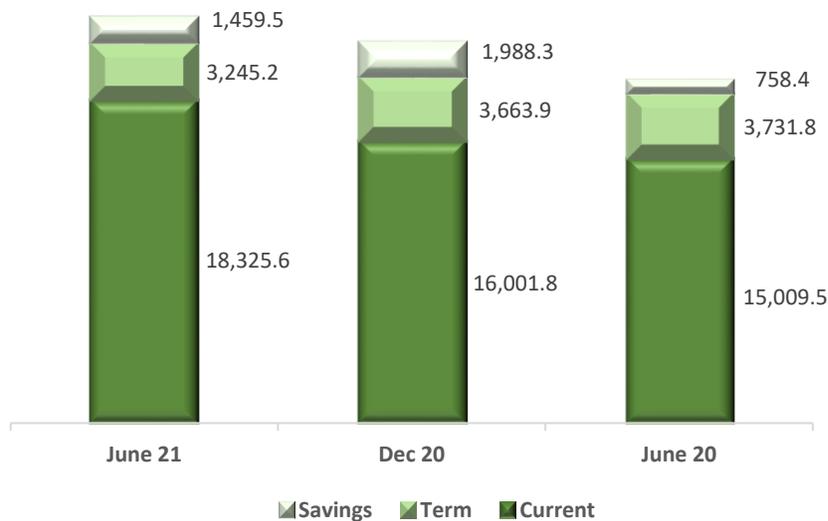
Group deposits grew by 18.1% from 1H-2020 to 1H-2021. A notable reduction in high interest bearing term deposits has contributed to the reduction in the average cost of funds from 0.8% in 1H-2020 to 0.5% in 1H-2021.

2.2.6 Deposits (continued)

	1 to 3 months	6 to 12 months	1-2 years	2-5 years	5 and over	Total
	Km	Km	Km	Km	Km	Km
30 June 2021						
Current	18,325.6	-	-	-	-	18,325.6
Savings	1,459.5	-	-	-	-	1,459.5
Term	1,687.6	1,388.5	99.1	69.8	0.2	3,245.2
Total deposits	21,472.7	1,388.5	99.1	69.8	0.2	23,030.3
31 Dec 2020						
Current	16,001.8	-	-	-	-	16,001.8
Savings	1,988.3	-	-	-	-	1,988.3
Term	2,141.4	1,375.8	79.3	67.4	-	3,663.9
Total deposits	20,131.5	1,375.8	79.3	67.4	-	21,654.0
30 June 2020						
Current	14,532.0	171.0	41.8	125.4	139.3	15,009.5
Savings	758.4	-	-	-	-	758.4
Term	2,124.1	1,411.8	120.9	75.0	-	3,731.8
Total deposits	17,414.5	1,582.8	162.7	200.4	139.3	19,499.7
	Jun-21	Dec-20	Change	Jun-20	Change	
	%	%	bps	%	bps	
Loans to deposits ratio	61.9	66.6	(470)	71.9	(1,000)	

Strong deposit growth has positioned the Group well to accommodate the potential loan growth as economic recovery emerges.

Deposits (Km)



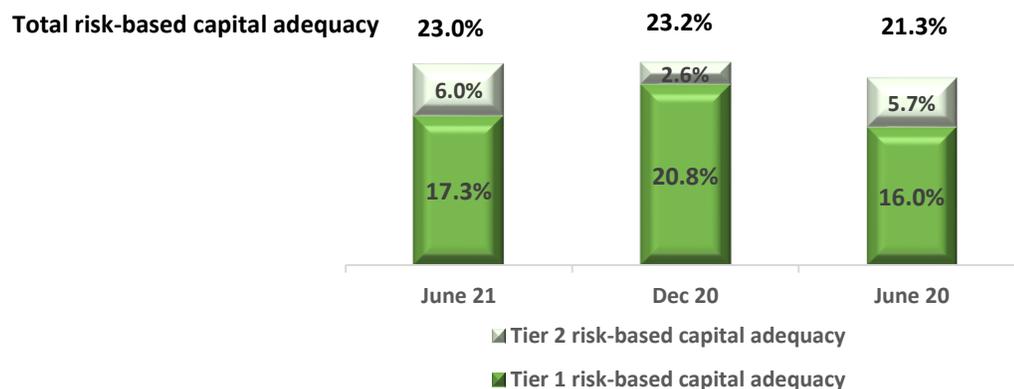
2.2.7 Capital and shareholder return

2.2.7.1 Assets and capital

	Jun-21 Km	Dec-20 Km	Change Km	Change %	Jun-20 Km	Change Km	Change %
Total assets	28,895.7	27,523.4	1,372.3	5.0	24,934.3	3,961.4	15.9
Capital adequacy							
Total regulatory capital	3,002.3	3,095.9	(93.6)	(3.0)	2,747.2	255.1	9.3
Risk-weighted assets	13,133.3	13,370.4	(237.1)	(1.8)	12,877.0	256.3	2.0
	Jun-21 %	Dec-20 %	Change bps		Jun-20 %	Change bps	
Total risk-based capital adequacy	23.0	23.2	(20)		21.3	170	
Tier 1 risk-based capital adequacy*	17.3	20.8	(350)		16.0	130	
Tier 2 risk-based capital adequacy	6.0	2.6	340		5.7	30	
Leverage capital ratio	8.0	10.3	(230)		8.4	(40)	

As at 30 June 2021, the Group's total capital adequacy ratio and leverage capital ratio satisfied the capital adequacy criteria for a "well-capitalised" bank. The Group's strong capital base gives the flexibility to respond to rapidly changing economic situations.

*Per prudential guidelines, half year NPAT is part of Tier 2 capital. NPAT is transferred to retained earnings and classified as Tier 1 upon completion of audited accounts at financial year end (December).



2.2.7.2 Shareholder returns

	Jun-21 toea	Dec-20 toea	Change toea	Change %	Jun-20 toea	Change toea	Change %
Earnings per ordinary share							
Statutory earnings per ordinary share (weighted average)	96.2	90.9	5.3	5.8	81.7	14.5	17.7
Weighted average number of ordinary shares	(000's)	(000's)	(000's)	%	(000's)	(000's)	%
Weighted avg. number of ordinary shares used in EPS calculations	467,227	467,235	(8.0)	(0.0)	467,237	(10.0)	(0.0)
Ratios	Jun-21 %	Dec-20 %	Change %		Jun-20 %	Change %	
Return on average equity (half-year)	13.2	13.1	0.1		12.4	0.8	
Return on average assets (half-year)	1.6	1.6	-		1.5	0.1	

2.2.7.3 Dividends

<i>Earnings per ordinary share</i>	FY20	FY19	Change		FY18	Change	
			%			%	
Dividend per share - toea ¹	130.0	134.0	(4.0)	(3.0)	137.0	(7.0)	(5.1)
Dividend amount paid - Km ¹	610.7	629.3	(18.6)	(3.0)	645.7	(35.0)	(5.4)
Payout ratio ²	75.7%	70.7%	5.0%		76.5%	(0.8%)	

Notes:

¹Dividend numbers disclosed above include interim and final dividends declared and paid from respective financial year profits.

²Payout ratio is calculated as dividend amount paid divided by NPAT for the respective financial periods.

2.3 Additional notes

2.3.1 Analysis of intangible assets

	Balance Sheet Carrying Values			Half Year Amortisation Impairment Expense		
	Jun-21	Dec-20	Jun-20	Jun-21	Dec-20	Jun-20
	Km	Km	Km	Km	Km	Km
Goodwill	45.3	45.3	45.3	-	-	-
Software	187.6	175.5	149.0	14.0	13.4	12.2
Total intangibles	232.9	220.8	194.3	14.0	13.4	12.2

2.3.2 Net tangible assets per ordinary share

	Jun-21	Dec-20	Jun-20
Net tangible asset backing per ordinary share (PGK)	6.7	6.9	6.1
	Km	Km	Km
Net assets	3,373.9	3,433.6	3,050.1
Intangibles	(232.9)	(220.8)	(194.3)
Net tangible assets attributable to ordinary shareholders	3,141.0	3,212.8	2,855.8
Number of fully paid ordinary shares on issue (000's)	467,225	467,229	467,233

2.3.3 Details of associates and joint venture arrangement entities

Ownership interest held by consolidated entity	Jun-21	Dec-20	Jun-20	Balance date
	%	%	%	
Joint venture				
Suva Central Limited	50.0	50.0	50.0	31 December
Richmond Limited	61.3	61.3	61.3	31 December
BSP Finance Cambodia	50.0	50.0	50.0	31 December
BSP Finance Laos	50.0	50.0	50.0	31 December
Platform Pacific Limited	50.0	50.0	-	31 December

3 Consolidated financial statements

3.1 Basis of preparation

The financial information has been extracted from the reviewed interim consolidated financial statements of BSP Financial Group Limited, which have been prepared in accordance with IAS 34: Interim Financial Reporting as well as the requirements of the Companies Act 1997 of Papua New Guinea.

3.2 Statements of comprehensive income

	Jun-21 Km	Dec-20 Km	Jun-20 Km
Interest income	832.1	805.5	786.5
Interest expense	(57.0)	(68.9)	(76.1)
Net interest income	775.1	736.6	710.4
Fee and commission income	181.3	171.0	174.2
Other income	175.9	161.4	162.4
Net insurance operating income	9.6	22.8	6.8
Net operating income before impairment and operating expenses	1,141.9	1,091.8	1,053.8
Impairment on financial assets	(62.6)	(89.8)	(111.5)
Operating expenses	(440.0)	(397.3)	(405.2)
Profit before income tax	639.3	604.7	537.1
Income tax expense	(190.0)	(180.4)	(155.2)
Net profit for the period	449.3	424.3	381.9
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	(16.1)	95.2	2.8
Recognition of deferred tax asset on asset revaluation movement	-	6.3	-
Net movement in asset revaluation	0.2	(18.6)	(0.3)
Other comprehensive income, net of tax	(15.9)	82.9	2.5
Total comprehensive income for the period	433.4	507.2	384.4

3.3 Statements of financial position

	Jun-21 Km	Dec-20 Km	Jun-20 Km
ASSETS			
Cash and balances with Central Bank	2,824.4	2,897.2	1,575.2
Amounts due from other banks	1,172.1	1,187.5	1,125.1
Treasury and Central Bank bills	3,596.1	2,841.0	2,675.9
Statutory deposits with Central Bank	1,658.9	1,559.3	1,390.7
Other financial assets	4,090.0	3,242.2	2,852.3
Loans and advances to customers	13,389.9	13,581.2	13,228.8
Property, plant and equipment	869.7	895.5	862.0
Assets subject to operating lease	35.20	36.4	46.0
Tax receivable	-	-	12.6
Deferred tax assets	305.5	290.5	272.7
Other assets	953.9	992.6	893.0
Total assets	28,895.7	27,523.4	24,934.3
LIABILITIES			
Amounts due to other banks	66.6	126.3	147.1
Customer Deposits	23,030.3	21,654.0	19,499.7
Other liabilities	2,388.1	2,274.1	2,196.2
Deferred tax liabilities	36.8	35.4	41.2
Total liabilities	25,521.8	24,089.8	21,884.2
SHAREHOLDERS EQUITY			
Ordinary shares	372.2	372.2	372.3
Retained earnings	2,578.5	2,622.2	2,324.6
Other Reserves	422.5	438.5	349.0
Equity attributable to the members of the company	3,373.2	3,432.9	3,045.9
Minority Interest	0.7	0.7	4.2
Total shareholders' equity	3,373.9	3,433.6	3,050.1
Total equity and liabilities	28,895.7	27,523.4	24,934.3

3.4 Statements of changes in equity

	Share Capital Km	Reserves Km	Retained Earnings Km	Minority interest Km	Total Km
Balance at 1 January 2021	372.2	438.5	2,622.2	0.7	3,433.6
Net profit	-	-	449.3	-	449.3
Other comprehensive income	-	(16.0)	-	-	(16.0)
Total comprehensive income	-	(16.0)	449.3	-	433.3
2020 final dividend paid	-	-	(493.0)	-	(493.0)
Share buyback	-	-	-	-	-
Total transaction with owners	-	-	(493.0)	-	(493.0)
Balance at 30 June 2021	372.2	422.5	2,578.5	0.7	3,373.9
Balance at 1 July 2020	372.3	349.0	2,324.6	4.2	3,050.1
Net profit	-	-	424.3	-	424.3
Other comprehensive income	-	82.9	-	-	82.9
Total comprehensive income	-	82.9	424.3	-	507.2
2020 interim dividend paid	-	-	(117.8)	(0.2)	(118.0)
Share buyback	(0.1)	-	-	-	(0.1)
Profit attributed to minority interest	-	-	(1.8)	(3.3)	(5.1)
Total transaction with owners	(0.1)	-	(119.6)	(3.5)	(123.2)
Transfer from asset revaluation reserve	-	(1.0)	0.7	-	(0.3)
BSP Life policy reserve	-	7.6	(7.8)	-	(0.2)
Balance at 31 December 2020	372.2	438.5	2,622.2	0.7	3,433.6
Balance at 1 January 2020	372.3	346.5	2,394.4	3.8	3,117.0
Net profit	-	-	381.9	-	381.9
Other comprehensive income	-	2.5	-	-	2.5
Total comprehensive income	-	2.5	381.9	-	384.4
2019 final dividend paid	-	-	(451.3)	-	(451.3)
Share buyback	-	-	-	-	-
Profit attributed to minority interest	-	-	(0.4)	0.4	-
Total transaction with owners	-	-	(451.7)	0.4	(451.3)
Transfer from asset revaluation reserve	-	-	-	-	-
BSP Life policy reserve	-	-	-	-	-
Balance at 30 June 2020	372.3	349.0	2,324.6	4.2	3,050.1

3.5 Statements of cash flows

	Jun-21 Km	Dec-20 Km	Jun-20 Km
CASH FLOW FROM OPERATING ACTIVITIES			
Interest received	792.4	792.8	763.7
Fees and other income	356.9	354.6	343.4
Interest paid	(63.3)	(76.4)	(86.2)
Amounts paid to suppliers and employees	(315.7)	(522.1)	(364.9)
Operating cash flow before changes in operating assets and liabilities	770.3	548.9	656.0
(Increase)/decrease in loans and other receivables from customers	130.1	(397.5)	(51.5)
Increase in customer deposits	1,470.4	2,154.4	160.6
(Increase)/decrease in statutory deposits with the Central Banks	(105.7)	(168.6)	375.9
(Increase)/decrease in other assets	20.3	(36.9)	(3.1)
Increase/(decrease) in other liabilities	51.5	226.3	65.7
Net cash flow from operating activities	2,336.9	2,326.6	1,203.6
Income taxes paid	(150.8)	(220.6)	(152.3)
Net cash flow from operating activities	2,186.1	2,106.0	1,051.3
CASH FLOW FROM INVESTING ACTIVITIES			
Increase in government securities	(1,614.6)	(555.0)	(947.6)
Expenditure on property, plant and equipment	(68.3)	(49.9)	(60.6)
Proceeds for disposal of property, plant and equipment	1.8	1.5	0.3
Net cash flow used in investing activities	(1,681.1)	(603.4)	(1,007.9)
CASH FLOW FROM FINANCING ACTIVITIES			
Share buyback	-	(0.1)	-
Dividends paid	(493.0)	(118.0)	(451.4)
Principal and interest repayments of borrowings	(4.2)	(87.3)	(26.1)
Proceeds from borrowing	-	12.8	229.4
Net cash flow used in financing activities	(497.2)	(192.6)	(248.1)
Net increase/(decrease) in cash and cash equivalents	7.8	1,310.0	(204.7)
Effect of exchange rate movements on cash and cash equivalents	(36.2)	95.2	2.8
Cash and cash equivalents at the beginning of the period	3,958.4	2,553.2	2,755.1
Cash and cash equivalents at the end of the period	3,930.1	3,958.4	2,553.2

3.6 Segment reporting

Half year Ended 30 June 2021	PNG Bank Km	Offshore Banks Km	Non-Bank Entities Km	Adjust Inter Segments Km	Total Km
Net interest income	622.7	134.8	16.7	0.9	775.1
Other income	247.2	99.1	11.7	(0.8)	357.2
Net insurance income	-	-	11.4	(1.8)	9.6
Total operating income	869.90	233.9	39.8	(1.7)	1,141.9
Operating expenses	(321.6)	(108.8)	(10.5)	0.9	(440)
Impairment expenses	(41.9)	(17.4)	(3.3)	-	(62.6)
Profit before income tax	506.4	107.7	26.0	(0.8)	639.3
Income tax	(157.0)	(26.9)	(6.0)	(0.1)	(190.0)
Net profit after income tax	349.40	80.8	20.0	(0.9)	449.3
Half year Ended 31 Dec 2020					
Net interest income	584.9	134.7	16.5	0.7	736.8
Other income	263.6	98.7	13.9	(43.9)	332.3
Net insurance income	-	-	23.3	(0.5)	22.8
Total operating income	848.5	233.4	53.7	(43.7)	1,091.9
Operating expenses	(286.8)	(103.4)	(9.4)	2.2	(397.4)
Impairment expenses	(70.3)	(17.2)	(2.3)	-	(89.8)
Profit before income tax	491.4	112.8	42.0	(41.5)	604.7
Income tax	(146.7)	(27.6)	(6.1)	-	(180.4)
Net profit after income tax	344.7	85.2	35.9	(41.5)	424.3
Half year Ended 30 June 2020					
Net interest income	563.8	129.1	15.8	1.7	710.4
Other income	232.5	97.5	10.4	(3.8)	336.6
Net insurance income	-	-	8.9	(2.1)	6.8
Total operating income	796.3	226.6	35.1	(4.2)	1,053.80
Operating expenses	(294.7)	(104.3)	(9.4)	3.2	(405.2)
Impairment expenses	(76.2)	(31.7)	(3.6)	-	(111.5)
Profit before income tax	425.4	90.6	22.1	(1.0)	537.1
Income tax	(128.2)	(22.6)	(4.4)	-	(155.2)
Net profit after income tax	297.2	68.0	17.7	(1.0)	381.9