

Monday September 6th, 2010

## BSP Board of Directors Announcement

In response to recent adverse media comments BSP's Board of Directors feels it necessary to make comment publicly on a number of issues.

BSP's Board of Directors unanimously supports Mr Ian B. Clyne, our Managing Director & Chief Executive Officer, Mr Robin Fleming, Deputy Chief Executive Officer and Chief Risk Officer, and Mr John Maddison, Senior Legal Officer.

Their conduct, professionalism and commitment to BSP and PNG is unquestioned, and above reproach. Media and other comment from uninformed third parties are for the most part inaccurate, and in our view, often deliberately distorted.

Under Mr Clyne's leadership, BSP is moving to a new dimension in terms of the quality and diversity of BSP's banking service. BSP's aim is to significantly enhance our customer service quality, channel delivery and product offering, including introducing Rural Banking services to those many parts of PNG that have no access to banking services today. The expansion of BSP into the Pacific is also an extremely important step towards ensuring BSP's long term sustainability, and towards improving banking services in other Pacific Nations.

Mr Clyne has also instigated BSP "Community Programs" which makes BSP a leader in PNG & the Pacific in terms of "giving back" to the communities in which BSP operate through social and sporting programs.

"Go Green" BSP's PNG School and Community clean up program in September 17 and 18<sup>th</sup> is another example of BSP's commitment to our communities and PNG.

The Board of Directors is happy the recent strike has been resolved, and that all staff are back at work servicing our valued customers. BSP and the Bankers Union had very open and amicable negotiations all in the interests of our staff. No external union party contributed to the negotiations and the mutually agreed outcome.

It should be noted that 60% of our 2,300 staff attended work, and all ATMs and Kundu Pei, and other systems remained fully operational. Unfortunately some branch services were reduced.

The Board of BSP sincerely appreciates the understanding and support of all our valued customers, and sincerely apologizes for the inconveniences caused.

The re-arrest of Mr Robin Fleming and Mr John Maddison for the proper conduct of their normal banking duties is damaging not only to these honest and professional individuals, but also to the reputation of BSP, and equally importantly PNG.

Mr Garth McIlwain our former MD & CEO has also been arrested in relation to the same matter. Mr McIlwain has the "full and unequivocal" support of BSP Board, and BSP Executive Management. Mr McIlwain has held, and currently holds Senior Board Roles in some of PNG's most respected companies. 42 years of outstanding and respected service to PNG is being challenged.

BSP fully supports the Business Against Corruption Alliance (BACA), and calls on greater Government and Community commitment to improving our Police and Judicial Systems. A transparent & professional, well trained and well funded policing and legal system are the basic pillars for building a just and fair society, and to stimulate economic growth to the benefit of all Papua New Guineans.

BSP is confident the Rule of Law will prevail. BSP is committed to the future of PNG and the Pacific.

BOARD OF DIRECTORS  
Port Moresby