

23 May 2018

Kina Securities Limited Chair's Speech for AGM – 23rd May 2018

Once again, good morning ladies and gentlemen and welcome to the 2018 Annual General Meeting of Kina Securities Limited. We certainly appreciate the good turn out here today in Port Moresby and the interest in our company.

It is both an honour and a privilege to deliver this statement, my first as Chairman, having joined the Board as a Non-Executive Director in 2016 and becoming Chairman in May 2017.

Kina is now one of the leading financial services companies in PNG and in 2017 we continued to invest in Banking and our Wealth Management franchises to ensure we continue to deliver the services our customers require when and when they need them.

Investing for the Future

2017 was another milestone year in which we invested in the company, transitioned to new senior management, reinforced our approach to digital technologies, and developed new innovative products and services. It was a foundational year and we plan to build on this in the years to come.

Digital technology is continuing to transform industries, businesses and the way we lead our lives in PNG.

Given that our customers are more mobile than ever before, Kina's banking and wealth management businesses and initiatives are clear demonstrations of how we are participating in the transformation occurring in PNG. Kina aims to be at the forefront of technological innovation in order to provide the simplicity and convenience our customers' desire and to offer them seamless banking and wealth management experiences of their choice anytime, anywhere and anyhow.

The PNG financial services sector is presently experiencing a phase which is both challenging and exciting. It is challenging because in PNG we have seen a period of low and relatively flat growth over the past 12 months, with the economy dampened by liquidity constraints and foreign exchange shortages. This is expected to continue for the next 12-18 months.

At the same time there are robust opportunities across the target market segments of our business and in the continuing opportunities provided by technology and innovation.

Strong Results

Despite the economic challenges we faced, Kina reported a statutory net profit of PGK 23.0m and an underlying profit of PGK 30.0m for the full year ended 31 December, 2017.

Directors also declared a final dividend of PGK 10.0 toea / AUD 4.0 cents per share, taking the full year dividend to PGK 15.0 toea / AUD 6.0 cents per share, a payout ratio of 82%.

During 2017, we successfully addressed the situation we faced with the loss of our correspondent banking partner. We also progressed our funds administration agreement with one of PNG's leading superannuation funds, NASFUND. Kina now has 90% of the funds administration sector in PNG.

Over recent years, Kina has substantially strengthened both its banking and wealth businesses. In banking this has been underpinned by technology and evidenced by strengthening our deposit profile, robust lending growth and sound overall asset quality.

The development and release of our personal and corporate mobile banking application late 2017 are key examples of how we have innovated to attract new customers and enhance the customer experience.

Despite the economic conditions during 2017 and considerable competition in the marketplace, Kina grew its market share from 4.8% in 2016 to 5.8% in 2017, growing at twice the rate of system credit growth.

Kina remains unique in the financial services sector in PNG and its reach extends beyond banking into multiple financial services segments.

With the progress of Kina's agreement with NASFUND, we now have the opportunity to offer targeted investments and banking products to a customer base of more than 700,000 superannuation members.

This positive development adds to the group's financial strength and its platform to capitalise on the potential of PNG's growing middle class.

Our people

We have recently welcomed our new Chief Executive Officer and Managing Director, Greg Pawson following the retirement of Syd Yates, effective from January 2018.

I would like to take this opportunity to thank Syd for his immense contribution to Kina over more than 20 years.

Greg is no stranger to PNG and emerging markets, and has extensive banking and financial services experience in the Asia-Pacific region.

Following Syd's departure, Greg is continuing to provide the strong leadership we need to help develop on our goals for 2018 and beyond.

Greg has been working hard on redefining Kina's vision and purpose, and on sharpening our strategic priorities, so we are ready to meet the Group's future challenges and opportunities.

Given the ongoing disruption and market dominance that is occurring across the financial services sector in PNG, it is great to see Greg embedding a strong challenger mentality throughout the business.

I would also like to thank my fellow Directors for their guidance and contribution during Kina's Board and management renewal in 2017. I wish to particularly acknowledge the outstanding contribution of Kina's outgoing chairman Sir Rabbie Namaliu and Non-executive Director Wayne Golding, who stepped down from the Board last year.

On behalf of the Board, I would also like to thank our Kina employees for their ongoing dedication and energy. Without their efforts and expertise, we would not be in the position we are today to expand our existing banking and wealth management products and services, and I look forward confidently to the future for new opportunities.

In closing, I would like to thank our customers, the PNG community, our stakeholders and shareholders for their continued support.

End.

Kina is a company that always looks to the future.

For more than 30 years, we have diversified and evolved as we have adapted to changing economic conditions, and to the increasing sophistication of our customers' financial needs to take advantage of opportunities.

For further information, please call:

Chetan Chopra
Company Secretary
+675 308 3800