



The new force in PNG financial
services

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Executive summary

- Kina - the emerging force in the rapidly growing PNG financial services sector
- Successfully listed in July, raising \$97 million.
- IPO in part to fund the acquisition of the Maybank business, creating PNG's fourth largest bank
- Diverse operations in banking, superannuation and funds administration
- Highly profitable. NIM of 10.6%. Forecast dividend of K0.066/share
- Strong capital adequacy at 28% (P/F 2015), low bad debts and healthy provisioning
- Massive growth potential:
 - Short term synergies from Maybank acquisition
 - Medium term growth from maturing PNG market



Key directors and shareholders



Chairman
Sir Rabbie Namaliu,
GL CSM KCMG
Former PNG Prime Minister

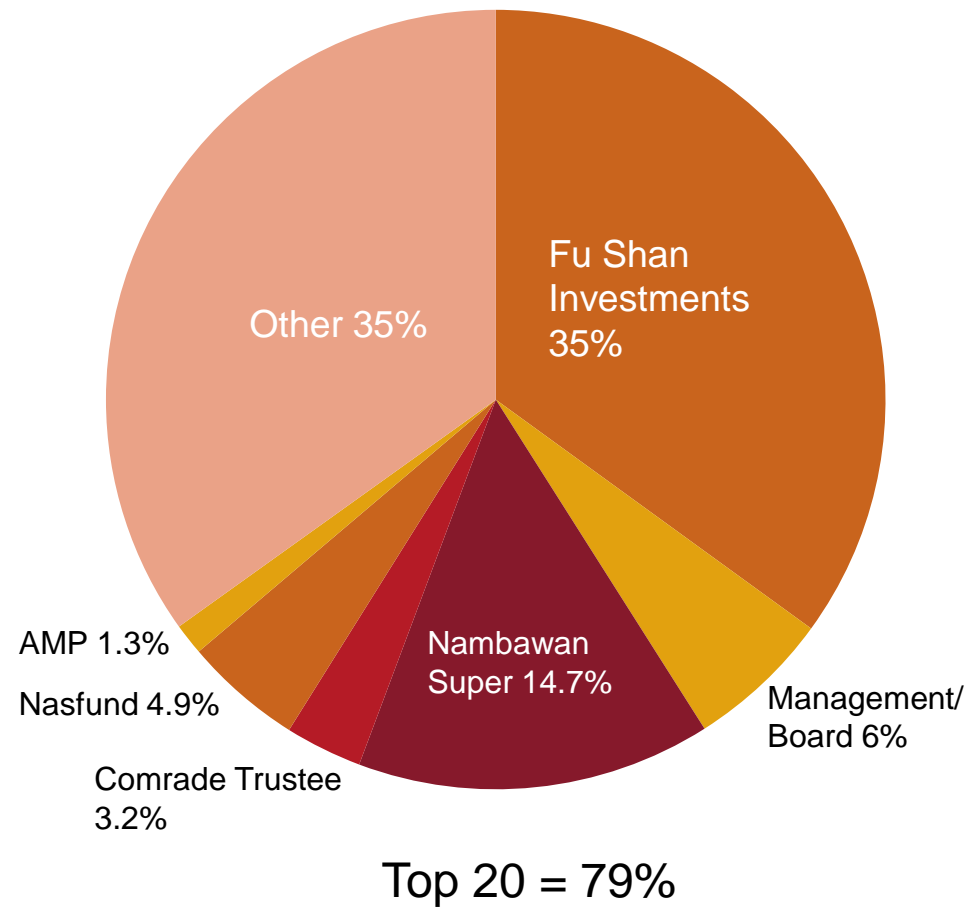


CEO
Syd Yates, OBE
Founded Kina in 1985.



Non-Exec Director
David Foster
Former CEO Suncorp Bank

Major Shareholders



IPO completed July 2015

- Dual listing on the ASX and POMSx.
- ASX code is KSL
- Raised K200m / A\$97.5m
- 164 million shares on issue
- Market capitalisation of \$193 million
- Forecast dividend K0.066/share
- Forecast profit K45.3 million (≈ A\$22 million)
- P/E ratio currently ≈ 9 x FY15(f) NPAT/share



Maybank merger completed Sept 2015

- Purchase price of K353 million (A\$173 million)
- Merger creates:
 - fourth largest bank in PNG
 - More than 11,000 clients
 - Seven branches and an expanding electronic network
 - Total loans ≈ K400 million
 - Total deposits ≈ K700 million
 - largest wealth management business in PNG. K5.3 billion in funds under management
 - one of the largest fund administrators in PNG, 159,000 clients
 - the leading stockbroking company in PNG.



opportunity
awaits

At Kina, we believe in opportunity.
Opportunity for this generation and the next to prosper.
Opportunity to build the life you choose for you and your family.

together it's possible

Ask us about how we can help you unlock opportunity. Visit us at www.kina.com.pg

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Facsimile +675 308 3899 Swift KINPGPG

 kina

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Company structure



Comprehensive product suite

TRADITIONAL CASH ACCOUNTS

- > Passbook style deposit accounts

CHEQUE AND OTHER ACCOUNTS

- > Deposit accounts for business customers
- > Online banking and cheque accounts
- > SME and sophisticated retail customers

SECURED LENDING

- > Property, equipment finance and overdraft
- > Retail and business customers

FUNDS MANAGEMENT

- > Investment management advice

UNSECURED LENDING

- > Payday style loans (*esiLOAN*),
- > Longer term Personal Loans

FOREIGN EXCHANGE

- > Spot forex transactions
- > Trade finance

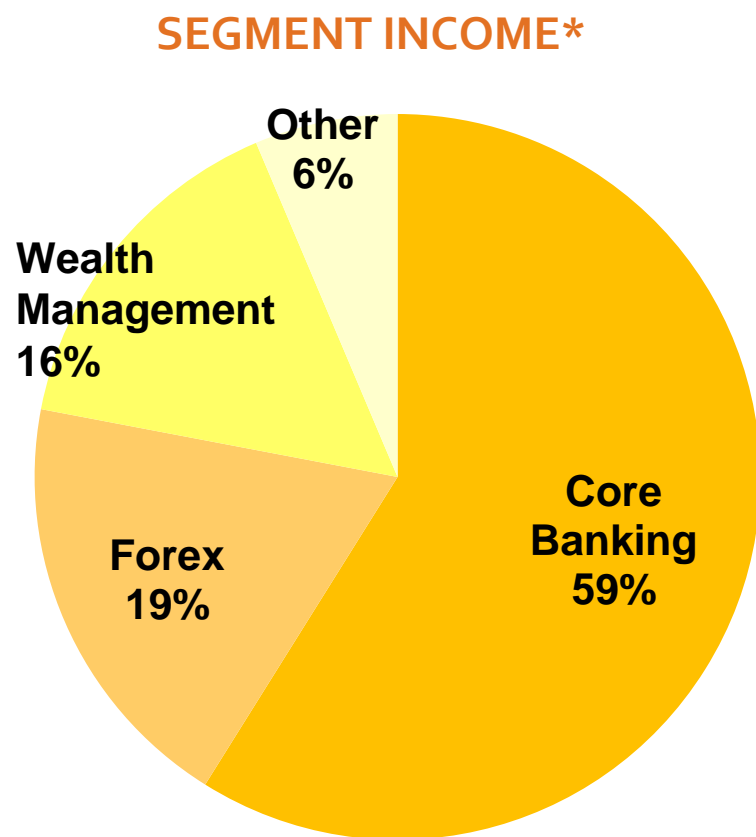
FUNDS ADMINISTRATION

- > Fund administration services

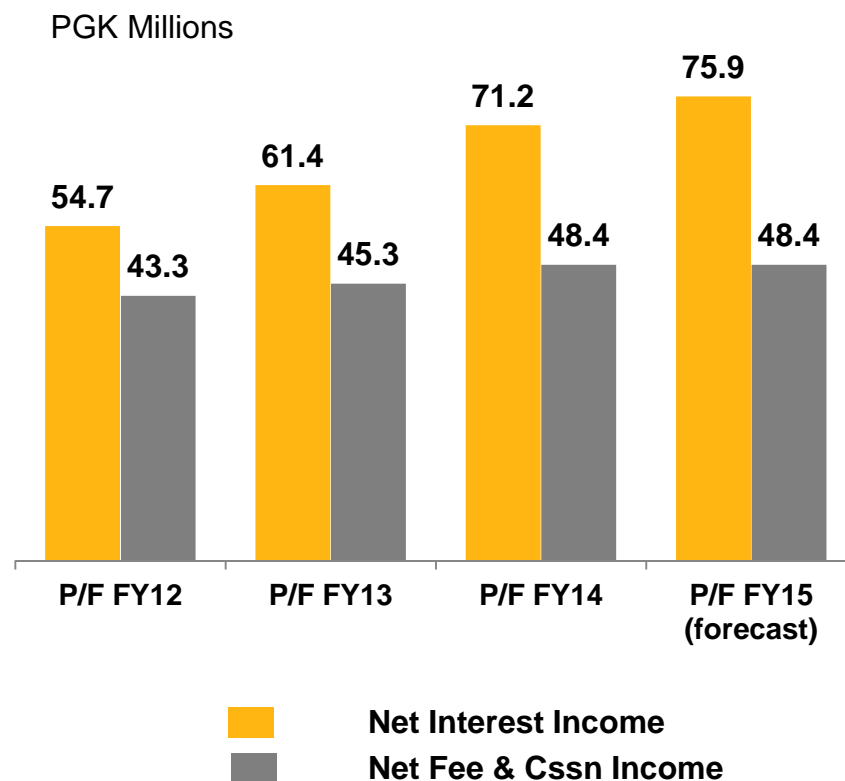
STOCKBROKING

- > Full service stockbroking and financial advise

Diverse revenue base



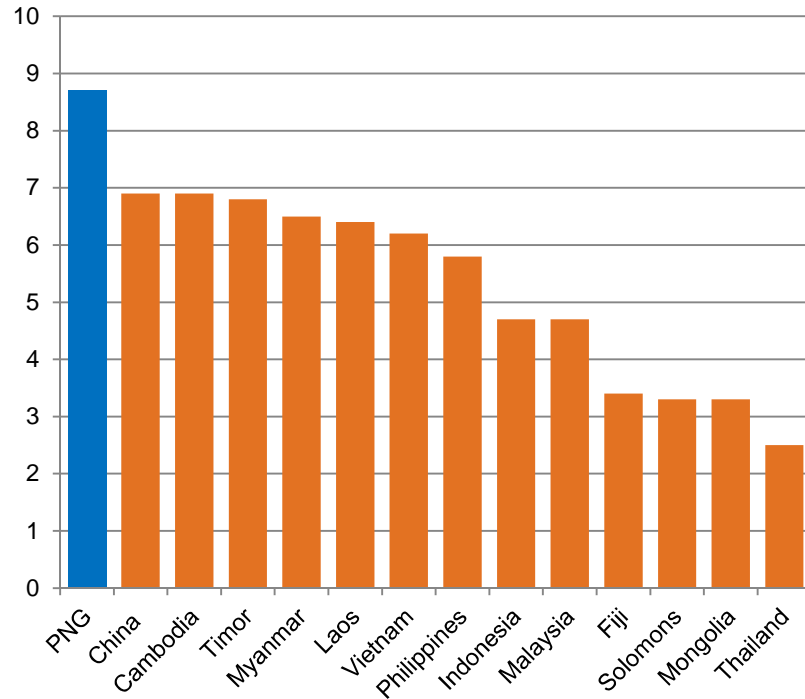
INTEREST AND NON-INTEREST INCOME



*Certain normalisation adjustments have been made. See IPO Prospectus for further detail.

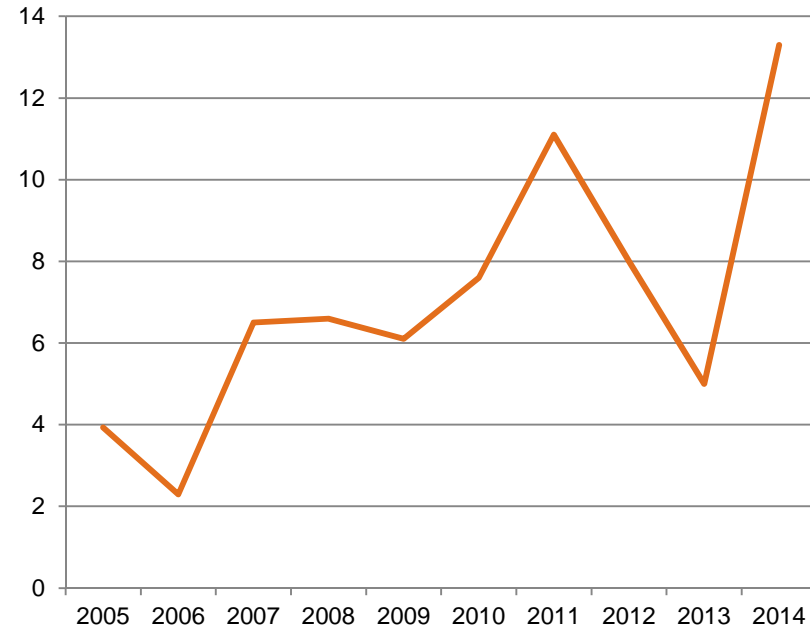
PNG – a rapidly growing economy

East Asia/Pacific 2015 World Bank Growth Projections



PNG Ranked #1.
Growth forecast of 8.7%

PNG's Strong Growth History

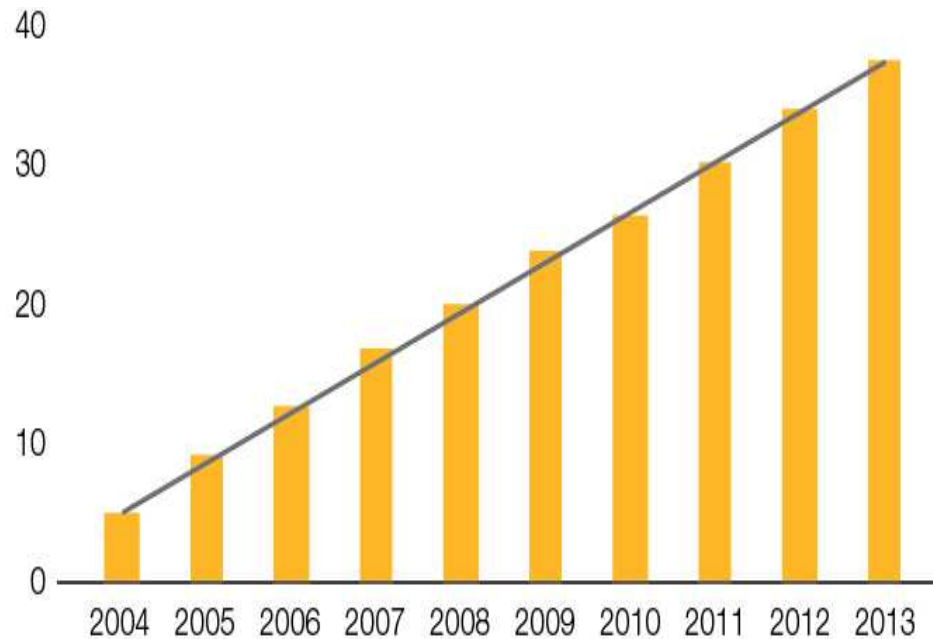


PNG Growth
13.3% in 2014

PNG banking and finance sector

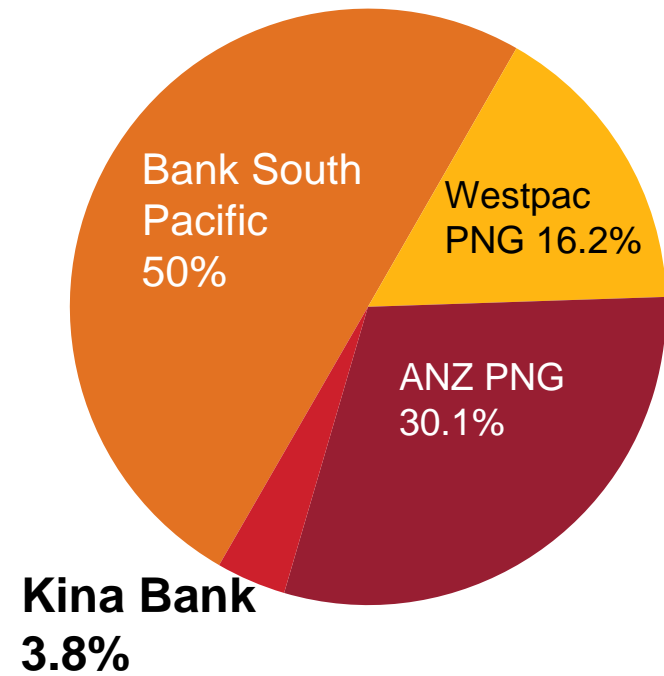
PNG Banking and Finance

Total assets (PGK Bln)



Source: Bank of PNG

PNG Loans Market Share



Total = PGK 9.76 bln

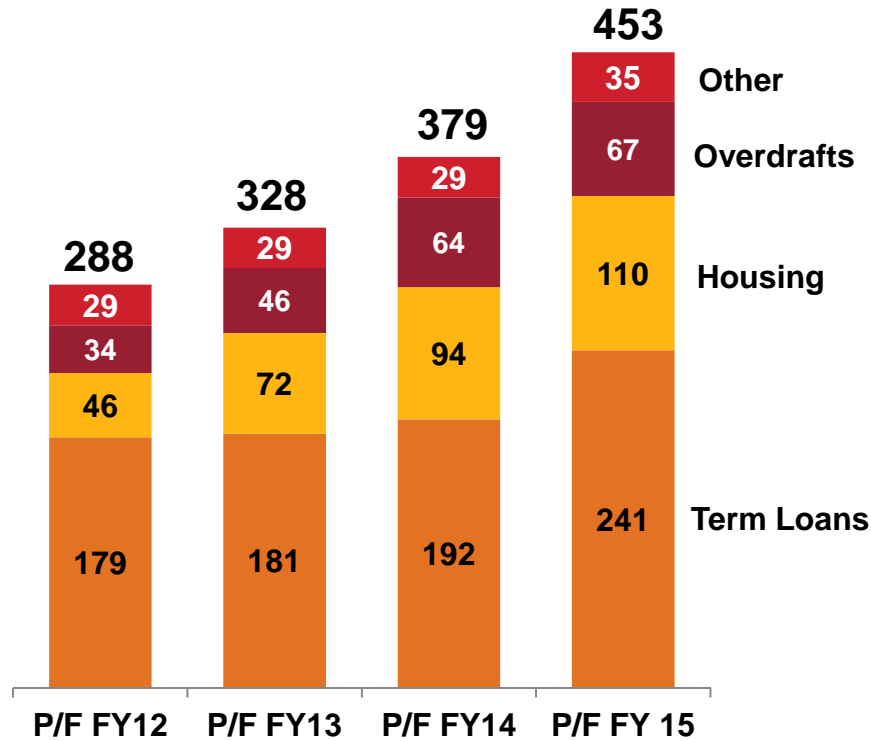
together it's possible



Kina Bank - Strong growth record

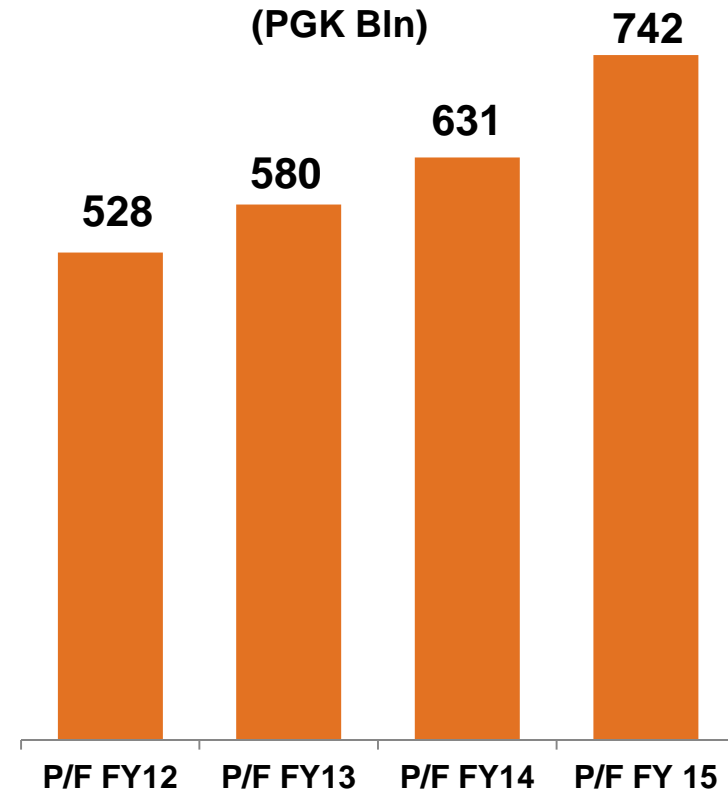
Kina Gross Loans

(PGK Bln)



Kina Deposits

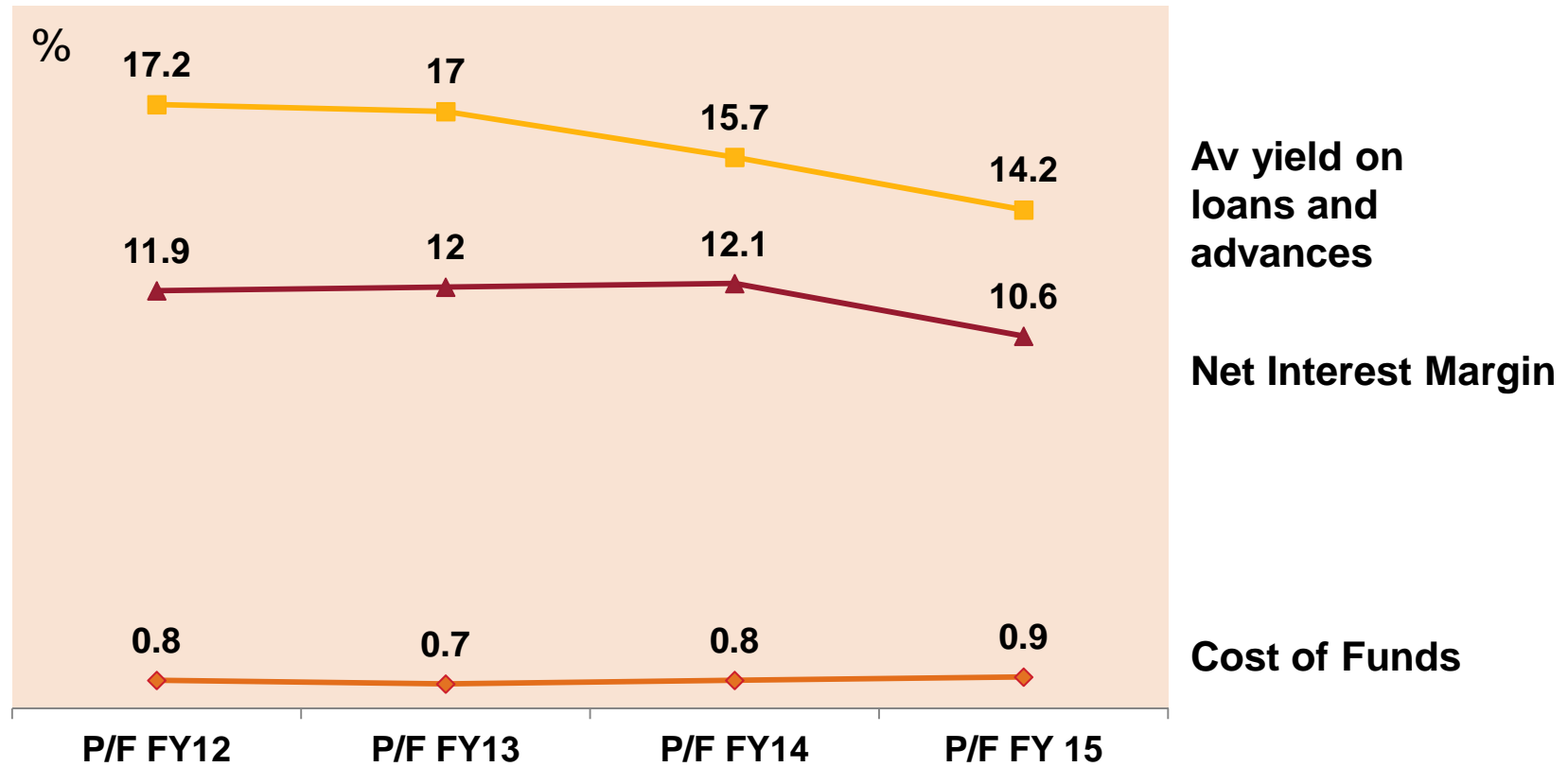
(PGK Bln)



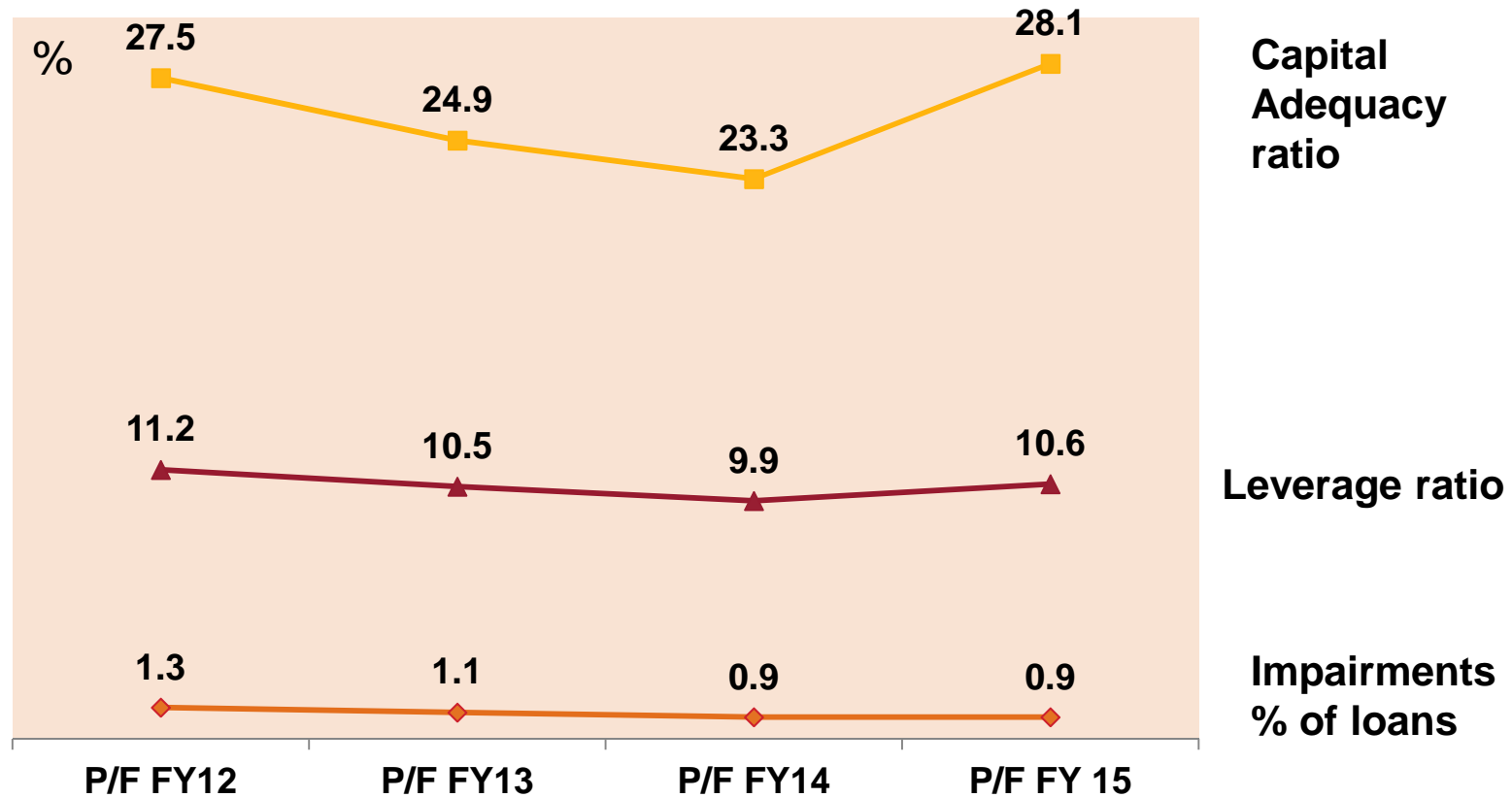
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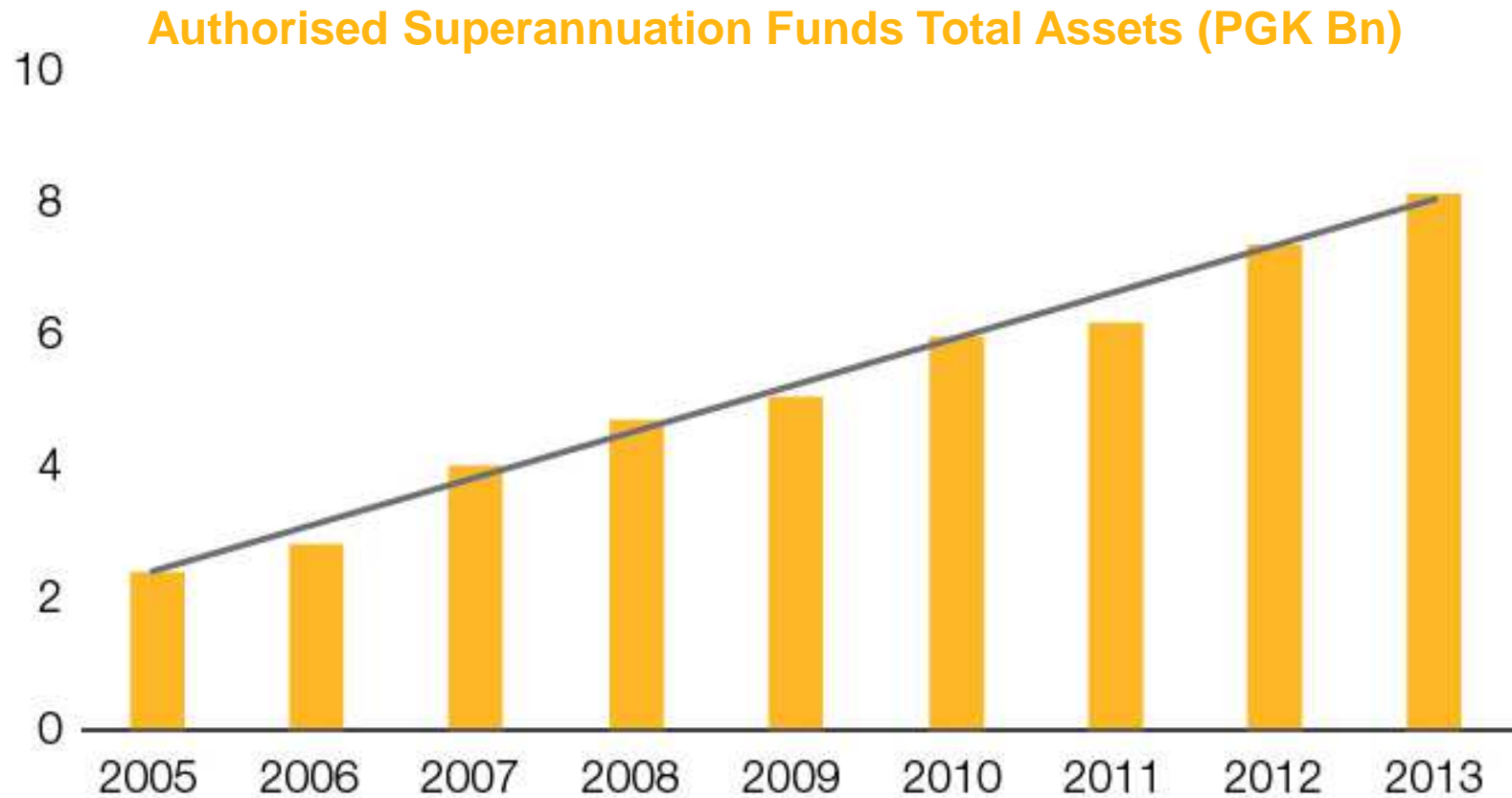
High yield, low cost of funds, high NIM



Low bad debts, strong capital adequacy

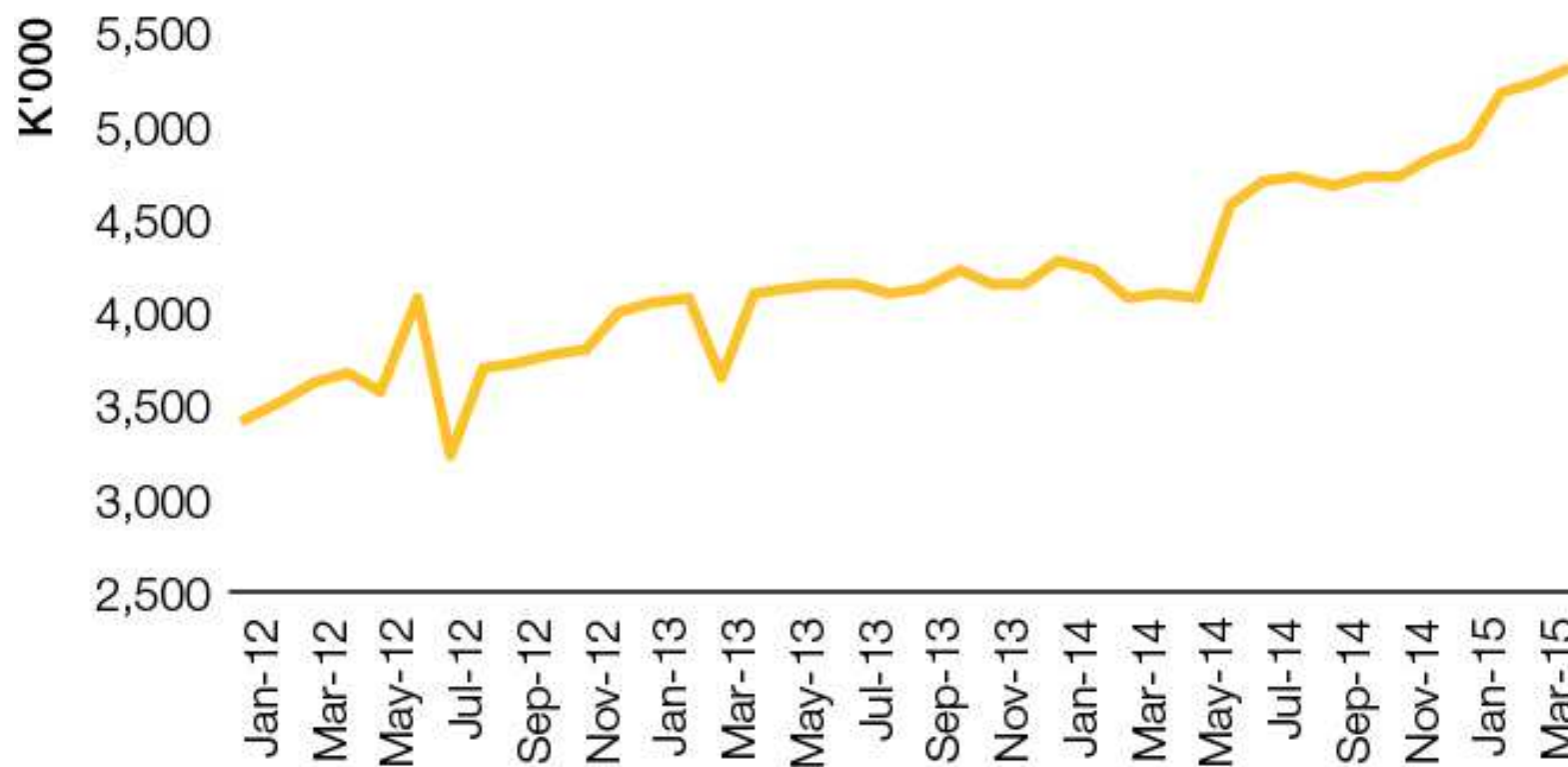


Superannuation system growing strongly

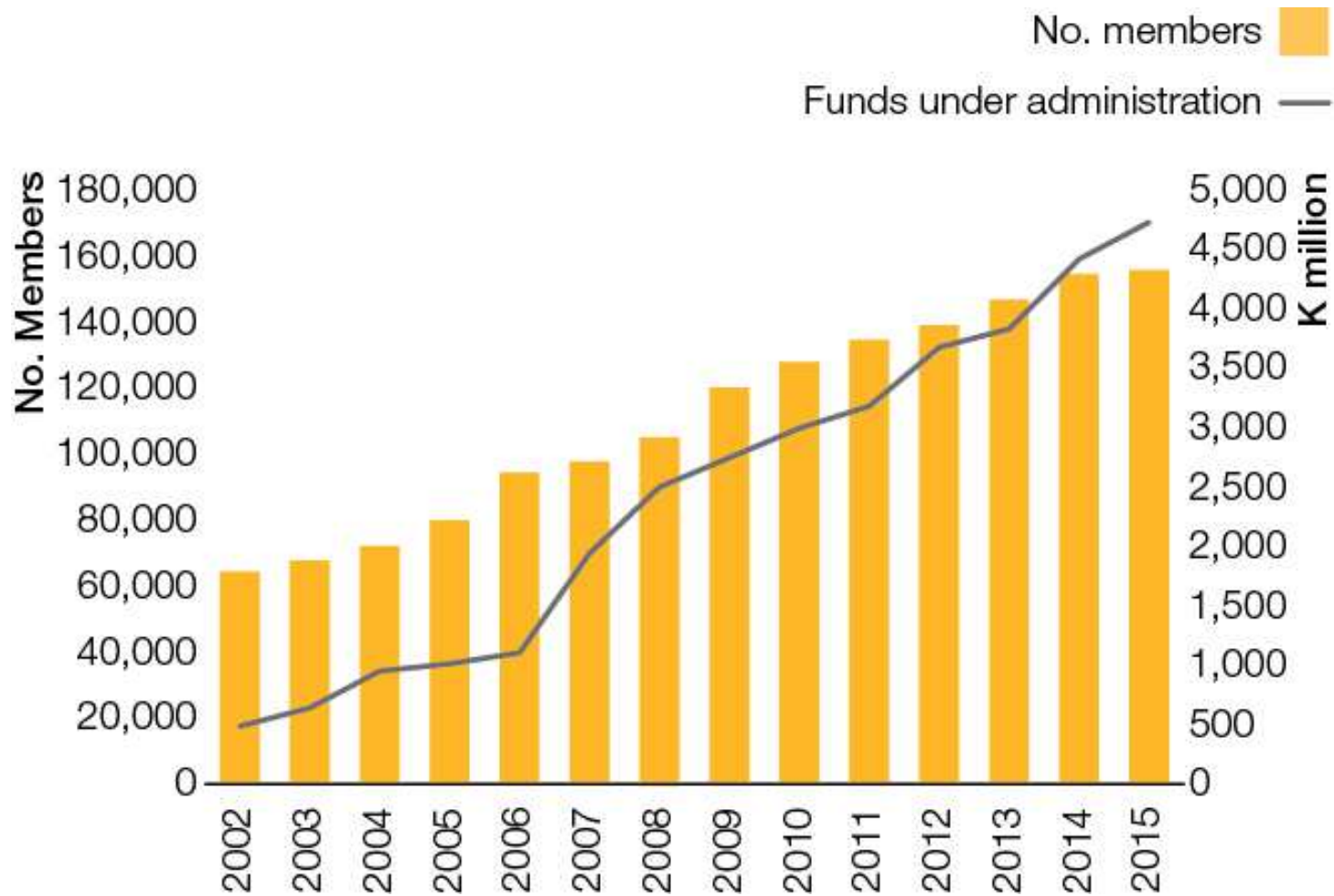


Source: Bank of Papua New Guinea: Annual Reports - 2012 and 2013

Kina Funds Under Management



Kina Funds Under Administration



Synergies from the Maybank acquisition

		EXPECTED TIMING
INVESTMENT PORTFOLIO OPTIMISATION¹	Reallocating investment portfolio into assets with higher returns and longer maturities	FY15
COST OF FUNDING OPTIMISATION¹	Reduction in cost of funding due to enhanced scale and capital position	FY15
EXPENSE SYNERGIES²	Expense synergies from the elimination of identified duplicated functions, consolidation of back-office operations and Lae branches – estimated at K3.0m-K4.0m profit before tax improvement	FY16 and beyond
REVENUE SYNERGIES	Increase in revenue from the cross sell of products across the combined customer base, including FX services to Kina's existing banking customers, and Kina insourcing its wealth management and operating cost FX requirements – estimated K7.0-K10.0m profit before tax improvement	FY16 and beyond

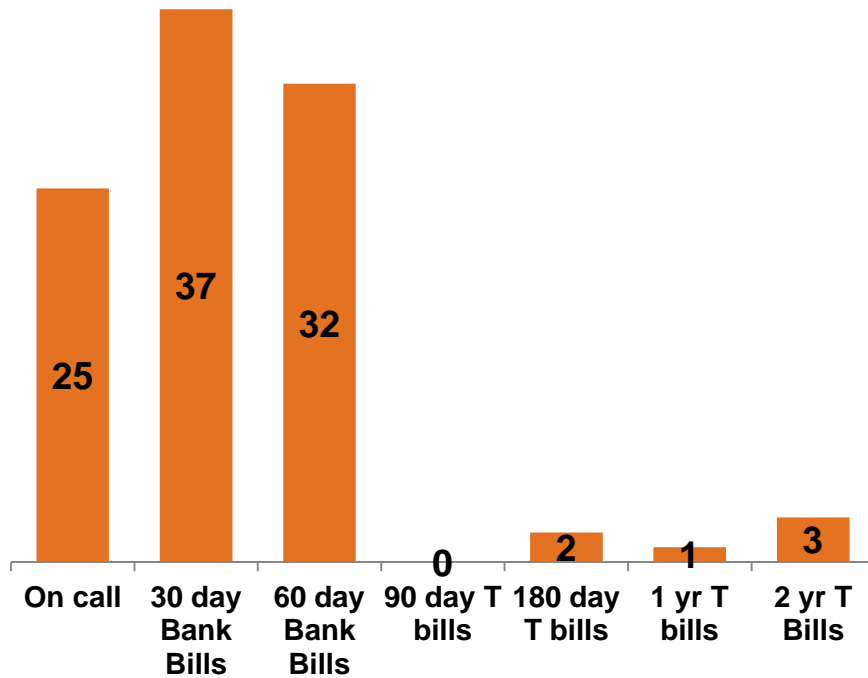
Note: 1. Incorporated in the FY15 prospectus forecast financials

Note 2. Excluding non-cash impact of amortisation of one-off integration costs

Optimising Investment Portfolio

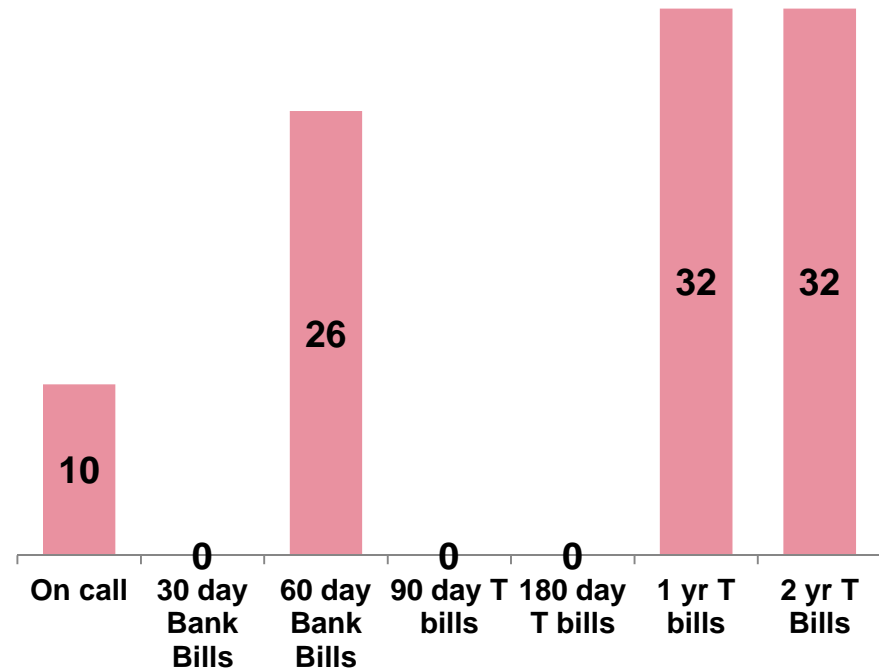
Merger Investment Portfolio

(% of total portfolio)

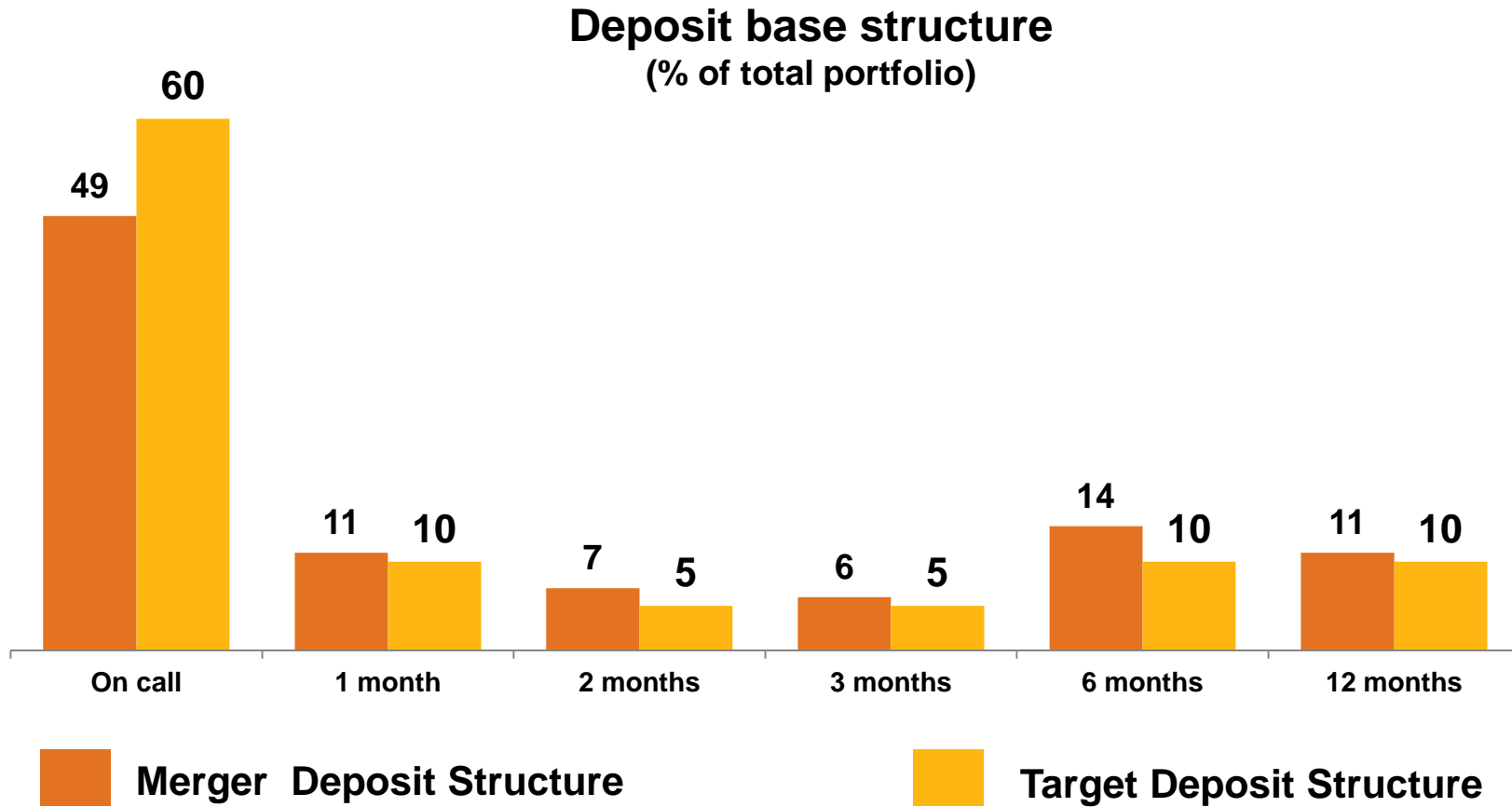


Target Investment Portfolio

(% of total portfolio)



Restructuring Deposit Base



Integration and rebranding well advanced



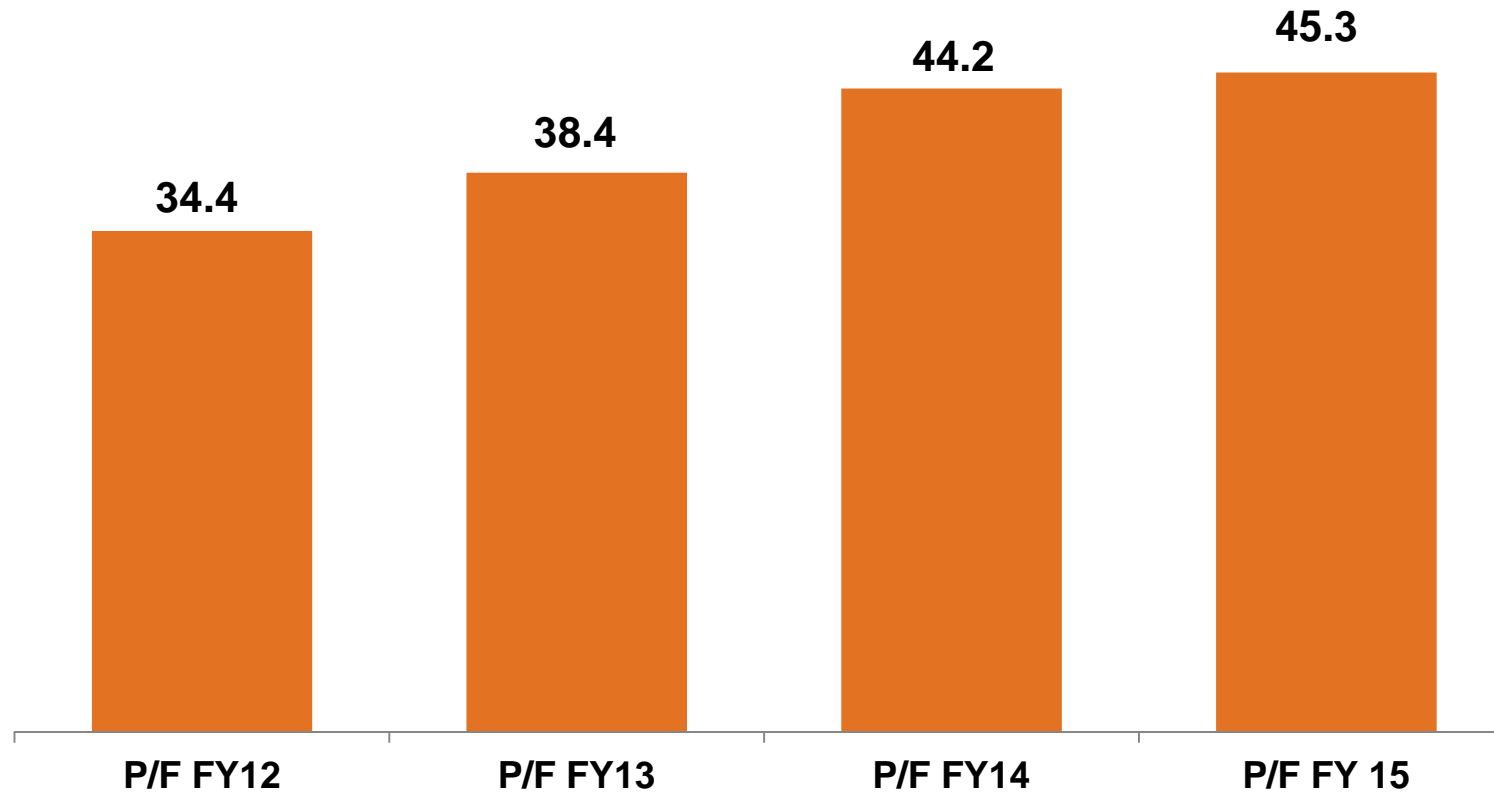
Before



After

Steady profit growth forecast

Profit after Tax (PGK Mln)




together it's possible



Kina Securities – a real opportunity

- **Kina is the emerging force in the rapidly growing PNG financial services sector**
- **Highly profitable**
- **Very well capitalised**
- **Massive growth potential to be delivered over the coming years**






At Kina, we believe in opportunity.
Opportunity for this generation and the next to prosper. Opportunity to build the life you choose for you and your family.

together it's possible

Ask us about how we can help you unlock opportunity. Visit us at www.kina.com.pg

Telephone +675 308 3800 Email kina@kina.com.pg
Facsimile +675 308 3899 Swift KINPGPG

 **kina**

04.06.11.2014

The background of the slide features a series of overlapping, wavy, concentric lines in shades of red and maroon, creating a dynamic, organic pattern. The lines flow from the top left towards the bottom right, with some lines curving back towards the left, giving a sense of movement and depth.

**Kina Securities – the new force
in PNG financial services**