



**PORT MORESBY STOCK EXCHANGE RELEASE  
EMBARGO – 10.00 A.M. MONDAY  
11 SEPTEMBER 2006**

**BANK OF SOUTH PACIFIC LIMITED  
HALF-YEAR RESULTS – 30 JUNE 2006**

Mr Noreo Beangke, Chairman, Board of Directors of Bank South Pacific today released the Bank's half-year results to 30 June 2006.

A consolidated operating profit of K76.27 million is recorded for the half year. This is a 13.36% increase on the consolidated operating profit of K67.28 million achieved for the same period last year. After tax profit is K52.15 million.

Strong growth in Bank South Pacific total assets to K3.63 billion follows the significant growth in the Papua New Guinea banking system. This growth is largely the result of the ongoing favourable economic conditions and the 2000 financial reforms that underpin the financial system. Growth in total assets of K680 million was achieved during the half year. This equates to a growth rate of 23.05% for the period.

Mr Beangke further commented that Bank South Pacific continues to maintain the well capitalised definition by international standards. The capital adequacy ratio of 29.10% as at 30 June confirms the Bank's strong capital position.

Operational cost efficiencies continue with further improvement in the cost to income ratio. The Bank's cost to income ratio reduced from 54.97% to 52.06% and continues to compare favourably with peer regional banks in Australia. Growth in loans and receivables from K873.54 million to K972.04 million confirms steady loan demand against a backdrop of low interest rates and adequate domestic liquidity. The Bank continues to maintain its dominant market share of around 52% as the nation's banking assets.

Prospects for the second half year are positive with shareholder and investor confidence evident. Recent Bank South Pacific share trades on the Port Moresby Stock Exchange at K3.50 are a significant increase from the K3.20 level at the beginning of 2006. Market capitalization now exceeds K1.5 billion.

Mr Beangke concluded with comments that foreshadow another good year of rationalization together with vibrant growth. Current indications are that the 2006 profit result is expected to exceed the original budget projections adopted by the Board.

N. N. BEANGKE  
Chairman  
Port Moresby  
11 September 2006

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