

Kina Securities Limited Chair's Speech for AGM – 21 May 2019

I am pleased to deliver this statement showing the Bank's solid financial performance, despite the continued difficult economic environment. It has resulted in a strong dividend for shareholders, with a final dividend of AUD 5.0 cents per share or PGK 12.1 toea. This takes the full year dividend to AUD 9.0 cents per share or PGK 22.1 toea per share.

Kina set itself up for transformation in 2018 by announcing the major acquisition of ANZ PNG's Retail, Commercial and SME businesses - including the transfer of all retail branches, ATMs and EFTPOS terminals.

The acquisition is expected to increase Kina's earnings and profitability, improve returns for our shareholders and enhance our liquidity to support future lending growth. It is progressing well and expected to complete in September 2019. The date of the transaction settlement is timed largely due to the intent to migrate ANZ customers to Kina Bank platforms, and it provides for the respective product capability build associated with the migration program.

During the year, Kina also resolved our escrow shareholding when the founding and major shareholder, Fu Shan Investments (Hong Kong) Ltd, sold its stake of 34.94% in June 2018. It was a significant moment for us as the only dual listed financial services company in PNG. It reinforced off-shore interest and confidence in our strategy and in PNG. It resulted in a significant broadening of the investor base and has provided greater market liquidity for Kina shares, bought by a diverse group of new and existing institutional and retail investors in Papua New Guinea and Australia.

We also strengthened our USD correspondent banking relationship. With a full year of uninterrupted foreign exchange (FX) we restored our position in the FX market. Our FX income grew by 373% and we were able to increase market share to 10% for the full year.

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ASX/POMSoX announcement



Kina reported a Net Profit After Tax of PGK 48.1 million for the December 2018 full year showing a substantial uplift compared to the same period in 2017. The results were strongly driven by FX trading supported by the strong USD correspondent banking relationship. The second half performance also reflects excellent growth in customer volumes whilst achieving a reduction in funding costs as a percentage of the portfolio.

With the appointment of Greg Pawson, our new Chief Executive Officer, in January 2018, we have seen the strong leadership needed to deliver on our goals for the year and beyond. Greg has provided clear direction and committed us to delivering for our stakeholders. His blueprint for strengthening the organisation has already shown significant success and he has embedded a challenger mentality throughout the business.

I would also like to thank my fellow Directors for their contribution, their rigour and executive level governance, particularly with regards to operational and compliance risks. The appointments of industry experts Andrew Carriline and Paul Hutchinson in August 2018 reflect the Bank's growing strength as an emerging force in PNG's rapidly developing financial services sector. They have brought key risk and commercial expertise to complement the broad range of experience and expertise already present with Karen Smith-Pomeroy and Jane Thomason.

On behalf of the board I would like to thank our staff for their commitment and dedication to the business. Their energy and genuine pride in our brand has enabled us to deliver solid results and set a strong foundation for future success.

Finally, I would like to thank our customers, community and shareholders for your continued support.

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For further information, please call:

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