



Port Moresby Stock Exchange Release
Embargo - 10.00am Friday
5 September 2008

**Bank of South Pacific Limited
Half - Year Results - 30 June 2008**

Mr Noreo Beangke, Chairman, Board of Directors, Bank of South Pacific Limited (BSP) today released the results for the half-year to 30 June 2008.

A consolidated operating profit of K185.83 million is recorded for the half year. This is a 34.93% increase on the consolidated operating profit of K137.72 million achieved for the same period last year. After tax profit is K125.40 million.

The healthy increase in the profit outcome follows the significant growth in the level of BSP total assets – from K4.73 billion to K5.82 billion during 2007, the favourable economic conditions, continued growth in loan assets and increased volumes of foreign exchange transactions. The customer loan and receivables portfolio now exceeds K2.01 billion, an increase of 30% from the level of K1.55 billion as at year-end 2007. BSP total assets now exceed K6.38 billion.

The international banking industry efficiency benchmark, the expense to income ratio, continues to improve. A ratio of 36.20% was achieved. This is an improvement on the ratio of 39.40% as at the end of 2007, and confirms that strong cost controls have been maintained during a period of significant asset growth. This ratio compares favourably with the most efficient banks worldwide.

The BSP capital base remains in the “well capitalized” status by international definition. Capital adequacy is 20.80%, a reduction from the 29.00% level as at year-end 2007, this reflecting the strong growth in BSP total balance sheet assets. The capital ratio exceeds the Bank of Papua New Guinea prudential requirement of 12.00%.

Mr Beangke concluded that Bank South Pacific anticipates the current positive economic circumstances in Papua New Guinea will continue in the medium term. The low interest rate regime, buoyant domestic liquidity and appropriate monetary policy settings all augur well for the immediate future. He looks forward to completing another year of vibrant growth with strong key performance indicators again being achieved.

N. N. BEANGKE
Chairman
Port Moresby

05 September 2008

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