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## HALF YEAR RESULTS – 30<sup>th</sup> June 2016

Sir Kostas G. Constantinou, OBE, Chairman, Board of Directors, Bank of South Pacific Limited (BSP) today released the results for the half-year to 30 June 2016.

Despite a slowdown in the PNG economy during the year, the BSP Group has again achieved solid results in 2016, highlighted by the following:

- The Group recorded a consolidated operating profit after tax of K301.4 million for the 2016 half year, a 12.9% increase on the consolidated 2015 operating profit after tax of K266.9 million for the comparative period. Total assets of the Group increased, by approximately K1.451 billion to K19.648 billion, mainly due to an increase in the loan book for the period across all countries. There is also been a “currency translation affect” effect on the movement of the Kina that has had an impact on the level of total assets.
- Group revenues have increased 11.3% for the comparative period. This revenue growth has come from interest income streams, in particular from loans & advances, with BSP growing its loan book by 8.1% as well as the additional income from the asset finance operations in PNG and Fiji and the acquisition of the businesses in Samoa, Tonga, Cook Islands and the Solomon Islands. Revenues from foreign exchange income increased from K86.1m to K109m as a consequence of additional export flows from the month of April 2016.
- The Bank’s growth was also positive with after tax profits increasing by 8.8% to K287.6 million from K264.2 million for the comparative period in 2015. Total assets of the bank at the half year 2016 are at K18.363 billion (2015=K17.121 billion). Loans and advances to customers; portfolio has seen net growth of K0.588 billion to K8.769 billion. Customer deposits continue to grow steadily (up 6.6% to K15.2b), mainly in the retail and government segments in PNG, and in the corporate segment in Fiji.
- The Bank’s operating expenses show an increase of K17.9m due to take-up of businesses in Cook Islands, Samoa, Tonga and the Solomon Islands but again operating expenses will continue to be a focus in 2016. The cost to income ratio for the Group is at 44.36% slightly down from 44.8% in 2015. The Bank cost to income ratio is also steady at 43.76% versus 44.5% in 2015 comparative period.
- The Group’s capital base remains sound. Total capital adequacy at the half year 2016 is 21.9% (Year end 2015 =23.1%) notwithstanding the impact of continued growth in balance sheet assets as well as the final dividend payout on the 24<sup>th</sup> of June 2016 of K294.8m. The capital adequacy ratio exceeds the minimum Bank of Papua New Guinea prudential requirement of 12.00%.

- Notwithstanding more difficult trading conditions in PNG, for the first half of 2016 it has been a successful start to the year for BSP. The 2016 result is notable for the continuation of positive performances for the bank and most of its subsidiaries, as well as additional growth in the group's balance sheet.
- Across the Pacific, we have seen steady loan portfolio growth, and a continuing and disciplined cost containment strategy, has allowed BSP to largely mitigate the impact of more difficult economic conditions in the first half of 2016.
- BSP's overseas operations and subsidiaries have also contributed strongly to the 2016 result.
- The new acquisitions from July 2015, have performed to expectation, and part of the 8.8% growth in BSP's total assets, are also attributable to the addition of these new operations.
- On the 1<sup>st</sup> of July 2016, BSP acquired the ex-Westpac Vanuatu subsidiary and we welcome this new addition to our Pacific portfolio.

Sir Kostas G. Constantinou, OBE congratulated staff and management in all of BSP's operations across Papua New Guinea, Fiji, Solomon Islands, Samoa, Tonga and Cook Islands on the results achieved thus far in 2016.

Sir Kostas remains confident the Bank will continue to adapt to challenging market conditions, and continue to deliver a sound underlying performance for the remainder of 2016 and beyond.

**Sir Kostas G. Constantinou, OBE**  
Group Chairman | Bank of South Pacific Ltd