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ASX/PNGX | Announcement

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BY ELECTRONIC LODGEMENT**2022 AGM Chairman's Address and Managing Director & CEO's Presentation**

Please see attached for release to the market, the Chairman's Address and Managing Director & CEO's Presentation, which will be presented to Kina Securities Limited's (ASX:KSL | PNGX:KSL) 2022 Annual General Meeting, which will be held today commencing at 10:00am (Port Moresby time | AEST) (**AGM**).

In the interests of health and safety as a result of the COVID-19 pandemic, the AGM will be held virtually online only at <https://meetings.linkgroup.com/KSL22>

ENDS

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

CHAIRMAN'S ADDRESS

I will now provide a brief update on the Company's activities.

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.

2021 has been a year of resilience and significant progress for Kina Bank against our refreshed 2025 strategy. This time last year, I spoke to our plans for a significant merger. Although the merger didn't go ahead, the execution of our refreshed strategy in the second half of the year by Greg and the Kina team was remarkable. The agility shown by the Leadership team to re-focus has delivered a good result for our shareholders.

We achieved a record high underlying NPAT, with an increase of 27%. We are now PNG's second largest Bank by lending assets. This demonstrates we are the credible challenger brand, providing a digital first approach to PNG's emerging middle class.

Given the strength of these results, the board was pleased to declare a final dividend PGK 18.5 toea, equivalent to AUD 7.0 cents, making a full year dividend of PGK 26.75 toea, converting to AUD 10 cents.

I am proud of the way Kina has helped support our customers by remaining opened for business. To put this in perspective, with the lower uptake of the COVID vaccine in PNG, we managed to transport all our staff safely to work, provide vaccines for our staff and deliver accessible banking services through our Contact Centre and Digital platforms.

We are now in our third year of our 2025 strategy. This year our main deliverables were:

- Increasing the Corporate loan book to help deliver expected return on equity for our shareholders,
- Building out our digital channels to make banking more accessible and;
- Diversifying our income through our Bank as a service model.

Greg will talk in more detail about these initiatives.

For Papua New Guinea, the COVID situation has stabilized with recorded cases materially decreasing in line with the rest of the world. Business sentiment has increased, although the rising oil prices will impact retail prices and potentially inflate supply chain costs. For Kina, the reopening of the Porgera Mine, the approval the Wafi Golpu exploration project and Papua LNG proceeding to FID injects much needed stimulus into the economy and opportunity for Kina to expand our Branch footprint.

Our social agenda has delivered tangible differences. We aspire to be one of the most sustainable companies in PNG. For example, we were the first Bank to introduce fee free banking in PNG. Through our partnership with MiBank, we have included more than 196,000 people into the financial system. The impact of financial inclusion can't be underestimated. In PNG we have more than 70% of the population who don't have access to the security that the banking system provides or through micro credit opportunities that the banking systems allows. Strategically we will continue to explore more opportunities to work with MiBank over the coming year.

And finally, I'm proud to be the Chair of an ASX listed company with 50% female executives. 52% of females at Kina are in senior management roles.

Looking ahead, the momentum and agility Kina has developed sets a solid growth agenda. Our inorganic strategies for 2022 will include the development of an IT hub in Fiji and more partnerships with companies to bring to life our digital services. Locally, our disciplined cost management and market position supports margin improvement. The board is optimistic on growth prospects and our ability to deliver value to all our communities.

I'd like to extend my thanks to:

- the team at Kina - the 680 people who bring to life our vision day in and day out.
- to Greg and the Kina executive team for their adaptability and Leadership.
- the Board for their commitment and passion and:
- finally, to our shareholders for their continued support of our strategy and purpose.

I will now ask Greg to present his review of Kina Group's activities.

MD & CEO'S PRESENTATION

Many thanks Chairman and good morning, everyone.

I'd like to start by looking at where we were last year when I presented at the AGM. We were in the middle of a global pandemic in a country that was adjusting to the demands of low vaccine uptake, Kina was anticipating a major merger and we'd outlined ambitious growth targets. Reflecting on our achievements over the year, the standout was our ability to change direction quickly and adapt to the external demands that we faced.

This was only achieved through the commitment of our people to support our customers and drive positive growth momentum. I'd like to thank our staff for showing how our vision of being dynamic, progressive, and accessible delivers value to our communities.

In 2021 we've made solid progress transforming Kina as we move into year 3 of our current strategic plan. Let me take a moment to recap on the financial performance.

Our underlying NPAT compound growth rate has been year on year greater than 25%. We have grown our customer base from 25,000 three years ago to over 186,000, and with our strategic investment in MiBank - the nation's largest microfinance organisation, we now reach over 625,000 Papua New Guineans. Most of this customer growth was organic as well as from the ANZ acquisition. Deposit and Lending growth across all segments was strong and pleasingly we have established a good position in the larger commercial and corporate sector. This growth pushed us to become the second largest bank in PNG by footings. FX revenue is up from PGK 20 million to over PGK 60 million. Our ROE has remained steady at about 17% with a capital ratio above 20%.

We continue to make headway in our strategy to be a genuine competitor to BSP's 65% market share. We see a clear opportunity in PNG. Securing a higher percentage of the home lending and SME market will ensure we remain EPS accretive over the next 2 years. Ideally, I'd like to see us at around 25% market share for home loans and similarly for deposits by 2026. We'll achieve this growth by two key projects. Firstly, through branch expansion in the growing commercial centres of Lae, Mt Hagen, Goroko, Madang and Kokopo. And by building our digital on boarding capability with electronic know your customer. The E-KYC trial program has been running to plan and we expect that to go live in September 2022.

The fundamentals of our business are strong and improving. We have sufficient capital, provisions, risk management systems and a digital agility to capitalise on these opportunities. The emerging middle class in PNG is more digitally savvy than ever. They are interacting with us in different ways and our program of work has responded well to their digital needs. Digital revenues have reached PGK 26 million in 2021 from a zero base in the previous year. This was helped by an increase in the number of point-of-sale terminals, merchant facilities and the internet payment gateway.

Our focus has been on delivering “always first” marketing leading propositions for both our consumer and SME customers. In 2021, we developed and launched our SME banking package incorporating enhancements to our corporate online banking platform. Utilising our partnering capabilities, we also have launched Xero offer for our SME customers.

Heading in 2022, digital acquisition will support our ability to build market share. Last week we launched “Single view”. As the largest fund administrator in PNG, we have access to data on all working Papua New Guinean’s and employers. Kina customers are now able to view their super balance on our retail online banking platforms. This creates an exciting opportunity for Kina to provide financial services and potentially lending products to the vast number of superannuants, via the major Provident Funds using our ‘Bank as a Service’ model.

I’m excited to confirm we are in final stages of launching our IT Hub based out of Fiji. Fiji’s IT talent and 5G network is an ideal location to access cost effective technology infrastructure. Initially, we will have a test and learn centre with 6-10 staff supporting our core business in PNG and managing our product propositions and innovation. This team will also assist with our Bank as a Service Model in developing essential partnerships faster.

The final piece of work for 2022 will be the formalisation of our ESG strategy. Keli mentioned the tangible impacts we are making in financial inclusion and market leading gender balance. In late June, we’ll be hosting a strategy day which include our ESG strategy. I look forward to sharing how we’ll set ourselves meaningful targets that will build sustainable communities.

I would like to extend my gratitude to the Chairman and the board for their guidance and support. To the 680 Kina team who have worked tirelessly throughout the year in serving our customers and supporting each other. And to our shareholders, your trust and confidence in our strategy is something we don’t take for granted as we endeavor to deliver value over the coming years.

I’d now like to hand back to the Chair.

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