Press Release and POMSoX Announcement SSP issues

Mandatory Convertible Notes in Fiji

BSP announced that it had launched an issue of mandatory convertible notes to sophisticated investors in Fiji. The notes have a three year term, a coupon of 7% and are mandatorily convertible to Fiji Class Shares on maturity in 2013 and in certain circumstances at earlier dates.

The issue is for a minimum subscription of FJD 5 million but BSP may accept oversubscriptions depending on the level of demand.

The notes have been issued on the basis of 10 shares for one note and priced at FJD5.25 per note. This equates to K7.56 per Note at the Fiji dollar selling rate of 1.44. In the five trading days to 4 March 2010 the volume weighted average price of BSP shares on POMSoX was 741.

The notes will be issued by BSP Convertible Notes Limited, a special purpose company registered in Fiji and a wholly owned subsidiary of BSP established for the single purpose of acting as the issuer of the notes and subsequent Fiji Class Shares. The Fiji Class Shares to be issued on conversion of the notes are a special class of shares that are denominated in Fiji Dollars but give a holder certain economic rights in based on the ordinary shares of BSP. They will receive an equivalent dividend expressed in FJD, have equivalent rights with BSP Shareholders in winding up and will have their rights adjusted to reflect capital reconstruction events that might apply to BSP in the future.

The Managing Director and Chief Executive Officer of BSP, Mr. Ian B. Clyne explained that this type of issue has been reasonably common in other parts of the developed world, more notably between New Zealand and Australia. However he pointed out that this is the first of issue of this type and structure to be launched in the Pacific. “It is”, he said, “an important development in capital market activity in the region. The Issue has required close consultation by BSP with Bank of Papua New Guinea and the Reserve Bank of Fiji where BSP has fully complied with all conditions for approval.”

Application has been made for the notes to be listed on the South Pacific Stock Exchange and when converted, to also list the underlying Fiji Class Shares.

The Chairman of BSP, Mr. Noreo Beangke said that the issue of the notes evidenced a new maturity of capital markets in the Pacific and it indicated the capacity of regulators in the region to capably deal with the more complex capital market transactions. “The issue of these notes” he said, “further illustrates the long term commitment that BSP has to the Pacific region.”

IAN B. CLYNE
Chief Executive Officer