



19th May 2023

Ms. Nicola Lombardi
ASX Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000
Australia

By Electronic Lodgment

Dear Ms. Lombardi,

BSP Financial Group Limited – 2023 Annual General Meeting Presentation

In accordance with the ASX Listing Rules, BSP Financial Group Limited (**ASX: BFL | PNGX: BSP**) provides to ASX for release to market its 2023 Annual General Meeting Presentation.

Sincerely,
BSP Financial Group Limited



Mary Johns
Company Secretary

Enclosure

BSP Financial Group Limited

Incorporated in Papua New Guinea | ARBN 649 704 656

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A PO Box 78, Port Moresby, Papua New Guinea **W** www.bsp.com.pg



Our Bank. Our People.



Annual General Meeting

19th May 2023

Ballrooms 3 & 4,
Crown Hotel, Port Moresby, Papua New Guinea

Chairman's Address

Board Chairman
Mr. Robert Bradshaw

Group CEO's Address

Group CEO
Mr. Mark T. Robinson



**Our Bank.
Our People.**

2023 ANNUAL GENERAL MEETING

Shareholder Presentation

Mark T. Robinson – Group CEO

BSP Financial Group Limited

[ARBN: 649 704 656, Incorporated in Papua New Guinea]



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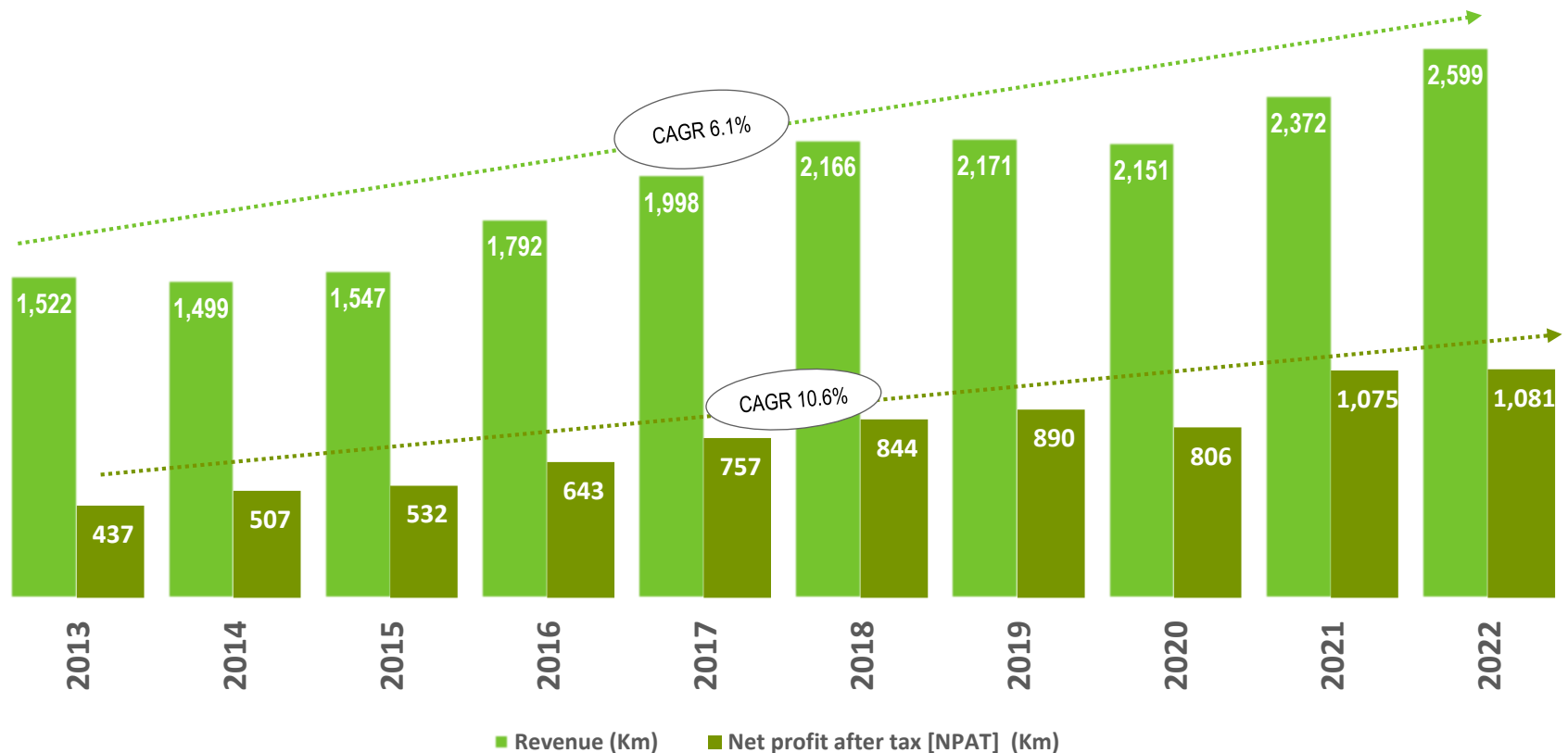
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The Company is not authorised under the Banking Act 1959 (Cth) (the "Banking Act") and is not supervised by the Australian Prudential Regulation Authority. The Company's products are not covered by the depositor protection provisions in section 13A of the Banking Act and will not be covered by the financial claims scheme under Division 2AA of the Banking Act.

10 year results overview

The Group's revenue and net profit after tax (NPAT) increased steadily over the last 10 years, dropping slightly in 2020 due to COVID-19 impacts but rebounded strongly in the following years with record profits of over K1 billion.

REVENUE & NPAT [Km]



Q1-2023 results overview

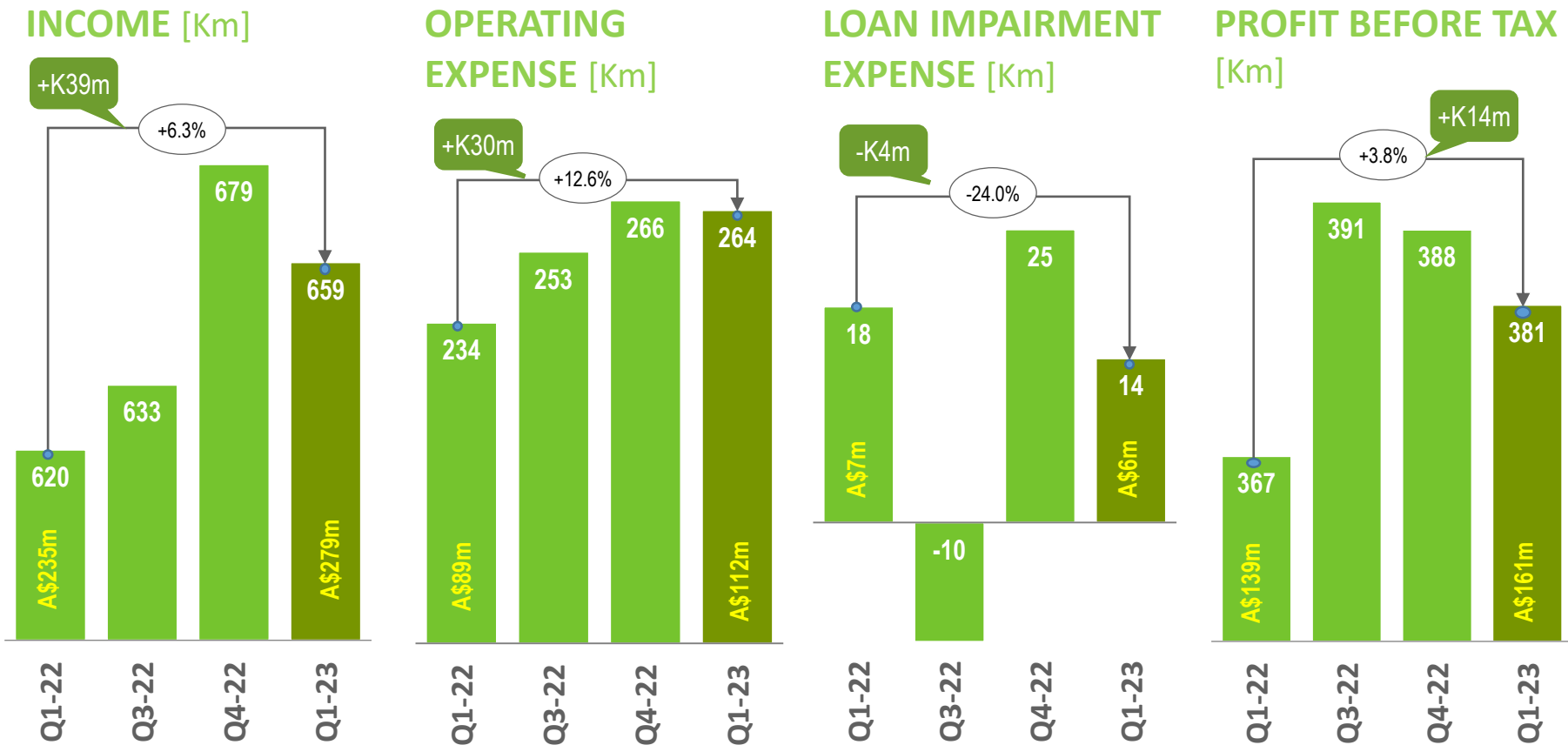
Strong Q1-23 results delivered, despite the increased corporate tax rate in PNG and cost increases associated with delivery of the new core banking system.

	Q1-22	Q1-23	Q1-23 vs Q1-22
● Profit before Tax [Km]	367	381	+3.8%
● Statutory Profit [NPAT, Km]	69	219	+ 217.4%
● Cost-to-income ratio [%]	37.8%	40.0%	+ 220bps
● Earnings per share [toea]	14.84	46.88	+ 216.9%
● Market capitalisation ¹ [Kb]	5.6	6.0	+ 7.1%
● Market capitalisation ¹ [A\$b]	2.2	2.3	+4.5%
● Total assets [Kb]	32.2	34.0	+5.6%
● Capital adequacy ratio [%]	21.3	21.2	-10 bps

¹ Market capitalisation values based on last price as at 31/03/23 on ASX (\$4.88) and PNGX (K12.80).

Q1-2023 performance

Profit **before** tax increased by 3.8% from Q1-22, supported by income growth and lower loan impairment expenses. However, this was partially offset by higher operating costs in Q1-23.



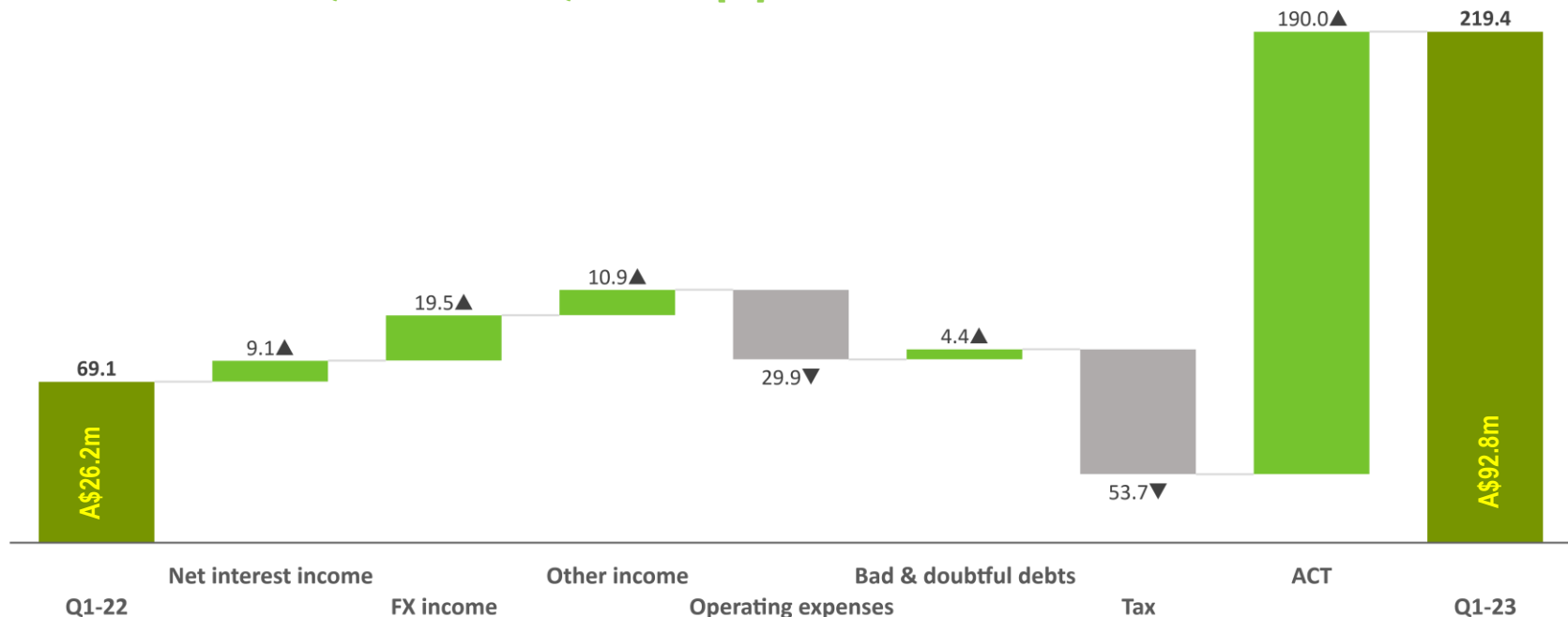
¹Excludes tax impacts in Q1-22 and Q4-22 [K190m Additional Company Tax in Q1-22 and the K135m tax credit in Q4-22]



NPAT movement Q1-2022 to Q2-2023

- Q1-23 statutory NPAT increased by K150m from Q1-22, largely due to the one-off K190m ACT recognised in Q1-22.
- Gains in net interest income, FX income and other income [mainly from increased transaction volumes] contributed to the Q1-23 result. This was partially offset by increased tax expenses, largely due to the increased PNG tax rate from 30% to 45% effective 1 January 2023.
- The increase in operating expenses was due to higher staff cost [CPI adjustments and increased FTE], new core banking expenses, premises costs and channel related costs.

NPAT MOVEMENT QUARTER ON QUARTER [%]

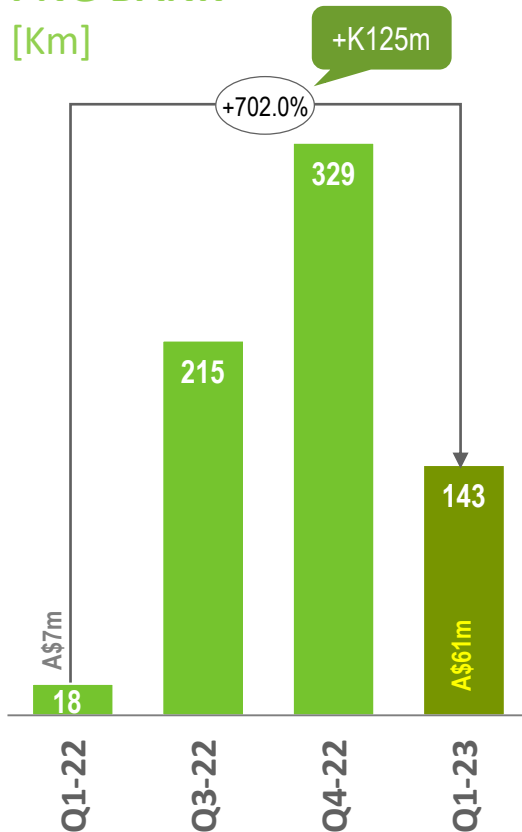


Q1-2023 profit contribution by business

- The large reduction in PNG Bank's NPAT from Q4-22 is largely due to the K135m tax credit recognised in Q4-22, coupled with the increased corporate tax rate on the Q1-23 results.
- Offshore Banks NPAT has increased materially ... up 51.8% compared to Q1-22.
- Non-bank entities Q4-22 results included gains arising from annual revaluation of life insurance investments.

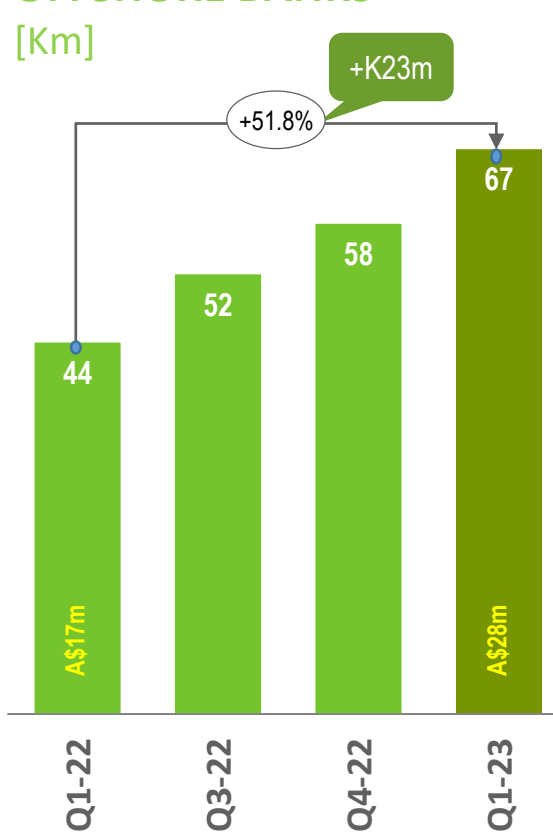
PNG BANK

[Km]



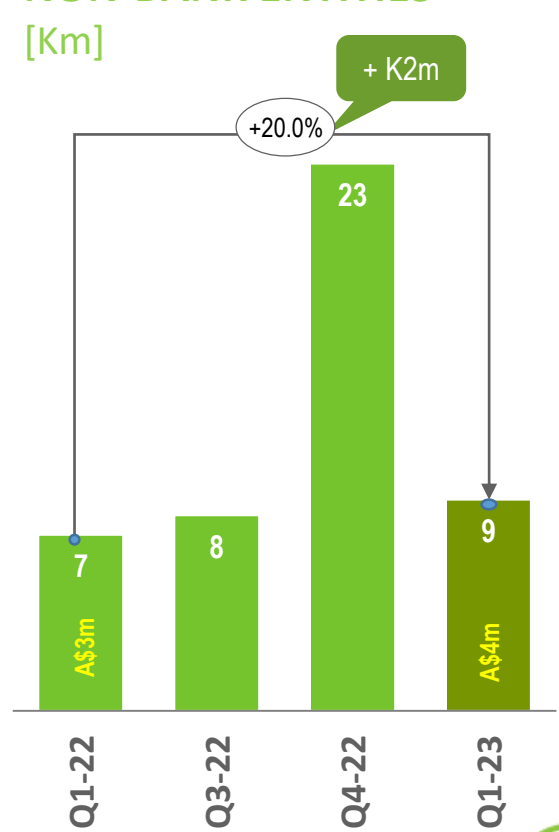
OFFSHORE BANKS

[Km]



NON-BANK ENTITIES

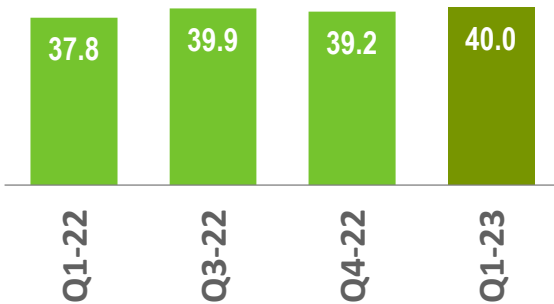
[Km]



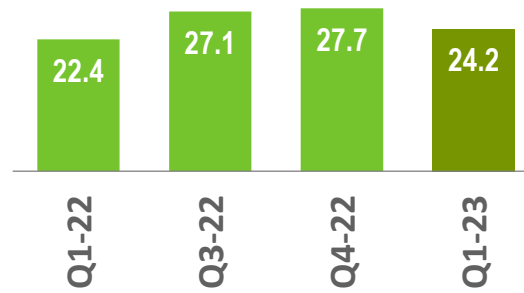
Key ratios

- Cost to income is slightly higher, driven by higher staff costs, new core banking expenses, premises costs and channel related costs.
- ROA and ROE were lower, driven by growth in assets and retained earnings respectively, coupled with weakened growth in NPAT as a result of the new 45% corporate tax rate.
- Capital adequacy remains well above BPNG's minimum requirement.

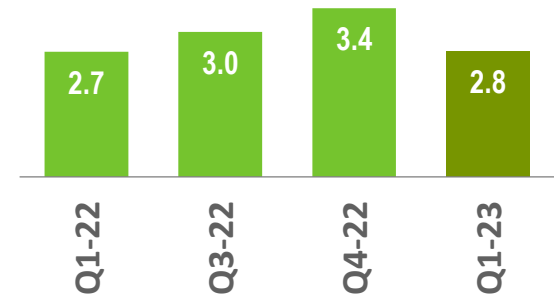
COST TO INCOME [%]



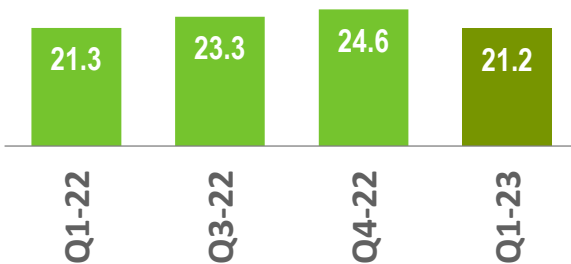
RETURN ON AVERAGE EQUITY [%]



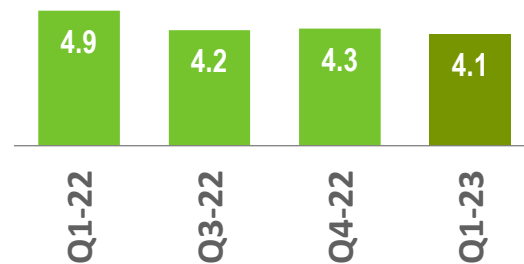
RETURN ON AVERAGE ASSETS [%]



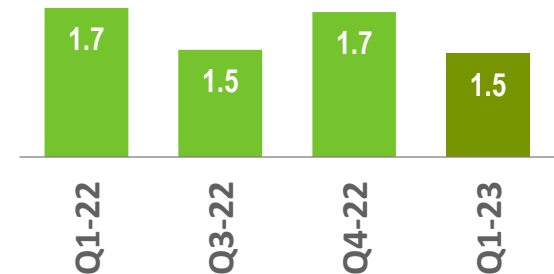
CAPITAL ADEQUACY [%]



PROVISIONS TO LOANS [%]



NET NPL TO LOANS [%]



Concluding Q1-2023 remarks

- Profit before tax increased by 3.8% from Q1-22, supported by income growth and lower loan impairment expenses. However, this was partially offset by higher operating costs in Q1-23.
- Q1-23 statutory NPAT increased by K150m from Q1-22, largely due to the one-off K190m ACT recognised in Q1-22, partially offset by the increased PNG tax rate in 2023.
- Cost to income is slightly higher, driven by higher staff costs, new core banking expenses, premises costs and channel related costs.
- Capital adequacy is at 21.2% ... well above BPNG requirement of 12%.
- Strong Q1-23 results maintained, despite the increased PNG corporate tax rate and cost increases associated with delivery of the new Oracle FLEXCUBE core banking system.

BSP Banking System Update

2023 ANNUAL GENERAL MEETING

Shareholder Presentation

Mark T. Robinson – Group CEO

BSP Financial Group Limited

[ARBN: 649 704 656, Incorporated in Papua New Guinea]

Friday 19th May 2023

1. Banking System Overview



OLD

- Aging Legacy Systems (end of life)
- Poor user Interface and Experience
- Limited Risk Management
- Limited Analysis Capabilities



NEW

- Integrated Banking –improved customer experience
- Modern but Complex Technology and Support
- Centralised Technology Stack and Operational Support

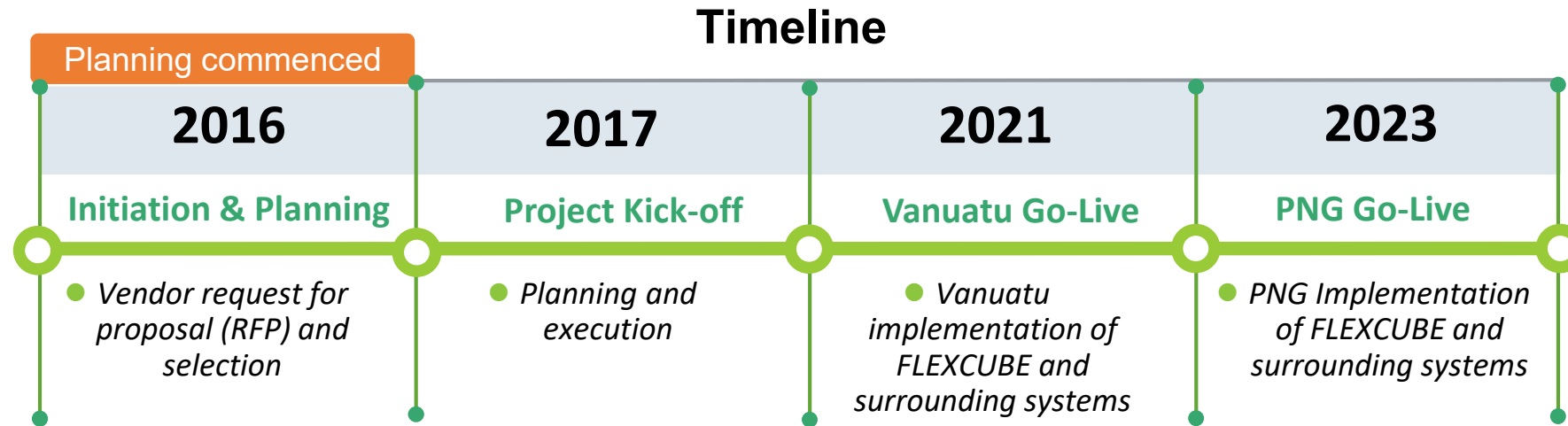


FEATURES

- Consolidates 20 systems for critical services.
- Personal loan applications lodged online.
- Allows direct USSD mobile phone registration.
- Enhanced security, NEW soft-token via mobile app
- Automated loan document generation
- Centralised repository for applications and collateral.
- Enhanced identification of suspicious matters – in-line with the AML/CTF Act and Criminal Code Act.

2. Banking System Delivery Planning

Extensive planning and resources were allocated for the switch to our new Banking System.



74

Subject matter experts from various BSP business units and 6 specialist offshore vendors supported the program, with key learnings implemented from our Vanuatu roll out.

3. Project Team Workstreams

BSP's project team were assigned dedicated tasks across critical delivery workstreams ... in line with leading project management practices.

WORKSTREAMS	1.  DISCOVERY	2.  ANALYSIS	3.  BUILD + TEST	4.  READINESS	5.  ROLL OUT
FUNCTIONAL	Product Mapping Product walkthrough	Gaps Requirements Customizations Reference model	Parameterization Role Based Access Reports Business User testing		
SOLUTION DELIVERY	IT Architecture Designs	Plan E2E Solution Design	Build & Test E2E Solution Design		
DATA MIGRATION	Data Migration planning	Data migration Analysis	Data Migration Financial Reconciliation		
TESTING		Plan Test Cycles	Test Solution		
IMPLEMENTATON			Implementation Plan	Finalise plan Dress Rehearsals	Business & Technical Roll out
CHANGE MANAGEMENT	Briefing Comms	Progress Comms	Progress Comms +Training & UAT	Go live preparation & Business readiness Comms	Go Live Comms
< GOVERNANCE + PMO >					
< OSB DELIVERY >					

4. Go-Live Issues

RESOLUTION
TARGET DATE

31 May 2023



BSP Channels with Post Go-Live Issues

- **Backlog of Cheques** outstanding.
- **Domestic Payments** (including KunduPei & batch uploads)
Increased data validation by the new system resulting in higher exception processing.
- **International Payments**
Delays in inbound and outbound transfers.
- **Statement Narrations**
Certain statement descriptions require modification.
- **Call Centre**
Increased call volumes post go-live resulting in delays.
(Starting to reduce gradually to normal levels).
- **Business Internet Banking Maker/Checker Rule Migration**

Working Well Post Go Live

- ✓ Branches
- ✓ ATM
- ✓ EFTPOS
- ✓ Mobile Banking
(USSD *131#)

5. Remediation of Go-Live Issues



AGM Agenda

General Business

Approve and adopt the Minutes of the previous Annual General Meeting of Shareholders held on 20/05/2022.

Ordinary Business

1. Receive and approve the BSP Group Financial Statements, Director's Report and Auditor's Report for the Year Ended 31/12/2022.
2. Adopt the Remuneration Report for the Year Ended 31/12/2022.
3. Re-Election of Directors who retire by rotation:
 - (a) Priscilla Kevin
 - (b) Robert Bradshaw
4. Election of Director – Ian Tarutia
5. Increase in Aggregate Fee Limit for Non-Executive Directors
6. Appointment of Auditor

General Business

Minutes of the Previous Annual General Meeting of Shareholders held on 20th May 2022

To receive, consider and accept the Minutes of the previous Annual General Meeting held on 20th May 2022 as a correct record of that meeting.

MINUTES OF ANNUAL GENERAL MEETING OF SHAREHOLDERS OF BSP FINANCIAL GROUP LIMITED

Minutes of the Annual General Meeting of BSP Financial Group Ltd held at Ballrooms 1 & 2, Level 1, APEC Halls, Port Moresby, National Capital District, Papua New Guinea on Friday 20th May 2022

Directors Present:

Sir Kostas G. Constantinou, OBE	Chairman
Mr. Robin Fleming	Group Chief Executive Officer & Managing Director
Mr Stuart Arthur Davis	Director
Mr. Arthur Sam	Director
Mr. Robert Bradshaw	Director
Ms. Priscilla Kevin	Director
Mr. Frank Bouraga	Director
Mr. Symon Brewis-Weston	Director
Mrs. Patricia Taureka-Servatu	Director

Mary Johns Company Secretary

Apologies Dr Matagialofi Lua'iufi Director

In Attendance in person: Refer attached.

Quorum:

The Chairman declared that a Quorum of members was present either in person, by proxy, by attorney and in case of a body corporate, by a representative and declared the hybrid meeting open at 10.30am.

Item 1 Chairman's Welcome to the second Hybrid AGM

Item 2 Group Chief Executive Officer's Address

The Chairman invited the Group Chief Executive Officer to present the business highlights of 2021 to the Shareholders.

Item 3 General Business

Resolution 1: Minutes of the previous Meeting of Shareholders – 21.05.2021

It was moved that the members receive, consider and accept the Minutes of the previous Annual General Meeting dated 21 May 2021 as a correct record of that Meeting.

Moved: Ronesh Dayal

Seconded: Hari Rabura

Resolution

That the minutes of the Shareholders Meeting dated 21st May 2021 is hereby read, accepted and signed by the Chairman.

Item 4 Ordinary Business

Resolution 2: 2021 Financial Statements:

It was moved that the members receive, consider and accept the annual financial report of the company for the year ended 31 December 2021 together with the report of the Directors and Auditors therein.

Moved: Peter Beswick

Seconded: Gheno Minia

Resolution

That the Balance Sheet and profit and loss account for the year ended 31 December 2020, together with reports of Directors and Auditors be and is hereby approved.

Resolution 3

3(a) Re-Election of Directors Dr Matagialofi Lua'iufi & Stuart Arthur Davis

It was moved that Dr Matagialofi Lua'iufi, a Director retiring by rotation in accordance with the Company's Constitution be and is hereby re-elected for as a Director of the Company.

Moved:

Nuni Kulu

Seconded:

Paul Lee-Bernstein

Resolution:

That Dr Matagialofi Lua'iufi, who retires by rotation in accordance with clause 15.3 of the Constitution, is re-elected as a Director of the Company.

3(b) Re-Election of Stuart Arthur Davis

It was moved that Stuart Arthur Davis, a Director retiring by rotation in accordance with the Company's Constitution be and is hereby re-elected for as a Director of the Company.

Moved:

Gheno Minia

Seconded:

Ronesh Dayal

Resolution:

That Stuart Arthur Davis, who retires by rotation in accordance with clause 15.3 of the Constitution, is re-elected as a Director of the Company.

Resolution 4 Election of Patricia Taureka-Servatu

It was moved that Patricia Servatu-Taureka, a Director being eligible to be elected in accordance with the Company's Constitution be and is hereby elected for as a Director of the Company.

Moved:

Ronesh Dayal

Seconded:

Edward Ruha

Resolution:

That Patricia Taureka-Servatu, who is eligible to be elected in accordance with the Company's Constitution, is elected as a Director of the Company.

Resolution 5: Appointment of External Auditors

It was moved the PriceWaterhouseCoopers be appointed as Auditors for 2022 and that the Board be authorised to fix their remuneration.

Moved:

Paul Lee-Bernstein

Seconded:

Nuni Kulu

Resolution:

That PricewaterhouseCoopers be appointed as Auditors for 2022 and that the Board is authorised to fix their remuneration.

OTHER BUSINESS:

NIL

Close of Meeting: There being no further business the meeting was declared closed at 12.10pm.

Chairman

Ordinary Business

Item 1: Annual Report and Financial Statements for the Year ended 31st December 2022

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 31st December 2022.

Ordinary Business

Item 2: Remuneration Report for the Year ended 31st December 2022

To adopt the Remuneration Report of the Company for the year ended 31st December 2022.

Ordinary Business

Item 3: Re-election of Directors

(a) Priscilla Kevin

(b) Robert Bradshaw

Ordinary Business

Item 3: Re-election of Directors



(a) **Priscilla Kevin** who retires by rotation and offers herself for re-election as a director of the Company.

Ordinary Business

Item 3: Re-election of Directors



(a) **Robert Bradshaw** who retires by rotation and offers himself for re-election as a director of the Company.

Ordinary Business

Item 4: Election of Director



Ian Tarutia who was appointed to fill a casual vacancy and offers himself for election as a director of the Company.

Ordinary Business

Item 5: Increase in Aggregate Fee Limit for Non-Executive Directors

To approve an increase in the Aggregate Fee Limit for Non-Executive Directors from PGK4.5m to PGK6m.

Ordinary Business

Item 6: 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.



Q&A

