



A wholly owned subsidiary of BSP Papua New Guinea

Registered Office: Level 12, BSP Suva Central Building, Cnr of Renwick Rd & Pratt Street, Suva, Fiji Islands.
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Market Announcement to South Pacific Stock Exchange

“BSP clarifies BCN Fiji Class Shares and BSP Ordinary Shares price disparity”

About BSP Convertible Notes Limited (BSP CN Fiji):

BSP Convertible Notes Limited (BSP CN Fiji) is a wholly owned subsidiary of Bank of South Pacific Limited (BSP). BSP is a Papua New Guinea based full service Bank with representation in many major Pacific economies. BSP is listed on the Port Moresby Stock Exchange (PNGX) and has a B- credit rating from Standard & Poors. BSP Convertible Notes Limited (BSP CN Fiji) is a special purpose vehicle incorporated in Fiji with limited powers under its Memorandum and Articles. It is listed in the South Pacific Stock Exchange (SPX) in Fiji as **BCN**.



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16 March 2021

“BSP clarifies BCN Fiji Class Shares and BSP Ordinary Shares price disparity”

BSP Convertible Notes Limited (BCN) is a special purpose company registered in Fiji and a wholly owned subsidiary of Bank of South Pacific Limited (BSP). On 11 May 2010, BCN issued mandatory convertible notes to investors in Fiji. These notes were subsequently listed for trading on the South Pacific Stock Exchange (SPX). In accordance with the terms of issue, the notes mandatorily converted to Fiji Class Shares of BCN on 20 April 2013.

Following the conversion, the right to receive a dividend by Fiji Class Shareholders is equal to the amount of the dividend paid on a BSP Ordinary Share, paid in Fiji dollars and subject to any capital adjustment such as a bonus issue or share split that may have been applied to BSP Ordinary Shares. Therefore, Fiji Class Shares now receive dividends in FJD equal to the dividends paid in Kina to holders of BSP Ordinary Shares.

The conversion also allows the Fiji Class Shares to be exchanged on a one for one basis into BSP Ordinary Shares at a subsequent date and only at the option of BSP on the occurrence of certain prescribed events.

Notes were purchased at \$5.25 each and with a fixed coupon of 7%. On 20 April 2013, and upon conversion, the underlying value of a Fiji Class share was identical to the share price of a BSP Ordinary Share as quoted on the PNGX Markets (PNGX). Based on the midpoint exchange rate of FJD to PGK at conversion (.9126), the Fiji Class Share was therefore valued at \$7.39.

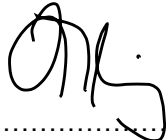
BSP has noted that there is currently a disparity in the share price of the Fiji Class Shares on SPX and the BSP Ordinary Shares on PNGX. The price at which BCN Fiji Class Shares are being traded on SPX as at 15 March 2021 is FJD31.50 and the share price on PNGX for a BSP Ordinary Share is PGK12 (FJD6.90).

BSP wishes to clarify that this disparity in the share price may be driven by the demand for Fiji Class Shares and the willingness of a Fiji Class Shareholder to sell at a price agreed to by the Fiji Class Shareholder. Based on the consistent dividend payment by BSP on its Ordinary shares to Fiji Class Shareholders, BSP has seen an increased demand for purchase of the Fiji Class Shares.

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BSP would further like to clarify that the share price of Fiji Class Shares is not determined by BSP. At the time of purchasing Fiji Class Shares, a potential buyer must utilise the services of a licensed Stockbroker in Fiji and at the outset all financial and trading information is provided to a buyer including the difference of the share prices listed on PNGX and SPX.

A handwritten signature in black ink, appearing to be 'RF', positioned above a dotted line.

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Robin Fleming, CSM
CHAIRMAN