



## Proudly supporting PNG and the Pacific

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### **BANK OF SOUTH PACIFIC LIMITED HALF YEAR RESULTS- 30 JUNE 2014**

Mr Kostas Constantinou OBE, Chairman, Board of Directors, Bank of South Pacific Limited (BSP) today released the BSP operating results for the half-year to 30<sup>th</sup> June 2014.

BSP achieved a consolidated operating profit of K369.3 million, an increase of 31.3% on the consolidated operating profit of K281.2 million for the same period last year.

The Bank has performed very well, posting a 38.7% increase in operating profit before tax over the corresponding period of 2013. After tax profit is K262.5 million compared to K204.5 million for the same period last year.

Consolidated revenue growth of 15% was achieved whilst maintaining a controlled lending strategy that has seen interest income grow at a reasonable rate. Business demand for credit has been up in the first half of 2014 albeit at a slower pace, and up until May 2014 there has been a strong performance from foreign currency earnings.

Mr Constantinou stated that as indicated in BSP's market announcement on the 10<sup>th</sup> of June 2014, due to the Bank of Papua New Guinea (BPNG) limit on margins on foreign exchange transactions to a maximum of 75 basis points either side of the BPNG reference rate, the Bank's profitability growth will be impacted in the second half of 2014, but with a more significant impact in 2015. As a result of this the management team has introduced further cost savings initiatives in the second half of 2014, with the full impact of these measures to be delivered in 2015.

Capital expenditure incurred of K134.5m (2013 K90.1m) in the first half is mainly for committed projects such the "Lae Commercial Centre" and the "Pacific Operations Centre" in Waigani and the new data and security centre in Gordons. From a cost perspective, as these projects complete and are transferred to the Bank's assets register and capitalised, the associated depreciation expense will continue to impact the Banks' non-cash expenses.

BSP Group total assets have increased slightly in 2014, having increased significantly in 2013 from K13.333 billion at the end of 2012 to K15.480 billion at December 2013 to a slight increase at June 2014 to K15.740 billion. The customer net loan and receivables portfolio now exceeds K5.966 billion, and market share remains stable.

The Group's expense to income ratio for the first half year of 2013 was at 51.5%, compared to 54.2% for the same period last year. This decrease is due to the increase in income for the period but is forecast to go more marginally above the half year as revenue growth slows.

The Bank and Group capital base remains strong. Total capital adequacy has increased to 19.1%, (2013 =18.8%) which is a pleasing uplift reflecting the impact of continued management of the Bank's risk weighted assets and is after the final 2013 dividend payment of K215.0 million, which was also accounted for

during the period. The capital remains in line with targets set under the bank's capital management strategy. The capital ratio exceeds the BPNG minimum prudential requirement of 12.00%.

The Chairman announced that due to the uncertainty surrounding the foreign exchange trading bands impact and its effect on 2nd half earnings, the Board of BSP has declared an interim dividend payment of 20 Toea per share which, on a post consolidation basis, is equivalent to the interim dividend of last year. The interim dividend will be paid on the 24<sup>th</sup> October, 2014.

Mr Constantinou remains confident the Bank will continue to adapt to challenging market conditions, and continue to deliver a sound underlying performance.

**Kostas Constantinou, OBE**

Group Chairman | Bank of South Pacific Ltd

## **About BSP**

Our Commitment to PNG is growing. The BSP Group employs 4000+ people across PNG and the South Pacific and services more locations and provides more ways of convenient banking in PNG than any other bank.

- 42 Branches
- 13 Premium Service Centres
- 42 Sub Branches
- 226 Agents
- 301 ATMs
- 12,000+ EFTPoS

With millions invested in new facilities and technology to make banking easier, new improved services on the way and a growing network of conveniently located banking agencies, Express and Priority Banking and Premium Lounges, our commitment to PNG is stronger than ever.

And so is our interest in the future with our continued and growing investment in a diverse range of community projects and health and well-being programmes to designed to help others grow.

- 33 The number of community projects delivered in PNG in 2013
- 165 The number of individual community projects in PNG from 2009 – 2013
- K3.6mil Amount BSP has invested in communities in PNG from 2009 – 2013

## **FOR MORE INFORMATION - CONTACT**

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