



## **PRESS RELEASE PORT MORESBY STOCK EXCHANGE ANNOUNCEMENT COMMONWEALTH BANK'S FIJI OPERATIONS**

BSP agrees to buy Commonwealth Bank's Fiji Operations

BSP has today signed a Share Purchase Agreement (SPA) with the Commonwealth Bank of Australia to purchase National Bank of Fiji Limited, Colonial Fiji Life Limited and associated companies.

National Bank of Fiji Limited trades as Colonial National Bank and enjoys a market share of around 20% of the Fiji banking sector. Colonial Fiji Life is the market leading life insurer in Fiji and was established in Fiji over 130 years ago.

The transaction is subject to regulatory approval by Bank of Papua New Guinea and by the Reserve Bank of Fiji.

National Bank of Fiji Limited held over PGK 790 million in total assets at 30 June 2009. Total assets of Colonial Fiji Life were in excess of PGK 516 million on the same date. The group reported earnings in 2009 were PGK 24.5 million.

The Managing Director and Chief Executive Officer of BSP, Mr. Ian B. Clyne said that the transaction is probably the most important strategic advance that BSP has made since the merger with the Papua New Guinea Banking Corporation in 2002.

"This transaction positions BSP as one of the largest banking groups in the Pacific Region. Along with BSP's existing operations in Fiji, Solomon Islands and Niue it offers the people of the Pacific a locally owned Bank with a unique understanding of their special financial needs.", he said. Mr Clyne went on to say that "BSP is now uniquely placed to take advantage of the growing trade & business flows between Fiji, PNG and Solomon Islands".

Execution of the SPA follows an extended due diligence period by BSP and its advisors. Settlement of the transaction will take place when regulatory approvals are in place.

The Chairman of BSP, Mr. Noreo Beangke indicated that the purchase of the Colonial group in Fiji is expected over the medium term to create significant additional value for shareholders.

"It is a very positive outcome", he said " BSP is working towards creating a truly meaningful Pacific Banking franchise which can be more than competitive with our Australian counterparts, and the Bank has a true long term commitment to the development of the Pacific Region".

BSP and CBA intend to enter a Transition Services Agreement where CBA will continue to provide certain support services to the Fiji operations. This is proposed to include the services of the current Managing Director, Mr. Laurie Mellsop and the Chief Financial Officer Mr. Michael Collins and other senior seconded staff.

All other details regarding the sale remain confidential.

Authorised by the Board of Bank of South Pacific Limited

Wednesday, October 07, 2009