



## Chairman's Address

Good morning everyone and welcome to BSP Financial Group Limited's 2023 Annual General Meeting.

My name is Robert Bradshaw. I am the Chairman of BSP Financial Group Limited and I will be the Chairman of this Annual General Meeting as well. Present on stage with me today are my fellow Board members:

- The Group CEO Mark Robinson
- Arthur Sam
- Stuart Davis
- Dr. Matagalofi Lua'iufi
- Priscilla Kevin
- Frank Bouraga
- Symon Brewis-Weston
- Patricia Taureka-Seruvatu
- and our newest director, Ian Tarutia, whose appointment is subject to shareholder ratification at this meeting.

After serving on the Board since 2017, it is my privilege today to address you, our shareholders for the first time as the Chair of the BSP Board.

I am proud to be on the journey with BSP, as we continue to help our customers, staff, shareholders and the communities in which we operate prosper.

### The Pacific

As you may know, BSP was founded in 1957.

One theme has been consistent since our founding and that is our commitment to our Pacific heritage.

Our rich heritage and strong brand throughout the Pacific has served us well and we have the foundations in place to continue to be the leading bank in the region. Our long-term commitment to the communities in which we operate is underpinned by prudent risk management, including a strong balance sheet.

The Pacific region is exciting with a rich history, strong economic fundamentals and trade and other links between countries in the region and with countries outside the region. Of course, this region is attracting more attention these days from countries beyond our Pacific region.

Over the past several years, BSP has been operating against an economic backdrop that has been impacted by global supply chain constraints, high inflation, natural disasters, and a global pandemic that affected key industries. Donor support was provided towards disaster and pandemic recovery efforts in the region as well as for bridging fiscal shortfalls for Pacific nations in the aftermath of the pandemic.

BSP has remained strong throughout this period with solid profitability and with our total assets increasing to a record K34 billion at year-end 2022.



In PNG, our natural resources projects will be a strong driver of the economy for the next 10+ years. These projects represent opportunities for investment activity in the medium-term and provide the impetus for broader economic activity and a solid foundation for long-term growth.

### **Board and Management Changes**

I want to thank and acknowledge the former Chair, Sir Kostas Constantinou, who retired from the Board in February.

I also want to welcome our new board member, Ian Tarutia, whom the Board selected to fill the vacancy arising from Sir Kostas retirement. Ian recently retired from Nasfund, where he was Chief Executive Officer and had a distinguished 35-year career. Nasfund is one of PNG's largest superannuation funds with a broad portfolio of investments in the country. Ian has both deep experience in PNG and a unique knowledge of the investment industry. Also, Ian is well known across the Pacific region for his leading role in the investment community.

I am now delighted to formerly welcome our new Group Chief Executive Officer, Mark Robinson, who was appointed in November, 2022 and then moved to PNG to assume his role on March 1<sup>st</sup> this year.

Mark brings more than thirty years of international banking experience as a Chief Executive Officer and senior banking executive in both developed and emerging markets.

Before his appointment at BSP, Mark's former Chief Executive Officer roles included leading Commercial Bank International, a publicly listed bank based in the United Arab Emirates and regional Chief Executive officer of ANZ Banking Group's operations for Southeast Asia. Prior to this, Mark held numerous senior executive roles with Citibank, including in India, Russia, Turkey and Hungary.

Mark's experience in emerging markets, coupled with his knowledge of leading customer-centric financial services organisations is a great complement to the experienced senior team at BSP. We are very proud of the great achievements of BSP and believe that Mark, working closely with our Board, will be able to develop BSP into an institution recognized beyond our region for delivering an extraordinary customer experience.

### **New Banking System**

As you will be aware, BSP implemented a new Banking System on 11<sup>th</sup> April 2023 in PNG. This project, which began over five years ago, was necessary to replace aging legacy systems.

The new Banking System will ensure BSP has a modern core banking platform to provide added security and product capabilities. In addition, the integration of all our main systems will enable the bank to improve its back office operational processes, for simpler and easier banking for our customers.

Implementing any new technology of this scale is a complex undertaking. You will also be aware that despite the rigorous planning and risk assessments, BSP encountered several technical issues that impacted our customers.



The Board has been closely monitoring the progress on the resolution of these issues and is confident that the remediation strategies and process improvement measures the Bank has undertaken will help the bank to regain customer confidence.

Mark will provide more detail of this in his remarks.

### **Delivering for our customers with discipline**

Our Board takes their role very seriously. We have a great responsibility to guide BSP in the years ahead.

Over the past few years, the Board has been focused on driving a compliance culture. This will continue. The Board is also focused on BSP becoming a more customer-centric organization.

Being a customer-centric bank in our markets is particularly important. Our customers' needs require us to offer leading edge digital products and services on one hand, and on the other, basic banking services for non-digital customers, many of whom live in rural areas.

Your Board is serious about making a difference to the lives of our customers, by guiding the Bank to a more customer-centric model.

We remain committed to being here for our customers, both in the good times and when we are needed most.

### **Stakeholder Support**

I would like to thank everyone who has supported BSP over the last 12 months, especially our customers, for trusting us to meet their banking needs.

Our BSP team, who work tirelessly to improve our banking services.

My fellow Directors, for their commitment to ensuring BSP is well positioned for sustained growth.

And lastly, thank you to our valued shareholders, for your investment in BSP.

I would like to now welcome Mark Robinson to the podium, to provide his first address as Chief Executive Officer at today's AGM.

Thank you!



## Group CEO's Address

Good morning. Thank-you Chair for your kind introduction.

Since assuming my role on 1st March this year, I have been spending time with my BSP colleagues, our customers, our shareholders and, of course, other important stakeholders such as our regulators.

Your bank is healthy and sound. We have solid profitability and a strong balance sheet. Our strong health is also evident in the depth of our customer relationships and the highly motivated team of professionals at BSP who serve our customers every day.

We play an important role in the communities across the Pacific in which we operate and we take our role very seriously. In many communities, we may be the only bank providing banking services. BSP will be there for our customers in their communities in both the good times and the challenging times.

As I work with my colleagues to build upon the great foundation at BSP, I want to share my key principles, which I am applying at BSP.

### Customers

Our job is to help our customers meet their banking needs. We must put customers first. Our customers' needs include day to day banking such as sending money to a relative in another part of the country. We also help our customers save to buy a house or provide them financing for the expansion of their business. We should be easy to deal with and dependable. Our customers rely upon us and we take this responsibility very seriously. We must do more to ensure that our customers have a positive experience dealing with BSP, which includes minimal waiting times and being served by friendly, well trained and knowledgeable staff.

### Healthy and Sound

The world continues to present economic and geopolitical risks that impact almost every country. This includes higher inflation, particularly for energy and food, and more volatile markets generally. Our region is certainly no exception. We must navigate this environment by exercising prudent risk management and ensuring our balance sheet remains strong. In short, we have a responsibility for BSP to be prepared to weather any storm, including these inevitable global economic cycles, which impact our region.

### Investment

Our investment in our people, our products and technology provide the foundation for sustainable growth. We believe in supporting the professional development of our people so they have the skills and capabilities to excel in their roles. Our customers' financial needs are very diverse and changing and thus we must invest in our products and services to ensure they are relevant. The technological changes impacting Banks are enormous, including the move to the cloud and need for data analysis to drive decision-making. Harnessing data effectively can help us move faster to develop products and services to better serve our customers.

### Transparency



Our brand is strong and reflects our reputation, which is very important to us. Our reputation reflects the track record of years of experience that customers and communities have dealing with us. We must ensure that our products are easy to understand and banking with BSP is simple. It also means we need to admit when we have made a mistake, including failing to deliver the service our customers deserve. When we make a mistake, which will happen, we will work hard to correct it and earn back our customers' trust. We will communicate with our regulators openly and honestly.

### **Our Communities**

We serve our communities in multiple ways. When our communities are healthy and vibrant, then we all benefit. We are proud to be an employer of a highly talented team from our communities. Also, we understand our role as a taxpayer and the importance of our tax payments to fund needed services. Over the last ten years, BSP has paid A\$1.4B equivalent (K3.5B) in taxes that supports communities across the Pacific. Of course, our dividends support our investors, who include retirees and those saving for the future, including to buy a house, for education or for retirement. Over the last ten years, we have paid A\$2.3B equivalent (K5.6B) in dividends.

### **Our New Banking System**

We implemented our new Banking System in PNG almost six weeks ago. This has been a project that started over 5 years ago. Most of our business transitioned smoothly, including branches, ATMs and EFTPoS. Unfortunately, we encountered some issues, particularly in the payments area. We are deeply sorry for the inconvenience that has caused some customers. We are working closely with impacted customers to address any remaining issues. We have been in close contact with our regulators during this period and we will undertake a third-party review to ensure that we capture the learnings from this experience.

I wish to end by thanking our 4,500 employees and their families, of BSP. They have steered the Bank well during the challenging times of the last several years and they ensure we are well prepared for the future. I am proud to join the BSP team.

Finally, I wish the communities in which we operate prosperity and good health in the year ahead.