



BOARD CHARTER

VERSION 1

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Board Charter

A Board Structure

1. Board Size and Composition

The Directors will: -

- 1.1 determine the number and composition of the Bank of South Pacific Ltd Board, subject to limits imposed by the Bank of South Pacific Ltd Constitution.
- 1.2 identify and evaluate possible future Directors for the Board of Bank South Pacific Ltd.
- 1.3 appoint Directors to fill casual vacancies.
- 1.4 make recommendations to Bank of South Pacific Ltd's shareholders for the appointment and removal of directors.

2. Chairman

The Directors will: -

- 2.1 appoint the Chairman of the Bank of South Pacific Ltd's Board.

3. Board Committees

The Board will: -

- 3.1 determine the membership and responsibilities of standing Board Committees. At present these comprise:
 - Board Audit Risk and Compliance Committee.
 - Remuneration and Nomination Committee.
- 3.2 determine the membership and responsibilities of ad hoc Board Committees.

4. The Business of the Board and Board Committees

The Board will: -

4.1 determine the frequency, duration and agendas of Board and Committee meetings.

5. Board Independence and Performance

The Directors will: -

5.1 assess the independence of individual Non-Executive Directors.

5.2 monitor dealings in securities by Directors.

5.3 monitor declaration of interests by Directors.

5.4 evaluate the performance of the Board, the Board Committees and individual Directors.

B Senior Executive Appointments

6. Managing Director

The Board will: -

6.1 select and appoint the Managing Director.

6.2 evaluate the performance of the Managing Director.

6.3 determine the duration, remuneration and other terms of appointment of the Managing Director.

6.4 develop and maintain a succession plan for the role of the Managing Director.

7. Senior Management

The Board will: -

7.1 approve the appointment of executive management and the Company Secretary.

7.2 evaluate the performance of executive management and the Company Secretary.

7.3 determine the duration, remuneration and other terms of appointment of executive management and the Company Secretary.

7.4 develop and maintain a succession plan for senior management.

C. Board Business

8. Strategy

The Board will: -

8.1 provide strategic direction to the Bank of South Pacific Ltd.

8.2 approve significant corporate strategic initiatives.

9. Finance

The Board will: -

9.1 approve the Bank of South Pacific Ltd's budget on an annual basis.

9.2 monitor financial performance against approved budget.

9.3 determine dividend policy.

9.4 determine the amount, nature and timing of dividends to be paid.

9.5 make determinations concerning the capital structure of the Bank of South Pacific Ltd including, without limitations:

- allotment of new capital.
- share buy-backs.
- changes of capital structure.
- capital raising.

9.6 consider and approve interim and final Financial Statements, and the Bank of South Pacific Ltd's Annual Report.

10. Risk Management

The Board will: -

- 10.1 consider and approve the Bank of South Pacific Ltd's risk management strategy, having regard to the Managing Director's recommendations, and set key parameters.
- 10.2 review and approve the Bank of South Pacific Ltd's framework for managing the major areas of risk, including:
- credit risk.
 - liquidity risk
 - market risk.
 - interest rate risk
 - operational risk, including regulatory and legal risk, and reputation risk.
- 10.3 monitor the effectiveness of risk management by the Bank of South Pacific Ltd.
- 10.4 satisfy itself that appropriate internal control mechanisms are in place and are being implemented.
- 10.5 maintain a direct and ongoing dialogue with the Bank of South Pacific Ltd's auditors and, where appropriate, principal regulator, to provide reasonable assurance of compliance with all regulatory requirements.

11. Auditors

The Board will: -

- 11.1 on the recommendation of the Board Audit Risk and Compliance Committee select and nominate External Auditors to the shareholders.
- 11.2 determine the duration, remuneration and terms of appointment of the Auditors.
- 11.3 evaluate the performance of the Auditors.

12. Internal Governance

The Board will: -

12.1 determine the scope of authority delegated to the Managing Director or any other officer.

12.2 approve policies for appointments to the Boards of entities that are controlled by the Bank of South Pacific Ltd.