

Kina Securities Limited CEO Speech for AGM – 21 May 2019

Thank you Keli and good morning everyone

It is a great pleasure for me to present our 2018 Annual Report. But before I begin I would like to introduce the Executive Management team, most of whom are all present today.

Chetan Chopra, Chief Financial Officer and Company Secretary

Michael van Dorssen, Chief Risk Officer

Wayne Beckley, Executive General Manager, Integration

Saima Kalis, Group Manager People and Culture

Adam Downie, Acting Executive General Manager, Personal Banking

Deepak Gupta, Executive General Manager, Business Partners and Wealth

Adam Fenech, Executive General Manager, Shared Services

Nathan Wingti, Head of Treasury

Gavin Heard, Group Manager Corporate Affairs and Investor Relations

We have had a great year and our performance is back on track.

Our customer numbers grew by 25% to almost 21,000; our deposits grew by 29% to PGK 1.3 billion; our loans and advances grew by 20% to PGK 851.7m.

We also put considerable effort into strengthening our correspondent banking arrangements. This resulted in FX income growing 373% to PGK 34.2m.

This was one of three strategic milestones we delivered during the year, including: the acquisition of ANZ PNG's Retail, SME and Commercial businesses; and the resolution of our escrow shareholding.

The acquisition is very much in line with our target and strategy to bank the emerging mass affluent segment in retail banking, and commercial and SME customers. Our objective is to achieve a seamless staff and customer experience during the transition and we have partnered with the International Finance Corporation and the Asian Development Bank to provide specialist technical and project assistance.

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ASX/POMSoX announcement



The integration team are delivering an ambitious project that is on track for completion in September 2019, when more than 300 staff and 120,000 customers will transition to Kina Bank. We will become the second largest retail bank in PNG with a national footprint and the capability to meet the increasingly sophisticated needs of communities across the country.

The acquisition will strengthen PNG's financial services sector by providing two very strong domestic retail banks. With the improvement in competition, our customers will benefit from our appetite to grow and invest in them. The acquisition is also good news for the PNG job market. Roles that are currently performed off-shore in locations such as Fiji, Singapore and India, will be brought back to PNG.

Underpinning the success of our organic growth this year is our focus on the customer experience. Simplicity, convenience and ease of access are the key themes we are building into our offering. Our digital strategy means we have been working to make things simple by upgrading our online platforms, and introducing new digital services such as online loan origination.

We have also made a significant investment in technology behind the scenes - by automating systems and processes to improve efficiency. On top of this, we have put in a substantial amount of work to implement a brand new e-switching capability. This will allow us to service scheme card issuing and acquiring; provide EFTPOS services; and manage an expanded ATM fleet.

These developments form the foundation on which we are building a better bank for the future and they are why we were voted the Most Innovative Business 2018. As we become a more focused bank and prioritise our customer segments we have begun to strengthen our capabilities. Our people have real pride in our organisation and this has been crucial to our success.

We're creating the right culture for long term success, which centres on our commitment to all of our colleagues. We provide tailor made training courses for everyone to ensure that they stay on top of their game. In addition to this, we encourage continuous learning. In 2018, all of our funds administrators were accredited with international qualifications through the Association of Superannuation Funds of Australia.

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ASX/POMSoX announcement



Each of us at Kina Bank is dedicated to doing good and positively contributing to the communities we serve. This year we stepped up our community work with our people organising and engaging in major community initiatives: from fund raising for hospitals, refurbishing schools, to cleaning up the local environment. We also sponsored major sporting events, such as the Golf ProAm, showing not only our charity work but also encouraging healthy lifestyles too.

We are in the process of building a broader and more focussed Total Societal Impact strategy. Key emerging commercial themes include financial inclusion, support for the SME sector and an expansion of our youth development program.

Outlook

Looking ahead, GDP growth is expected to be solid with the IMF forecasting a growth rate of 3.2% for 2019. Foreign exchange flows and reserves are anticipated to continue to increase. Major new resource projects are progressing to Final Investment Decisions with construction likely to start in 2020. An international submarine fibre optic cable and a domestic cable will increase bandwidth to PNG significantly and should lead to falling broadband prices.

The generally positive outlook is not without risks, which in Kina's view are mainly internationally based and depend on whether the expected slowdown in growth overseas is deep enough to lead to further falls in commodity prices. To some degree PNG remains protected from this outcome as a low cost country for the extractive industry.

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For further information, please call:

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