



## HALF YEAR RESULTS – 30<sup>th</sup> June 2018

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 2018.

Despite modest growth in the countries in which BSP operates and notwithstanding the continued subdued economic conditions in Papua New Guinea, the BSP Group has again achieved positive results in the first half of 2018, highlighted by the following:

- The Group recorded a consolidated operating profit after tax of K418.3 million for the 2018 half year, a 12.8% increase on the consolidated 2017 operating profit after tax of K370.9 million for the comparative period. Total assets of the Group increased, by approximately K577 million to K22.947 billion, mainly due to an increase in the loan book for the period across all countries.
- Group revenues have increased 7.9% for the comparative period. This revenue growth has been predominantly derived from interest income streams, in particular from loans & advances, with BSP growing its loan book by 7.7%. Our Pacific branches and subsidiaries have also contributed very well to the first half performance. Revenues from foreign exchange income increased from K133.6m to K151.8m as a consequence of good export flows in PNG for the first half of 2018.
- The bank's growth was also positive with after tax profits increasing by 8.2% to K409.9 million from K378.9 million. Total assets of the bank at the half year 2018 are K20.781 billion compared to K20.364 billion in 2017. Loans and advances to customer's, portfolio has seen net growth of K0.778 billion to K10.873 billion. Customer deposits continue to grow steadily up 2.4% to K17.3b.
- The Group's operating expenses have increased 2.2% which reflects good cost containment. The cost to income ratio for the Group is at 41.03% a -2.28% reduction from 43.31% in 2017. The Bank cost to income ratio is 39.57% versus 41.35% in 2017 comparative period.
- The Group's capital base remains sound. Total capital adequacy at the half year 2018 is 22.7%, down from 24.5% at the end of 2017, notwithstanding the impact of continued growth in balance sheet assets as well as the final dividend payout on the 22<sup>nd</sup> of June 2018 of K425.3m. 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 2018 has been a successful start to the year for BSP. The 2018 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 2018.
- BSP's overseas operations and subsidiaries have all contributed strongly to the 2018 result.
- In PNG, BSP launched its "BSP Life PNG" on the 2<sup>nd</sup> of January 2018 and commenced with "Consumer Credit Protection" insurance, which has proven popular. Three more products, namely the mortgage protection cover, group life cover and endowment product insurance are being actively progressed.

Sir Kostas Constantinou congratulated staff and management in all of BSP's operations on the results achieved thus far in 2018.

**Sir Kostas also announced the payment of an interim dividend for 2018 of 36 toea per ordinary share, payable on 19<sup>th</sup> of October 2018.**

- The interim dividend of 36 toea per share represents:
  - A gross interim dividend amount of about K168.2 million ( 2017 K149.5 million)
  - An interim payout ratio of 40%, (Interim 2017: 40%)
  - An annualised yield on a current K10.06 share price of 12.62%, which is up on prior year levels.
- Timing of the dividend is: Ex Dividend 3<sup>rd</sup> October 2018, record date 05<sup>th</sup> October 2018, with payment on 19<sup>th</sup> October 2018.

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 2018.

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