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Market Announcement to South Pacific Stock Exchange

“BSP – 2023 Chairman’s Market Announcement: Half Year Results – 30 June 2023”

About BSP Convertible Notes Limited (BSP CN Fiji):

BSP Convertible Notes Limited (BSP CN Fiji) is a wholly owned subsidiary of BSP Financial Group Limited (BSP). BSP is a Papua New Guinea based full service Bank with representation in many major Pacific economies. BSP is listed on the Port Moresby Stock Exchange (PNGX). BSP Convertible Notes Limited (BSP CN Fiji) is a special purpose vehicle incorporated in Fiji with limited powers under its Memorandum and Articles. It is listed in the South Pacific Stock Exchange (SPX) in Fiji as **BCN**.



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18 August 2023

“BSP – 2023 Chairman’s Market Announcement: Half Year Results – 30 June 2023”

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Our Parent Company, BSP Financial Group Limited based in Port Moresby, PNG has released this market announcement on PNGX.

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Haroon Ali
DIRECTOR

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ASX: BFL | PNGX: BSP

17 August 2023

HALF YEAR RESULTS - 30 June 2023

BSP Financial Group Limited (BSP) reported a net profit after tax result of K427.2 million (FJD 270.12m) for the first half of 2023, a 7.6% increase compared to the corresponding 2022 period. The strong performance of BSP's offshore banks, particularly Fiji, was a key contributor to the improved profit result.

BSP's before tax result was K751.6 million (FJD 475.25m) for the first half of 2023, a 10.3% decline compared to the same period last year of K837.4 million (FJD 529.50m), excluding the K190 million (FJD 120.14m) Additional Company Tax. The underlying result reflects increases in operating expenses and loan impairment costs that were partially offset by 4.2% of income growth, compared to the same period year.

Key 1H-2023 financial highlights included:

- BSP's net operating income increased from K1,287.4 million (FJD 814.04m) in 1H-2022 to K1,341.1 million (FJD 847.99m) in 1H-2023, representing a 4.2% increase. FX income increased by 14.7%, due to increased FX order volumes and higher FX inflows. Fee income grew by 4.2%, driven by growth in transaction volumes, via our payment channels. Despite year-on-year loan growth of 8.3%, net interest income growth was subdued (+1.6%), as a consequence of reducing yields from government securities.
- Total expenditure increased by 8.7% from 1H-2022 to K510.9 million (FJD 323.05m), with computing costs and staff costs the key drivers of the increase. Computing costs increased to K102.7 million (FJD 64.94m), a 36.4% increase over the corresponding period, driven largely by higher software, maintenance and channel related costs. Staff costs increased by 11.7% in 1H-2023, driven mainly by increased FTE to support pre and post "go-live" of the new core banking system.
- The Group's total assets grew by 11.6% (K3.7 billion) (FJD 2.34 billion) to K35.1 billion (FJD 22.19 billion) over the last 12 months.
- Loan impairment expense increased by K98.8 million (FJD 62.47m), from a net credit of K20.2 million (FJD 12.77m) last year to K78.6 million (FJD 49.70m) expense this year. The prior year had release of provisions, due to post COVID-19 improvement in credit quality.
- The Group's capital base remains strong, well above the minimum Bank of Papua New Guinea prudential requirement of 12.0%. Total capital adequacy as at June 2023 stood at 22.5%, slightly lower than June 2022 levels.

The Board also announced the payment of an interim dividend for 2023 of 37 toea (FJD 0.2340) per ordinary share, payable on 13 October 2023. For ASX shareholders eligible to receive BFL dividends in AUD, applicable exchange rate on the Record Date will be used for the conversion.

The interim dividend of 37 toea (FJD 0.2340) per share represents:

- Gross interim dividend amount of circa K172.8 million (FJD 109.26m) (2022: K159.4 million) (FJD 100.79m)
- A payout ratio of 40.5% on first half earnings, which is in keeping with BSP's 2022 half-year payout ratio.

Timing of the dividend payment is as follows:

- Ex-date: Friday 22 September 2023.
- Record date: Monday 25 September 2023.
- Payment date: Friday 13 October 2023.

BSP Chairman, Robert Bradshaw, stated that the higher dividend payout of 37 toea (FJD 0.2340) per share, compared to the 2022 interim dividend of 34 toea (FJD 0.2089) per share, is reflective of the BSP's strong balance sheet position, and confirms the Group's ability to deliver sustainable profit's to shareholders.

Robert G. Bradshaw

Group Chairman | BSP Financial Group Limited

This announcement was authorised for release by the Board of BSP Financial Group Limited.

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