



Bank South Pacific

Bank of South Pacific Limited

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Shareholders of the Bank of South Pacific Limited (the "Company") will be held at the Crowne Plaza Hotel, Hunter Street, Port Moresby NCD on Friday 25th May 2018 commencing at 10.30 a.m. for the purpose of transacting the following business.

Explanatory Note containing information in relation to each of the following resolutions accompanies the Notice of Meeting.

AGENDA

General Business:

Minutes of the Previous Meeting held on 26th May 2017

To receive, consider and accept the Minutes of the previous Annual General Meeting held on 26 May 2017 as a correct record of that meeting.

Ordinary Business:

Item 1 Annual Report including Financial Statements for the Year Ended 31 December 2017

To receive the Annual Report, including the Financial Statements, Director's Report and Auditor's Report, for the Company and its subsidiaries for the year ended 31 December 2017.

Item 2.1 Re-Election of Directors

To elect the following directors:

- (a) Geoff Robb, who retires by rotation and offers himself for re-election as a director of the Company
- (b) Augustine Mano who retires by rotation and offers himself for re-election as a director of the Company

Item 2.2 Election of Directors

To elect the following directors being directors who have been appointed by the board to fill casual vacancies since the last annual meeting:

- (a) Mr. Stuart Davis; and
- (b) Mr. Robert Bradshaw.

Item 3 Appointment of Auditor

To appoint PricewaterhouseCoopers as auditor of the Company from the conclusion of this meeting until the conclusion of the next annual meeting of the Company and that the Board be authorized to fix their remuneration.

Item 4 Increase in Aggregate Fee Limit for Non Executive Directors Fees

Item 5 Any other Business

For your convenience you can download a copy of the Annual Report each from the BSP Website: www.bsp.com.pg (Only direct requests for hard copies will be filled, per proxy form.)

To consider any other business of the day.

By order of the Board of Directors.

Mary Johns
Company Secretary
25th April 2018



EXPLANATORY NOTE

Shareholders Meeting to be held on 25 May 2018

This Explanatory Note is intended to provide shareholders with sufficient information to assess the merits of the resolutions contained in the Notice of Annual General Meeting.

The Directors recommend Shareholders read this Explanatory Memorandum in full before making any decision in relation to the resolutions.

Item 1 Reports

The Annual Report, including the Financial Statements, Director's Report and the Auditor's Report included in the 2017 Annual Report, for the Company and its subsidiaries for the year ended 31 December 2017 are attached to this Explanatory Note for the shareholders to read prior to the meeting.

Neither the Papua New Guinea Companies Act 1997 nor the Company's constitution requires shareholders to vote on such Reports. However, shareholders will be given ample opportunity to raise questions on the Reports at the Meeting.

Item 2.1 Re-Election of Directors:

The Board proposes that Geoff Robb, OAM and Augustine Mano be re-appointed as directors of the Company. The Board considers that each nominee possesses attributes necessary for the development of the Company.

(a) Geoff Robb.

Geoff Robb was appointed at the shareholders' meeting as a director on 22 May 2015.

In accordance with the Company's constitution, and being eligible, Geoff Robb offers himself for re-election by the shareholders.

(b) Augustine Mano

Augustine Mano was appointed at the shareholders' meeting as a director on 22 May 2015.

In accordance with the Company's constitution, and being eligible, Augustine Mano offers himself for re-election by the shareholders.

Item 2.2 Election of Directors:

(a) Stuart Davis

The Board proposes that Mr. Stuart Davis be appointed as director of the Company. Mr. Davis was appointed to the Board in August 2017 after having completed the Fit & Proper Person requirements of the Bank of PNG. The Board considers that Mr. Stuart Davis possesses attributes necessary for the development of the Company.

(b) Robert Bradshaw

The Board proposes that Mr. Robert Bradshaw be appointed as director of the Company. Mr. Bradshaw was appointed to the Board in September 2017 after having completed the Fit & Proper Person requirements of the Bank of PNG. The Board considers that Mr. Robert Bradshaw possesses attributes necessary for the development of the Company.

Item 3 **Appointment of Auditor**

The Board proposes that PricewaterhouseCoopers be appointed auditor of the Company from the conclusion of this meeting until the conclusion of the next annual meeting of the Company and that the Board be authorized to fix their remuneration.

Item 4 **Increase in Aggregate Fee Limit for Non Executive Directors Fees**

The Shareholders approved the increase in the aggregate fees of the Non-Executive Directors from K2,000, 000, 000.00 to K2, 500,000 at the 2015 Annual Meeting. The increase in fees at the time included the Bank and its wholly subsidiary, BSP Capital Limited, BSP Finance Limited and its subsidiaries BSP Finance (PNG) Limited and BSP Finance (Fiji) Limited.

The Board at its Meeting on 2nd March 2018, authorized the increase in the aggregate fees from K2, 500, 000.00 to K4, 500,000.00 subject to the approval of the shareholders at the 2018 Annual Meeting

The increase in fees includes the Bank and its wholly owned subsidiaries, BSP Capital Limited, BSP Finance Limited and its subsidiaries BSP Finance (PNG) Limited, BSP Finance (Fiji) Limited, BSP Finance Solomon Islands Ltd, Bank of South Pacific Tonga Ltd, Bank South Pacific Samoa Ltd, Bank South Pacific (Vanuatu) Ltd and BSP Life (PNG) Ltd. The Board wishes to retain its existing members and appoint talented individuals to better serve shareholders and other stakeholders.

The significant growth in BSP's total assets and profitability and the increased responsibilities across the South Pacific in the countries where the Bank operates has materially increased each Directors role and responsibility in ensuring appropriate management of the Company in the terms of internationally accepted corporate governance principles.

The non-executive Directors receive no other benefits other than Directors fees and Committee Fees to which they are appointed.

Item 5 **Any other Business**

SAVE OUR TREES AND KEEP OUR PLANET GREEN

For your convenience you can download a copy of the Annual Report each year from the BSP Website: www.bsp.com.pg

(Only direct requests for hard copies will be filled-per proxy form)

To consider any other business of the day.

By order of the Board of Directors.