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FULL YEAR RESULTS – 31st December 2013

Mr. Kostas Constantinou, Chairman, Board of Directors, Bank of South Pacific Limited (BSP) today released the results for the full-year to 31 December 2013.

Despite a slowdown in the PNG economy during the year, the BSP Group has achieved sound results in 2013, highlighted by the following:

- The Group achieved a consolidated operating profit before tax of K607.0 million for the 2013 financial year, an 11.3% increase on the consolidated 2012 operating profit of K545.3 million. The Group result after tax is K436.8 million. Total assets of the Group increased, by approximately K2.476 billion to K15.809 billion.
- The bank's achievements are similarly strong with pre-tax profits growing 10.7% to K592.9 million, from K535.4 million in 2012. Total assets of the bank at the end of 2013 are just over K15.324 billion. The customer loan and receivables portfolio has seen net growth of K493.4 million to K5.26 billion. Customer deposits continue to grow strongly, especially in the corporate segment in Fiji, and in the retail and government segments in PNG.
- BSP's capital base remains sound. Total capital adequacy at the end of 2013 is 19.4% notwithstanding the impact of continued growth in balance sheet assets as well as total dividend payments of K272.725m. The capital adequacy ratio exceeds the minimum Bank of Papua New Guinea prudential requirement of 12.00%.
- Group revenues have increased 19% during the year. Most of the revenue growth has come from non-interest income streams, in particular foreign exchange earnings in PNG. Extremely aggressive competition in the corporate lending markets in PNG and Fiji have impacted net interest income
- Growth has also been achieved with customer transaction volumes. The expansion of electronic banking facilities mainly through the network of EFTPOS merchants, agents and devices and increased mobile phone banking transactions, are compelling features of BSP's customer engagement activities in 2013.
- In terms of expenses, increases have been experienced mainly in the areas of depreciation and amortization, and in premises and equipment expenses. Management reviewed asset start dates and estimated useful lives of capitalized projects which resulted in additional depreciation, amortization and impairment losses being taken in 2013. These increased charges have been the main contributors to a cost to income ratio for the Group of 55%, up from 53% in 2012.

Mr. Constantinou congratulated staff and management in all of BSP's operations across Papua New Guinea, Fiji and Solomon Islands on the results achieved in 2013. He expressed confidence in BSP's capabilities to meet expectations of shareholders in 2014.

Kostas Constantinou, OBE

Group Chairman | Bank of South Pacific Ltd