



BSP NOTES CLOSURE

BSP's "First of a Kind" Tier 2 Subordinated Debt Capital Issue raised approx K75.5 million from both retail and professional Investors.

The public offer for retail customers closed on the 5th June 2009 and the professional offer was extended to the 5th September 2009. Both closures were in accordance with the Securities Act and POMSoX regulations.

An additional K50 million investment was proposed from Superannuation Funds and other financial institutions however these funds could not be accepted at closure date due to BPNG regulatory issues.

BSP's subordinated debt issuance target was K100 million.

CEO, Mr Ian B. Clyne highlighted that the issuance was a learning curve for both BSP, Investors and regulators. BSP views the outcome as very successful especially given that BSP potentially had K125 million of serious investor interest, and the subordinated note issuance was a "First of a Kind".

BSP will continue to be innovative in terms of trying to develop the Capital Markets and our banking services in PNG, and the Pacific.

The initial note was for 10 years with an extremely attractive 11% p.a. coupon and is listed on POMSoX. Several investors expressed their strong interest in a 5 year notes instrument which BSP may consider at some time in the future. BSP is the market leader in Banking in PNG and is very much committed to improving the standard and availability of Banking services throughout Papua New Guinea and the Pacific.

IAN B. CLYNE

Chief Executive Officer

28 September 2009