

ASX/PNGX announcement



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BY ELECTRONIC LODGEMENT

2021 Annual General Meeting Chairman's Address and MD & CEO's Presentation

Please find attached for release to the market, the Chairman's Address and the MD & CEO's Presentation for Kina Securities Limited's 2021 Annual General Meeting to be held this morning at 10:00am (Port Moresby | AEST).

-ENDS-

For further information:

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This Announcement was authorised for release by Kina Securities Limited's Board of Directors.

CHAIRMAN'S ADDRESS

Before turning the meeting over to Greg Pawson to give us a short update on the Company's activities, I'd like to make a few comments.

This is an enormously important time for Kina and I am honoured to be Chairman. 2020 was an extremely strong year for us despite the unfolding challenges of Covid-19.

We remained open for business as an essential service, which meant we were able to deliver solid growth and financial performance across the business - to meet market expectations and maintain the dividend of AUD 10.0 cents / PGK 26.9 toea per share.

It also meant we were able to make substantial progress on our strategic priorities and set a clear roadmap for 2021.

One of the main priorities for the year was to transition the ANZ PNG portfolio we acquired in September 2019, into business as usual operations. The teams achieved this quickly and efficiently meaning we achieved the integration benefits critical to the acquisition and planned business growth.

In September 2020, we announced an equity raising to expand the capital base of the bank, pursue future growth opportunities and take advantage of forthcoming acquisition opportunities. I would like to thank our investors for your support, especially in a year that saw significant market volatility. It shows confidence in our strategy and business proposition.

And in December 2020, we announced the proposed acquisition of Westpac's Pacific businesses in PNG and Fiji. It's a strong strategic fit for us, providing additional scale, customers and footprint so that we can continue to grow the business and expand throughout the Pacific.

With this acquisition we propose to create a strongly competitive banking landscape - offering unprecedented choice and innovation that will significantly benefit our customers, shareholders and the PNG economy.

Applications for regulatory approval have been submitted and are currently being reviewed in both jurisdictions. To date, we have received extremely positive feedback.

We reported a net profit after tax of PGK 76 million, which is an increase of 25% on the prior corresponding period. It was achieved through growth in the existing loan book, integrating the loans and deposit portfolio of ANZ PNG, and lower interest expense against total deposits, compared to the previous year.

Looking to the year ahead, our Managing Director and Chief Executive Officer, Greg Pawson will outline a few of our plans shortly.

For Papua New Guinea, the situation here in Port Moresby and across much of the country has stabilised. The mood is positive and businesses are returning to normal operations. The vaccine is being rolled out quickly and efficiently and most of the restrictions have now eased so life is quickly returning to normal for us.

The national budget projects over PGK 40 billion in capital expenditure for 2021- 2025. This fiscal support, especially after the sharp downturn witnessed globally, gives some measure of reassurance to economic stakeholders and has the potential to set a solid foundation for future growth for PNG. The government also recently announced the re-opening of Porgera mine and the imminent approval of the Wafi Golpu exploration project which gives further confidence that key projects are back on track.

Although 2021 will continue to see challenges, the bank is in a strong position to negotiate these.

I would like to thank everyone who has contributed to our strength:

- Our customers, for your continued support and trust in us to serve your financial needs;
- Our people, who have shown dedication and resilience in a year like no other;
- My fellow directors, who are firmly committed to delivering a successful future for the company;
- And finally, our shareholders, for your continued support and belief in our business.

I will now hand over to Greg Pawson.

MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER'S PRESENTATION

Thank you Keli and good morning everyone.

I'd like to reaffirm the Chairman's comments. I'm very proud of our people and their commitment. We've helped our communities through a global pandemic, ensuring the safety and wellbeing of everyone. And as an essential service, we kept our doors open to support the economy.

It's been a huge year of achievement and we've delivered a result that meets market expectations - particularly at a time when many of our competitors have failed to do so. And we've done this by remaining firmly focused on our strategy.

Towards the end of 2019, we presented a clear transformation roadmap to set the business up for long term success. It concentrates on five business models to drive customer and financial value:

- Traditional banking that focusses on customer experience and products and services.
- Digital banking, to give customers a choice of channels, and make their banking simple, easy and cheap.
- Digital partnerships, to help build a financial services ecosystem that will transform banking in the Pacific.
- Bank as a service, to supply our key capabilities and assets to other financial institutions, small and large.
- And finally, a diversified investment bank to service the financial needs of small businesses, corporates and government - through capital investment and large transactions.

In the context of Covid-19, we remained dynamic and agile to deliver on these strategic plans - and present profitable results. We've helped more people into their own homes with PNG's lowest ever home loan rate; we've helped businesses grow, lending over PGK550 million to support the SME and commercial sectors; and we've transformed the PNG banking sector through digital innovation.

We have a commitment to being 'Always First' and as a truly effective market competitor, we delivered a series of first-to-market projects. A few highlights from the year include:

- Launching a leading internet payment gateway in partnership with a local fintech company.
- Introducing digital on boarding with biometric recognition.
- And delivering online transaction controls for Visa cards including 3D secure and transaction alerts through WhatsApp and SMS.
- We've also doubled the number of merchant POS terminals.
- And made a number of major upgrades to our online banking platforms.

These innovations are central to our customer value proposition, alongside our fee free offering.

We introduced fee free visa cards, lowered our fees and charges for POS, and earlier this month, we launched our fee free transaction account - removing monthly account and eftpos fees. All while still delivering strong revenue growth through our digital channels. Merchant POS revenue being a stand-out. In the coming months we'll be building on this success with a fee-free savings account and dedicated SME proposition.

All this has had a significant impact on the market, with our competitors announcing similar reductions in fees to try to maintain pace with us.

We also made great progress on our strategic partnership with MiBank as part of our 'bank as a service' model. Progress that also supports our sustainability vision for PNG. We now provide POS services, ATM interchange, central bank clearance and debit card production for MiBank. And through this, we've introduced over 130,000 new customers into the formal financial services sector for the first time.

We are in the advanced stages of commercial discussions with a number of other financial services companies to provide similar services. We'll further leverage our digital capabilities to service their existing customers, reach new customers and help grow their business. It's another way we can open up the market to more competition and offer greater financial inclusion for harder to reach communities.

The business has developed significantly over the last twelve months especially through our investment in IT infrastructure and digital innovation. We bedded down the ANZ PNG acquisition into business as usual, quickly and efficiently, and ended the year on a high, announcing our proposed acquisition of Westpac's Pacific businesses in PNG and Fiji.

The acquisition will enable us to become a bigger, stronger company - one that is better positioned to drive innovation and introduce more choice for customers. We're currently working closely with the regulators in both jurisdictions for approval. You can read more information about our plans on our website.

I would like to thank Keli and the Board for their support and counsel throughout the year. It's been invaluable. And I would like to thank my executive team and our people for delivering a great result. I will now hand back to Keli for the formal business of today's meeting.