



## HALF YEAR RESULTS – 30<sup>th</sup> June 2017

Sir Kostas Constantinou, OBE, Chairman, Board of Directors, Bank of South Pacific Limited (BSP) today released the results for the BSP Group for the half-year to 30 June 2017.

Despite subdued economic conditions in Papua New Guinea, the BSP Group has again achieved solid results in 2017, highlighted by the following:

- The Group recorded a consolidated operating profit after tax of K370.9 million for the 2017 half year, a 23% increase on the consolidated 2016 operating profit after tax of K301.4 million for the comparative period. Total assets of the Group increased, by approximately K0.901 billion to K21.733 billion, mainly due to an increase in the loan book for the period across all countries.
- Group revenues have increased 17.9% for the comparative period. This revenue growth has been derived from interest income streams, in particular from loans & advances, with BSP growing its loan book by 6.4%. Our Pacific branches and subsidiaries have also contributed very well to the first half performance. Revenues from foreign exchange income increased from K109m to K133.6m as a consequence of good export flows in PNG for the first half of 2017.
- The bank's growth was also positive with after tax profits increasing by 31.8% to K378.9 million from K287.6 million for the comparative period in 2016, with 2017 including dividend income of K32m from subsidiaries that eliminate on consolidation. Total assets of the bank at the half year 2017 are K19.911 billion compared to 2016 of K19.227 billion. Loans and advances to customers; portfolio has seen net growth of K0.468 billion to K9.723 billion. Customer deposits continue to grow steadily up 3.7% to K16.7b.
- The bank's operating expenses show an increase of K41.5m which was due to take-up of the Vanuatu half year costs which was acquired on 1<sup>st</sup> of July 2016, as well as the commencement costs of the "Core Banking" replacement costs, but again operating expenses continue to be a focus in 2017. The cost to income ratio for the Group is at 43.32% slightly down from 44.36% in 2016. The Bank cost to income ratio is down at 41.36% versus 43.77% in 2016 comparative period.
- The Group's capital base remains sound. Total capital adequacy at the half year 2017 is 22.9%, down slightly from 23.1% at the end of 2016, notwithstanding the impact of continued growth in balance sheet assets as well as the final dividend payout on the 23<sup>rd</sup> of June 2017 of K371.2m. The capital adequacy ratio exceeds the minimum Bank of Papua New Guinea prudential requirement of 12.00%.
- Notwithstanding the more subdued trading conditions in PNG, the first half of 2017 has been a successful start to the year for BSP. The 2017 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 the difficult economic conditions in the first half of 2017.
- BSP's overseas operations and subsidiaries have all contributed strongly to the 2017 result.
- On the 2<sup>nd</sup> of May 2017, BSP completed the settlement of the 50% interest in the Cambodia Joint Venture "Asset Finance Company", which will be re-named BSP Finance Cambodia Ltd.
- BSP has also received regulatory approvals by the "Central Bank of Solomon Islands" to commence "BSP Finance" in the Solomon Islands. BSP Finance Solomon Islands Ltd will commence operations by the end of August 2017.

Sir Kostas Constantinou congratulated staff and management in all of BSP's operations on the results achieved thus far in 2017.

**Sir Kostas also announced the payment of an interim dividend for 2017 of 32 toea per ordinary share, payable on 20<sup>th</sup> of October 2017.**

- The interim dividend of 32 toea per share represents:
  - A gross interim dividend amount of about K149.5 million ( 2016 K117 million)
  - An interim payout ratio of 40%, (Interim 2016: 39%)
  - An annualised yield on a current K9.55 share price of 12.04%, which is a up on prior year levels.
- Timing of the dividend is: Ex Dividend 4<sup>th</sup> October 2017, a record date 06<sup>th</sup> October 2017, with payment on 20<sup>th</sup> October 2017.

Sir Kostas said that the payment of the interim dividend recognised the bank's commitment to its shareholders and that it reflects BSP's desire to ensure that all shareholders benefit from BSP's profitable operating performance.

Sir Kostas remains confident the Group will continue to adapt to challenging market conditions, and continue to deliver a sound underlying performance for remainder of 2017 and beyond.

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