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On Market Share Buy Back

The Chairman of Bank of South Pacific Limited, Mr. Kostas Constantinou today announced that the Board of Directors had resolved to undertake a buyback program to buy back up to K15 million worth of its own shares. The buyback is set to open on the day following this announcement and will continue for a period of up to 12 months.

The buyback program will continue BSP's capital management strategy to achieve a balance between returning capital, retaining sufficient flexibility to invest capital, pursuing growth options and maintaining strong credit metrics.

BSP intends to enter the market from time to time to purchase shares pursuant to the buyback. Under the buy back, shareholders are invited to sell up to a maximum of 1000 BSP shares of each registered holding. BSP will pay any brokerage on shares bought back. Selling shareholders will not pay brokerage.

Kostas Constantinou, OBE

Group Chairman | Bank of South Pacific Ltd

About BSP

Our Commitment to PNG is growing. The BSP Group employs 4000+ people across PNG and the South Pacific and services more locations and provides more ways of convenient banking in PNG than any other bank.

- 42 Branches
- 13 Premium Service Centres
- 42 Sub Branches
- 226 Agents
- 301 ATMs
- 13,000+ EFTPoS

With millions invested in new facilities and technology to make banking easier, new improved services on the way and a growing network of conveniently located banking agencies, Express and Priority Banking and Premium Lounges, our commitment to PNG is stronger than ever.

And so is our interest in the future with our continued and growing investment in a diverse range of community projects and health and well-being programmes to designed to help others grow.

- 33 The number of community projects delivered in PNG in 2013
- 165 The number of individual community projects in PNG from 2009 – 2013
- K3.6mil Amount BSP has invested in communities in PNG from 2009 – 2013

FOR MORE INFORMATION - CONTACT

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BANK OF SOUTH PACIFIC LIMITED

OVERVIEW OF THE BUY BACK

Bank of South Pacific Limited (BSP) has resolved to conduct an on market buy back of some of its shares. Under the buy back, shareholders are invited to sell to BSP in the buy back up to 1000 shares of each registered holding. Set out below are the terms and conditions of the buy back and other relevant information for investors.

1. WHAT IS A BUY BACK?

Under a buy back a company buys its own shares from its shareholders. Any shares bought back are cancelled, with the result that the number of shares on issue is reduced by the number of shares bought back.

2. WHY IS BSP BUYING BACK ITS SHARES?

The buyback is being undertaken as part of BSP's capital management strategy designed to achieve a balance between returning capital, retaining sufficient flexibility to invest capital, pursuing growth options and maintaining strong credit metrics.

3. WHAT ARE THE ADVANTAGES AND DISADVANTAGES OF THE BUY BACK?

The buyback is expected to marginally improve earnings per share for shareholders who continue to hold BSP shares.

The advantages for individual shareholders of participating in the buyback may include:

- a) Shareholders who choose to participate can tailor their participation to suit their own circumstances. In particular, shareholders can choose:
 - i. Whether to sell their shares in to the buy back
 - ii. Whether to sell a portion of their shares in to the buy back
- b) Shareholders with small holdings are able to sell all of their shares in to the buy back so as not to be left with a small parcel of shares.
- c) Shareholders will not pay brokerage to sell their shares into the buy back.
- d) Shareholders who sell all of their shares into the buyback will not be exposed to any future decline in the market price of BSP shares.
- e) The disadvantages for individual shareholders participating in the buyback may include:
- f) Shareholders who sell all of their shares into the buyback will not be exposed to any future rise in the market price of BSP shares.
- g) There is no assurance that the buyback will be successful.

4. DO I HAVE TO PARTICIPATE IN THE BUY BACK?

No, participation is optional. If you do not want to sell any of your shares, you do not need to take any action.

If you do nothing, the number of shares you hold will not change as a result of the buy back, although your proportional shareholding in BSP will increase slightly.

5. HOW MANY SHARES WILL BSP BUY BACK?

BSP intends to buy back up to K15 million worth of shares. At current prices it represents approximately 1,875,000 million shares or less than 0.5% of BSP's issued shares.

6. HOW LONG WILL THE BUY BACK BE OPEN?

The buyback will be open from the opening date 14 July 2014, for a period of 12 months. The buyback may close earlier if the shares are acquired more quickly.

7. HOW MANY SHARES CAN I SELL?

Each registered shareholder can sell up to 1,000 shares into the buy back. Shareholders should seek advice from their financial advisor before they make a final decision to sell any of their shares in the buy back.

8. HOW DO I SELL MY SHARES IF I ACCEPT THE BUY BACK?

Shareholders need to contact:

BSP Capital Ltd Phone 321 4333

Kina Securities Limited Phone 308 3800

BSP Capital Limited and Kina Securities Ltd will be engaged by BSP to buy shares in the buy back. BSP has agreed with both brokers to pay a fee to them on each purchase by BSP pursuant to the buy back and they have agreed with BSP that they will not charge any brokerage to any shareholder who sells their shares into the buy back.

9. WHEN DO I GET PAID?

BSP will pay your stockbroker for any shares bought back. You should check with your stockbroker about the time it will require to transfer these funds to you. Stockbrokers usually settle with their clients within 7 days. Shareholders should make sure that their current address and banking details are up to date with their broker.

10. CAN I PARTICIPATE IF I RESIDE OUTSIDE OF PAPUA NEW GUINEA?

Yes you may. The buyback is open to all shareholders registered as holders of BSP shares.

11. PARTICIPATION BY DIRECTORS AND SENIOR MANAGEMENT

Pursuant to BSP's dealing in securities policies, BSP directors and senior management involved in implementing the buy back will not participate in the buy back.