HALF YEAR RESULTS – 30th June 2019

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 2019.

Business conditions in the Pacific **and BSP's home market of Papua New Guinea have** remained stable. Despite the modest growth in the countries in which BSP operates and notwithstanding the current subdued economic conditions in Papua New Guinea, the BSP Group has again achieved positive results in the first half of 2019, highlighted by the following:

- The Group recorded a consolidated operating profit after tax of K434.9 million for the 2019 half year, a 3.97% increase on the consolidated 2018 operating profit after tax of K418.3 million for the comparative period. Total assets of the Group increased, by approximately K3.264 million to K23.390 billion, predominantly due to an increase in the loan book for the period across all countries.
- Total Group revenues has marginally increased for the comparative period (2018 had K19.2m in other income as a result of the insurance recovery on aircraft loss in the Southern Highlands).
- The revenue growth has been derived from interest income streams, in particular from loans & advances, with BSP growing its loan book by 4.2%. Our Pacific branches and subsidiaries have also contributed very well to the first half performance. Revenues from foreign exchange income increased from K151.8m to K160.8m as a consequence of good export flows in PNG for the first half of 2019 as well as BPNG intervention.
- BSP **bank's** ongoing growth was also positive with after tax profits increasing by 8.2% to K443.3 million from K409.9 million (note includes dividend receipts from subsidiaries and which eliminate on consolidation). Total assets of the bank at the half year 2019 are K20.878 billion compared to K20.696 billion in 2018. Loans and advances to customers have seen net growth of K0.476 billion to K11.708 billion. Customer deposits have decreased slightly to K16.876b which reflects customers being able to obtain more foreign exchange and so are paying overseas suppliers more promptly.
- The **Group's** operating expenses have decreased by K22.5m which is partially due to the write-off of an aircraft loss of K14.1m in 2018 but otherwise reflects good cost containment. The cost to income ratio for the Group is at 38.46% a 2.24% reduction from 40.7% in 2018. The Bank cost to income ratio is 36.36% versus 39.27% in 2018 comparative period.

- The Group's capital base remains sound. Total capital adequacy at the half year 2019 is 20.9%, down from 22.9% at the end of 2018, reflecting the impact of the final dividend payout on the 22nd of June 2019 of K471.9m and compares to 22.7% at June 2018. 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 2019 has been 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.
- BSP's overseas operations and subsidiaries have all contributed strongly to the 2019 result.

Sir Kostas Constantinou congratulated staff and management in all of BSP's operations on the results achieved thus far in 2019.

Sir Kostas also announced the payment of an interim dividend for 2019 of 38 toea per ordinary share, payable on 18th of October 2019.

• The interim dividend of 38 toea per share represents:

- A gross interim dividend amount of about K177.6 million (2018 K168.2 million)
- An interim payout ratio of 40.8%, (Interim 2018: 40.2%)
- An annualised yield on a current K11.20 share price of 12.41%, which is similar to prior year levels.

• Timing of the dividend is: Ex Dividend 2nd October 2019, record date 09th October 2019, with payment on 18th October 2019.

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 Constantinou, OBE
Group Chairman | Bank of South Pacific Ltd

Financial Period ended

Bank of South Pacific Limited and Subsidiaries

Company No	Half yearly	Final	financial period ended
HUBSP0000055.	X		30-Jun-19

Extracts from this report for announcement to the market (see note 1)			K' 000
Sales (or equivalent operating) revenue (item 1.1 + 1.3)	up	0.35%	1,070,589
Abnormal after tax attributable to shareholders (item (2.5))	gain (loss) of	0.00%	-
Operating profit (loss) after tax (before amortisation of goodwill)) attributable to shareholders (item 1.26)	up	3.97%	434,909
Operating profit (loss) after tax attributable to shareholders (item 1.10)	up	3.91%	434,912
Extraordinary items after tax attributable to shareholders (item 1.13)	up	0.00%	-
Operating profit(loss) and extraordinary items after tax attributable to shareholders (item 1.16)	up	3.91%	434,912

Dividend (distributions)		
Final dividend (preliminary final report only -item 15.4) Interim Dividend (Half yearly report only - item 15.5)	101 toea	475,173
Previous corresponding period (Preliminary final report -item 15.6 Half yearly report - item 15.5)	91 toea	428,023
Record date for determining entitlements to the dividend (In the case of a trust, distribution) (see item 15.2)		

Consolidated Profit and loss account

	Current Period K' 000	Previous Corresponding period K' 000
1.1 Sales (or equivalent operating revenue)	694,096	683,900
1.2 Share of associates "net profit/(loss) attributable to shareholders" (equal to item 16.7)	-	-
1.3 Other Revenue	376,493	382,972
1.4 Operating profit (loss) before abnormal items and tax	608,426	595,295
1.5 Abnormal items before tax (detail in item 2.5)	-	-
1.6 Operating profit (loss) before tax (items 1.4 + 1.5	608,426	595,295
1.7 Less tax	173,517	177,006
1.8 Operating profit (loss) after tax but before outside equity interest	434,909	418,289
1.9 Less outside equity Interest	3	254
1.10 Operating profit(loss) after tax attributable to shareholders	434,912	418,543
1.11 Extraordinary items after tax (detail in item 2.7)	-	-
1.12 Less outside Equity Interest	-	-
1.13 Extraordinary items after tax attributable to shareholders	-	-
1.14 Total Operating profit(loss) and extraordinary items after tax (items 1.8 + 1.11)	434,909	418,289
1.15 Operating profit (loss) and extraordinary items after tax attributable to outside equity interest (items 1.9 +1.12)	3	254
1.16 Operating profit (loss) and extraordinary items after tax attributable to shareholders (item 1.10+1.13)	434,912	418,543
1.17 Retained profits (accumulated losses) at beginning of financial period	2,156,873	1,904,462
1.18 If change in accounting policy as set out in clause 11 of AASB 1018 Profit and loss accounts, adjustments as required by that clause (IFRS 9 provision adjustment to Investment Securities)		(17,098)
1.19 Agrregate of amounts transferred from reserves	3,205	18,116
1.20 Total available for appropriation (carried forward)	2,594,990	2,324,023
1.21 Dividend provided for or paid	(475,173)	(428,023)
1.22 Aggregate of amounts transferred to Reserves		
1.23 Retained profits (accumulated losses) at end of financial period	2,119,817	1,896,000

Profit restated to exclude amortisation of goodwill

1.24 Operating profit(loss) after tax before outside equity interests (items 1.8) and amortisation of goodwill	434,909	418,289
1.25 Lessplus) outside equity interest	-	-
1.26 Operating profit(loss) after tax (before amortisation of goodwill) attributable to shareholders	434,909	418,289

Intangible, abnormal and extra ordinary items

	Consolidated- current period			
	Before tax K' 000	Related tax K' 000	Related outside equity interest K' 000	Amount (after tax)attributable to shareholders K' 000
2.1 Amortisation of goodwill				
2.2 Amortisation of other intangibles	13,393	4,018	-	9,375
2.3 Total Amortisation of Intangibles	13,393	4,018	-	9,375
2.4 Abnormal items	-	-	-	-
2.5 Total abnormal items	-	-	-	-
2.6 Extraordinary items	-	-	-	-
2.7 Total extraordinary items	-	-	-	-

Comparision of half year profits

	Current year - K' 000	Previous year K' 000
3.1 Consolidated operating profit(loss) after tax attributable to shareholders reported reported for the 1st half year (item 1.10 in the half yearly report)	434,909	418,289
3.2 Consolidated operating profit(loss) after tax attributable to shareholders for the second half year	-	-

Consolidated Balance Sheet

	At end of current period K' 000	As shown in last annual report K' 000	As in last half yearly report K' 000
Current Assets			
4.1 Cash	1,943,906	2,107,468	1,955,018
4.2 Receivables	7,510,759	4,417,152	6,587,500
4.3 Investments	2,081,213	2,494,700	3,014,380
4.4 Inventories	-	0	-
4.5 Other(provide details if material)	368,866	219,007	296,359
4.6 **Total Current assets**	11,904,744	9,238,327	11,853,257
Non Current Assets			
4.7 Receivables	7,219,881	9,811,794	7,192,239
4.8 (item 1.13)	179,466	175,579	159,033
4.9 other investments	2,610,889	2,555,443	2,492,668
4.10 Inventories	-	-	-
4.11 Exploration and evaluation expenditure capitalised (see para. 71 of AASB 1022)	-	-	-
4.12 Development properties (mining entities)	-	-	-
4.13 Other property, plant and equipment (net)	925,272	745,710	756,859
4.14 Intangibles (net)	395,075	383,067	358,714
4.15 Other (Investment Properties)	154,677	153,665	134,058
4.16 **Total Non current Assets**	11,485,260	13,825,258	11,093,571
4.17 **Total Assets**	23,390,004	23,063,585	22,946,828
Current Liabilities			
4.18 Accounts payables	16,321,035	16,111,221	16,773,346
4.19 Borrowings	-	0	-
4.20 Provisions	167,370	135,497	245,092
4.21 Other (provide details if material)	1,758,850	1,637,517	1,394,176
4.22 **Total current liabilities**	18,247,255	17,884,235	18,412,614
Non Current Liabilities			
4.23 Accounts payable	2,246,403	2,173,084	1,806,337
4.24 Borrowings(Promissory Notes)		75,525	75,525
4.25 Provisions	61,812	58,606	56,022
4.26 Other (provide details if material)			
4.27 **Total non- current liabilities**	2,308,215	2,307,215	1,937,884
4.28 **Total Liabilities**	20,555,470	20,191,450	20,350,498
4.29 **Net Assets**	2,834,534	2,872,135	2,596,330

Consolidated Balance Sheet (continued)]

		At end of current period K' 000	As shown in last annual report K' 000	As in last half yearly report K' 000
	Equity			
4.30	Capital	372,327	372,364	372,463
4.31	Reserves	338,815	339,320	323,637
4.32	Retained Profits (accumulated losses)	2,119,817	2,156,873	1,896,000
4.33	Equity attributable to shareholders of the parent entity	2,830,959	2,868,557	2,592,100
4.34	Outside equity to shareholders of the parent entity	3,575	3,578	4,230
4.35	**Total equity**	2,834,534	2,872,135	2,596,330
4.36	Preference Capital included as part of **4.33**	-	-	-

Exploration and evaluation expenditure capitalised

To be completed only by entities with mining interest if amounts are material. Include all expenditure incurred regardless of whether written off directly against profit

	Current Period K' 000	Previous Corresponding period K' 000
5.10 Opening Balance		
5.2 Expenditure incurred during current period		
5.3 Expenditure written off during current period		
5.4 Acquisition, disposals, revaluation, increments, etc		
5.5 Expenditure transferred to development properties		
5.6 **Closing balance as shown in the consolidated balance sheet (item 4.11)**		

Development properties

To be completed only by entities with mining interest if amounts are material

	Current Period K' 000	Previous Corresponding period K' 000
6.1 Opening Balance		
6.2 Expenditure incurred during current period		
6.3 Expenditure transferred from exploration and evaluation		
6.4 Expenditure written off during current period		
6.5 Acquisition, disposals, revaluation, increments, etc		
6.6 Expenditure transferred to mine properties		
6.7 **Closing balance as shown in the consolidated balance sheet (item 4.12)**		

	Consolidated Statement of Cash Flows	Current Period K' 000	Previous Corresponding period K' 000
	Cash Flows related to operating activities		
7.1	Receipts from customers	1,168,011	1,109,540
7.2	Payments to suppliers and employees	(348,612)	(366,235)
7.3	Dividends received from associates	-	-
7.4	Other Dividends received	-	-
7.5	Interest and other items of similar nature received	-	-
7.6	Interest and other finance paid	(91,290)	(80,900)
7.7	Income taxes paid	(151,276)	(124,782)
7.8	Other (due largely to movement in customer deposits, loans & advances)	(910,233)	(400,561)
7.9	**Net Operating cash flows**	(333,400)	137,062
	Cash flows related to investing activities		
7.10	Payment of purchase of property, plant and equipment	(65,644)	(61,538)
7.11	Proceeds from sale of property, plant and equipment	7,061	705
7.12	Payment for purchases of equity investments	-	-
7.13	Movement in share trading activities	-	-
7.14	Proceeds / (Payment) for other investments	-	-
7.15	Loans repaid by other entities	-	-
7.16	Other (Government & central Bank Securities)	357,936	231,807
7.17	**Net Investing cash flows**	299,353	170,974
	Cash flows related to financing activities		
7.18	Share buyback	(37)	(538)
7.19	Client management trust	-	-
7.20	Repayment of borrowings	-	-
7.21	Dividend paid	(475,173)	(428,023)
7.22	Other (provide details if material)	(13,328)	(44,218)
7.23	**Net financing cash flows**	(488,538)	(472,779)
7.24	Net Increase (decrease) in cash held	(522,585)	(164,743)
7.25	Cash at beginning of period *(see reconciliation of cash)*	2,055,929	1,994,010
7.26	Exchange rate adjustment to item 7.25	6,202	(9,068)
7.27	**Cash at end of period** *(see reconciliation of cash)*	1,539,546	1,820,199

Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows. If an amount is qualified, show comparative amount.

Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current Period K' 000	Previous Corresponding period K' 000
8.1 Cash on hand and at Bank	1,180,815	1,264,932
8.2 Deposits at call- From other Banks	763,091	690,086
8.3 Bank Overdraft		
8.4 Other (provide details) - Due to other banks	(404,360)	(134,819)
8.5 **Total cash at end of period(items 7.27)**	1,539,546	1,820,199

Ratios	Current Period	Previous Corresponding period K' 000
Profit before abnormal and tax sales		
9.1 Consolidated operating profit (loss) before abnormal items and tax (item 1.4) as a percentage of sales revenue(item 1.1 & 1.3)	56.83%	55.80%
9.2 Consolidated operating profit (loss) after tax attributable to shareholders (item 1.10) as a percentage of equity (similarly attributable) at the end of period(item 4.33)	15.36%	16.15%

Earnings per share (EPS)	Current Period	Previous Corresponding period K' 000
10.1 Calculation of the following in accordance with AASB 1027: *Earnings per share*		
(a) Basic EPS	K0.931	K0.895
(b) Diluted EPS (if material differently from (a)	n/a	n/a
© Weighted average number of ordinary shares (K'000) outstanding during the period used in the calculated of the basic EPS	467,244	467,283
NTA backing (see note 7)		
11.1 Net tangible asset backing per ordinary security	5.970	5.459

Details of specific receipts/outlays,revenues/expenses

	Current Period K' 000	Previous Corresponding period K' 000
12.1 Interest revenue included in determining **item 1.1**	694,096	683,900
12.2 Interest revenue included in **item 12.1** but not yet received (if material)	92,274	111,067
12.3 Interest expense included in **item 1.4**(include all forms of interest,lease finance charges, etc)	98,849	83,035
12.4 Interest costs excluded from **item 12.3** and capitalised in asset values (if material)	-	-
12.5 Outlays(except those arising from the acquisition of an existing business) capitalised in intangibles (if material)	-	-
12.6 Depreciation and amortisation (excluding amortisation of intangibles)	58,061	42,281

Control gained over entities having material effect

see note 8

13.1 Name of entity (or group entities)	nil
13.2 Consolidated operating profit(loss) and extraordinary items after tax of the entity(or group of entities) since the date in the current period on which control was acquired	nil
13.3 Date from which such profit was calculated	
13.4 Operating profit(loss) and extraordinary items after tax of the entity (or group of entities) for the whole of the corresponding period	nil

(item 1.13)

Loss of control of entities having material effect

14.1 Name of Entity (or group of entity	nil
14.2 Consolidated operating profit(loss) and extraordinary items after tax of the entity(or group of entities) for the current period to the date of loss of control	nil
14.3 Date to which the profit(loss) in **Item 14.2** has been calculated	
14.4 Consolidated operating profit(loss) and extraordinary items after tax of the entity(or group of entities) while controlled during the whole of the previous corresponding period	nil
14.5 contribution to consolidated operating profit(loss) and extraordinary items from sale of interest leading to loss of control	nil

Reports for industry and geographical segments

Segments

The Bank of South Pacific Limited and its subsidiaries operates in the following segments - provision of banking services, stock broking services,fund management and insurance business throughout the pacific region.

Operating Revenue		
Sales to customers outside the economic entity	1,070,589	1,066,872
Inter-segment sales	-	-
Unallocated revenue	-	-
Total Revenue	1,070,589	1,066,872
Segment result (including abnormal items wher	434,909	418,289
Unallocated expenses	-	-
Consolidated operating profit before tax (equal	434,909	418,289
Segment assets)	23,390,004	22,946,828
Unallocated assets)	-	-
Total assets (equal to item 4.17)	23,390,004	22,946,828

Dividends (in the case of a trust, distribution)

15.1 Date the dividend(distribution) is payable	
15.2 Record date to determine entitlements to the dividends (distrbution) (ie, on the basis of registrable transfers received up to 5.00 pm	
15.3 If it is a final dividend, has it been declared? preliminary report only - Special dividend	

Amount per security

		Amount per security	Amount
	(Preliminary final report)		
15.4	Final Dividend: Current year:	101 toea	475,173
15.5	Previous year	91 toea	428,023
	Half yearly and preliminary final reports		
15.6	Interim Dividend: Current year	-	-
15.7	Previous year	-	-

Total dividend (distribution) per security (interim plus final)
(preliminary final report only)

	Current year	Previous year
15.8 Ordinary securities	101 toea	91 toea
15.9 Preference securities		

Half yearly report- interim dividend(distribution) on all securities or Preliminary final report- final dividend(distribution) on all securities

	Current year K'000	Previous year K'000
15.10 Ordinary Securities	-	-
15.11 Preference securities	-	-
15.12 Total	-	-

The dividend or distribution plans shown below are in operation

The last date(s) for receipt of election notices for the dividend or distribution plans

Any other disclosures in relation to dividends (distributions)

Details of aggregate share of profits (losses) of associates

Entity share of associates	Current period K'000	Previous corresponding period K'000
16.1 Operating profit(loss) before income tax	-	-
16.2 Income tax expense	-	-
16.3 Operating profit(loss) after income tax	-	-
16.4 Extraordinary items net of tax	-	-
16.5 Net profit(loss)	-	-
16.6 Outside equity interest	-	-
16.7 Net profit(loss) attributable to shareholders	-	-

Material interest in entities which are not controlled entities

The Bank of South Pacific Limited has no material interest(s) in any other entity.

	Name of Entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to operating profit(loss) and extraordinary items after tax(item 1.14)	
		Current period	Previous corresponding period	Current period K'000	Previous corresponding period K'000
17.1	Equity accounted associated entities				
	Suva Central Limited	50.00%	50.00%	-	-
	Richmond Limited	62.50%	61.30%	-	-
	BSP Finance Cambodia	50.00%	50.00%	-	-
17.2	Total			-	-
17.3	Other material interest	-	-	-	-
17.4	Total	0%	0%	-	-

Issued and quoted securities at end of current period

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Category of securities		Number issued	Number quoted	Amount paid per share(toea)
18.1	Preference securities (description)				
18.2	Issued during period		-	-	-
18.3	Ordinary Securities		467,241,898	467,241,898	
18.4	Issued during current period		-	-	-
			-	-	-
18.5	Convertible debt securities (description and factor)				
18.6	Issued during current period				
18.7	Options (description and conversion factor)			Exercise price	Expiry date (if any
	Executive Management Share Option Plan		-	-	
	Executive Management Share Option Plan		-	-	
18.8	Issued during current period		-	-	
18.9	Exercised during current period		-	-	
18.10	Expired during current period		-	-	-
18.11	Debentures (total only)				
18.12	Unsecured notes (totals only)				

Comments by directors

Comments on the following matters are required by POMSoX or, in relation to the half yearly report, by IAS 34. Half year accounts and consolidated Accounts. The comments do not take the place of the directors report (as required by the companies Act 1997) and may be incorporated into the directors report. For both half yearly and preliminary final reports, if there are no comments in a section state Nil. If there is insufficient space to comment attach notes to this report.

Basis of accounts preparation

If this report is a half yearly report, it is a general purpose financial report prepared in accordance with the listing rules and IAS 34. Half-year accounts and consolidated accounts. It should be read in conjunction with the last annual report and any announcements to the market made by the entity during the period.(delete if preliminary statement)

Material factors affecting the revenues and expenses of the economic entity for the current period

There are no material factors affecting the revenues and expenses of the economic entity for the current period.

A description of each event since the end of the current period which has had a material effect and is not related to matters already reported, with financial effect quantified (if possible)

Changes in accounting policies since the last annual report are disclosed as follows

(Disclose changes in the half yearly report in accordance with IAS 34.
Half-year accounts and consolidated accounts. Disclose changes in the preliminary final report in accordance with IAS: Accounting Policies Disclosure)

The Group has adopted IFRS 16 Leases as issued by the IASB in January 2016 with a date of transition of 1 January 2019, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. The Group did not early adopt IFRS 16 in previous periods. As permitted by the transitional provisions of IFRS 16, the Group elected not to restate comparative figures. On the initial application of IFRS 16, no adjustments had to be made to the opening retained earnings as at 1 January 2019 as the right of use assets were recognised at the amount equal to the corresponding lease liabilities. Consequently, for note disclosures, the consequential amendments have only been applied to the current period. The comparative period note disclosures repeat those disclosures made in the prior year.

Additional disclosure for trust

19.1 Number of units held by the management company or a related party of it

19.2 A statement of the fees and commisions payable to the management company

initial service charges
Management fees
other fees

Annual meeting
(preliminary final report only)

The annual meeting will be held as follows:
Place

Date

Time

Approximate date the annual report will be available

Compliance statement

1 This report has been prepared under accounting policies which comply with accounting standards approved by the Accounting Standards Board pursuant to the Companies Act 1997 or other Standards acceptable to PNGX Markets.

Identify other standards used

International Financial Reporting Standards

2 Report the financial statements prepared under the Companires Act 1997 (if separate), use accounting policies.

3 This report does give a true and fair view of the matters disclosed (see note 2)

4 This report is based on financial statements to which one of the following applies.

	The financial statements have been audited	X	The financial statements have been subject to review
	The financial statements are in the process of being audited		The financial statements have not yet been audited or reviewed

5 If the audit report or review by the auditor is not attached, details of any qualifications ~~are attached~~/ will follow immediately they are available (delete one)

6 The entity has a formally constituted audit committee.

Sign here..... Date...21st August 2019
Chairman

Print name...Sir Kostas Constantinou, OBE

.....
CEO

Print name...Robin Fleming, CSM