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## COVID-19 Impact on BSP

The Chairman of the Bank of South Pacific Limited (BSP), Sir Kostas G. Constantinou OBE, would like to provide an update on our response to the coronavirus (COVID-19) in PNG and our Offshore Branches, and the domestic and international restrictions that are in place to reduce its spread.

My fellow Directors and I are very conscious of the impact on all stakeholders ... including our staff, customers and shareholders. We are also aware of the importance of the banking industry in difficult economic conditions. With this in mind, BSP is:

- Continuing to provide critical banking service to all of our customers in every country. We are encouraging our customers to minimise branch visits and where possible complete their banking activities via our extensive electronic and digital services (ATMs, merchant EFTPOS, internet, mobile phone).
- Introducing deferred loan repayments to customers in all countries based on the impact of COVID-19 related travel restrictions on their economies.
- Observing the government's state-of-emergency (SOE) requirements, in countries where SOEs have been declared.
- Continuing to review and update our business continuity plans to ensure that BSP has the capability to continue to maintain its essential services should conditions change. Every country is also doing similar work with the support of our head office in Port Moresby. Our plans will continue to be re-assessed and evaluated.
- Assessing the potential impact of COVID-19 impacts on earnings in PNG and other countries and shareholder returns. The SOE will have an adverse impact on many business, which in turn will see revenue challenged. Changes to lending interest rates in PNG will also reduce net interest income margins.

BSP's capital position remains strong and exceeds BPNG and other Pacific regulatory requirements. System liquidity in every country remains strong.

Giving regard to the highly uncertain environment we are currently operating in, the Board will not provide any further COVID-19 earnings impact updates until its effects on our business become more well-defined.

**Sir Kostas Constantinou OBE**  
**Chairman | Bank of South Pacific Ltd**