

ASX/PNGX announcement



14 September 2020

ASX Markets Announcement Office
Exchange Centre
20 Bridge Street
Sydney NSW 2000
Australia

BY ELECTRONIC LODGEMENT

Retail Entitlement Offer Booklet

Please find attached for release to the market, Kina Securities Limited's *Retail Entitlement Offer booklet*.

-ENDS-

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

For further information:

Greg Pawson

Chief Executive Officer and Managing Director
Email: greg.pawson@kinabank.com.pg

Chetan Chopra

Chief Financial Officer and Company Secretary
Email: Chetan.chopra@kinabank.com.pg



Kina Securities Limited

ARBN 606 168 594

Retail Entitlement Offer

Details of a fully underwritten 1 for 2 pro rata accelerated non-renounceable entitlement offer of new shares in Kina Securities Limited at an offer price of A\$0.80 per New Share.

The Retail Entitlement Offer closes at
5.00pm (AEST) on Thursday, 1 October 2020

IMPORTANT NOTICE

This is an important document which is accompanied by an Entitlement and Acceptance Form. Both documents should be read in their entirety. If you are an Eligible Retail Shareholder, this document requires your immediate attention. If you have any questions about its contents or the course of action you should take, please consult your professional adviser.

**NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF,
PERSONS IN THE UNITED STATES**

RETAIL ENTITLEMENT OFFER

IMPORTANT NOTICES

This Retail Offer Booklet is dated Monday, 14 September 2020. Capitalised terms in this section have the meaning given to them in this Retail Offer Booklet.

This Retail Offer Booklet has been issued by Kina Securities Limited (ARBN 606 168 594).

The Retail Entitlement Offer is made in accordance with section 708AA of the Corporations Act (as notionally modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73). This Retail Offer Booklet does not contain all of the information which an investor may require to make an informed investment decision, nor does it contain all the information which would be required to be disclosed in a prospectus. The information in this Retail Offer Booklet does not constitute financial product advice and does not take into account your investment objectives, financial situation or particular needs.

This Retail Offer Booklet should be read in its entirety before you decide to participate in the Retail Entitlement Offer. This Retail Offer Booklet is not a prospectus under the Corporations Act and has not been lodged with ASIC. By returning an Entitlement and Acceptance Form or otherwise paying for your New Shares through BPAY¹ in accordance with the instructions on the Entitlement and Acceptance Form, you acknowledge that you have read this Retail Offer Booklet and you have acted in accordance with and agree to the terms of the Retail Entitlement Offer detailed in this Retail Offer Booklet.

No overseas offering

This Retail Offer Booklet (including the accompanying Entitlement and Acceptance Form) does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. In particular, this Retail Offer Booklet does not constitute an offer to Ineligible Retail Shareholders and may not be distributed in the United States and the New Shares may not be offered or sold, directly or indirectly, to persons in the United States.

This Retail Offer Booklet is not to be distributed in, and no offer of New Shares is to be made under the Retail Entitlement Offer, in countries other than Australia and New Zealand unless Kina, in its discretion, is satisfied that the Entitlement Offer may be made in compliance with all applicable laws.

No action has been taken to register or qualify the Retail Entitlement Offer, the Entitlements or the New Shares, or otherwise permit the public offering of the New Shares, in any jurisdiction other than Australia and New Zealand.

The distribution of this Retail Offer Booklet (including an electronic copy) outside Australia and New Zealand is restricted by law. If you come into possession of the information in this Retail Offer Booklet, you should observe such restrictions and should seek your own advice on such restrictions. Any non-compliance with these restrictions may contravene applicable securities laws.

Foreign exchange control restrictions or restrictions on remitting funds from your country to Australia may apply. Your Application for New Shares (if any) is subject to all requisite authorities and clearances being obtained for Kina to lawfully receive your Application Monies.

New Zealand

The New Shares are not being offered to the public within New Zealand other than to existing Shareholders with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the Financial Markets Conduct Act 2013 and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure

statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

United States

None of the information in this Retail Offer Booklet or the Entitlement and Acceptance Form accompanying it constitutes an offer to sell, or a solicitation of an offer to buy, any securities in the United States or in any other jurisdiction in which such an offer would be illegal. Neither this Retail Offer Booklet (or any part of it) nor the Entitlement and Acceptance Form may be released or distributed in the United States.

Neither the Entitlements nor the New Shares have been, or will be, registered under the U.S. Securities Act of 1933, as amended (the "US Securities Act"), or the securities laws of any state or other jurisdiction of the United States. The Entitlements offered and sold in the Retail Entitlement Offer may not be taken up in the United States or by any person acting for the account or benefit of any person in the United States. The New Shares offered and sold in the Retail Entitlement Offer may not be offered or sold, directly or indirectly, in the United States or to any person acting for the account or benefit of any person in the United States, except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable securities laws of any state or other jurisdiction of the United States. The Entitlements offered and sold in the Retail Entitlement Offer may only be taken up, and the New Shares offered and sold in the Retail Entitlement Offer may only be offered and sold, outside the United States in "offshore transactions" (as defined in Rule 902(h) under the US Securities Act) in reliance on Regulation S under the US Securities Act.

Definitions, currency and time

Defined terms used in this Retail Offer Booklet are contained in Section 6. All references to time are to AEST, unless otherwise indicated.

Taxation

There will be tax implications associated with participating in the Retail Entitlement Offer and receiving New Shares. Section 5 provides a general summary of the Australian income tax, goods and services tax and stamp duty implications of the Retail Entitlement Offer for Eligible Retail Shareholders. The guide does not take account of the individual circumstances of particular Eligible Retail Shareholders and does not constitute tax advice. Kina recommends that you consult your professional tax adviser in connection with the Retail Entitlement Offer.

Privacy

Kina collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's shareholding in Kina.

By submitting an Entitlement and Acceptance Form, you will be providing personal information to Kina (directly or through the Share Registry). Kina collects, holds and will use that information to assess your Application. Kina collects your personal information to process and administer your shareholding in Kina and to provide related services to you. Kina may disclose your personal information for purposes related to your shareholding in Kina, including to the Share Registry, Kina's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory bodies. You can obtain access to personal information that Kina holds about you. To make a request for access to your personal information held by (or on behalf of) Kina, please contact Kina through the Share Registry.

Governing law

This Retail Offer Booklet, the Retail Entitlement Offer and the contracts formed on acceptance of the Applications are governed by the law of New South Wales, Australia. Each Applicant submits to the exclusive jurisdiction of the courts of New South Wales, Australia.

¹ ® registered to BPAY Pty Ltd ABN 69 079 137 518.

RETAIL ENTITLEMENT OFFER

No representations

No person is authorised to give any information or to make any representation in connection with the Retail Entitlement Offer which is not contained in this Retail Offer Booklet. Any information or representation in connection with the Retail Entitlement Offer not contained in the Retail Offer Booklet may not be relied upon as having been authorised by Kina, its related bodies corporate or any of their respective directors, officers, employees, agents, advisers or representatives. Except as required by law, and only to the extent so required, none of Kina, its related bodies corporate or any their respective directors, officers, employees, agents, advisers or representatives, or any other person, warrants or guarantees the future performance of Kina or any return on any investment made pursuant to this Retail Offer Booklet.

Past performance

Investors should note that any past performance information given in this Retail Offer Booklet is provided for illustrative purposes only and should not be relied upon as, and is not, an indication of future Kina performance, including future share price performance.

Future performance and forward-looking statements

This Retail Offer Booklet contains certain forward-looking statements. Forward-looking statements can generally be identified by the use of forward-looking words such as “may”, “should”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “believe”, “continue”, “objectives”, “outlook”, “guidance”, “project”, “forecast”, “likely”, “could”, “target” or other similar words or expressions, and include statements in this Retail Offer Booklet regarding certain plans, strategies and objectives of management of Kina and indications of, and guidance or outlook on, expected financial performance or position, future earnings, distributions, the conduct and outcome of the Entitlement Offer and the use of proceeds.

You are strongly cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the outbreak of COVID-19.

The forward-looking statements contained in this Retail Offer Booklet involve known and unknown risks, uncertainties, contingencies and other factors, many of which are beyond the control of Kina, subject to change without notice and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct.

Forward-looking statements are provided as a general guide only and there can be no assurance that actual outcomes will not differ materially from these statements. A number of important factors could cause actual results or performance to differ materially from the forward-looking statements, including (without limitation) the risks and uncertainties associated with the ongoing impacts of COVID-19, the PNG and global economic environment and capital market conditions and other risk factors set out in the “Key Corporate and Transaction Risks” section of the Investor Presentation in Section 3 of this Retail Offer Booklet. Investors should consider the forward-looking statements contained in this Retail Offer Booklet in light of those disclosures.

Neither Kina, nor any other person, gives any representation, warranty, assurance nor will guarantee that the occurrence of the events expressed or implied in any forward-looking statement actually occur. Kina disclaims any responsibility for the accuracy or completeness of any forward-looking statements whether as a result of new information, future events or results or otherwise. Readers are cautioned not to place undue reliance on forward looking statements and Kina disclaims any responsibility to update or revise any forward-looking statement to reflect any change in Kina’s financial condition, status, expectations or affairs or any change in events, conditions or circumstances on which a statement is based, except as required by law.

Risks

An investment in New Shares is subject to investment and other known and unknown risks, some of which are beyond the control of Kina. Kina does not guarantee any particular rate of return or the performance of Kina, nor does it guarantee any particular tax treatment.

Shareholders should refer to the “Key Corporate and Transaction Risks” section of the Investor Presentation in Section 3 of this Retail Offer Booklet for a summary of general and specific risk factors that may affect Kina.

Trading New Shares

Kina will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to persons who trade New Shares they believe will be issued to them before they receive their holding statements, whether on the basis of confirmation of the allocation provided by Kina or the Share Registry or otherwise, or who otherwise trade or purport to trade New Shares in error or which they do not hold or are not entitled to.

If you are in any doubt as to these matters you should first consult with your stockbroker, solicitor, accountant or other professional adviser.

RETAIL ENTITLEMENT OFFER

CHAIRMAN'S LETTER

14 September 2020

Dear Shareholder,

On behalf of the Kina Board, it is my pleasure to invite you to participate in Kina's 1 for 2 pro rata accelerated non-renounceable entitlement offer of new shares in Kina ("New Shares") at an offer price of A\$0.80 ("Offer Price") per New Share ("Entitlement Offer"). The proceeds of the Entitlement Offer will be used to expand the capital base of the bank, enabling it to further pursue growth opportunities in the SME sector, and fund additional strategic projects which will enhance Kina's digital leadership in PNG.

DETAILS OF THE ENTITLEMENT OFFER

The Entitlement Offer comprises an accelerated institutional component ("Institutional Entitlement Offer") and a retail component ("Retail Entitlement Offer") to raise a total of A\$69,898,067 (before costs). Concurrent with the announcement of the Entitlement Offer, Kina announced a placement of New Shares to new and existing Institutional Investors at the Offer Price of A\$0.80² per New Share, which has raised A\$10,468,656 (before costs) ("Placement", and together with the Entitlement Offer, the "Offer"). The Offer is fully underwritten by Morgans Corporate Limited ("Morgans" or the "Underwriter").

Due to local regulatory requirements, the Offer will not be made to Papua New Guinea ("PNG") retail shareholders. However, in addition to the Offer, Kina also announced an offer of Shares to eligible residents in PNG (other those who participated in the Institutional Entitlement Offer) ("PNG Offer") which would be made on substantially the same terms as the Retail Entitlement Offer. The PNG Offer will not be underwritten nor is it managed by the Underwriter. Further information regarding the PNG Offer will be outlined in the PNG Prospectus to be sent to eligible shareholders in PNG in mid-October 2020.

The Institutional Entitlement Offer and the Placement closed successfully on Friday, 11 September 2020. The Retail Entitlement Offer opens at 10.00am (AEST) on Thursday, 17 September 2020 and closes at 5.00pm (AEST) on Thursday, 1 October 2020.

The Entitlement Offer is non-renounceable and therefore your Entitlement will not be tradeable on the ASX or any other exchange, or otherwise transferable. This means that Eligible Retail Shareholders (as defined in Section 6 of this Retail Offer Booklet) who do not take up their Entitlements will not receive any payment or value for those Entitlements and their proportionate interest in Kina will be diluted.

Eligible Retail Shareholders are entitled to subscribe for 1 New Share at the Offer Price for every 2 existing ordinary shares in Kina ("Existing Shares") held at 7.00pm (AEST) on Monday, 14 September 2020 ("Record Date") ("Entitlement").

Shareholders in the United States are not eligible to participate in the Offer. Similarly, Shareholders (including custodians and nominees) who hold Shares on behalf of persons in the United States, or are acting for the account or benefit of persons in the United States, are not eligible to participate in the Offer on behalf of those persons.

The Offer Price of A\$0.80 per New Share represents:

- ▶ a discount of 14.4% to the closing price of Kina of A\$0.935 on Wednesday, 9 September 2020; and
- ▶ a discount of 9.3% to the theoretical ex-rights price ("TERP") of A\$0.882³.

The Offer Price under the Retail Entitlement Offer is the same as under the Institutional Entitlement Offer.

Under the Retail Entitlement Offer, Eligible Retail Shareholders that take up their full Entitlement may also apply for additional New Shares in excess of their Entitlement, at the Offer Price ("Oversubscription Facility"). Additional New

² Eligible Retail Shareholders may elect to pay for their New Shares at an offer price of 1.97 Papua New Guinea kina ("PGK" or "K") (see Section 2.3 of this Retail Offer Booklet for further information).

³ TERP includes shares issued under the Placement, Institutional Entitlement Offer and Retail Entitlement Offer. TERP is a theoretical price at which Shares should trade immediately after the ex-date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Shares will trade immediately after the ex-date for the Entitlement Offer depends on many factors and may not be equal to TERP. TERP has been calculated as: (existing market capitalisation of Kina plus additional equity raised) / total shares on issue following the Offer and the PNG Offer. TERP is calculated by reference to Kina's closing price of A\$0.935 on Wednesday, 9 September 2020, being the last trading day prior to Kina entering into a trading halt pending the announcement of the Offer.

RETAIL ENTITLEMENT OFFER

Shares will only be available under the Oversubscription Facility to the extent that there are Entitlements under the Retail Entitlement Offer that are not taken up by Eligible Retail Shareholders or that would otherwise have been offered to Ineligible Retail Shareholders if they were eligible to participate in the Retail Entitlement Offer. Applications under the Oversubscription Facility will be subject to scale back if Eligible Retail Shareholders apply for more additional New Shares than available under the Oversubscription Facility (see Section 2.3 of this Retail Offer Booklet for further information). Directors of Kina are not entitled to participate in the Oversubscription Facility.

HOW TO APPLY

Accompanying this Retail Offer Booklet is your personalised Entitlement and Acceptance Form which contains details of your Entitlement.

The Retail Entitlement Offer closes at 5.00pm (AEST) on Thursday, 1 October 2020. To participate, you should ensure that you have completed your application by paying the relevant application monies (“Application Monies”) by BPAY[®] before this time in the manner described in this Retail Offer Booklet. If you are unable to pay by BPAY[®] (for example if you are based in New Zealand and do not have an Australian bank account), you are able to pay by cheque.⁴

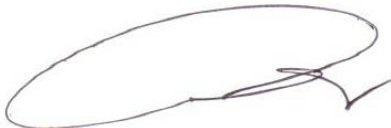
FURTHER INFORMATION

Further information on the Retail Entitlement Offer and Kina’s business is detailed in this Retail Offer Booklet. You should carefully read this Retail Offer Booklet in its entirety and consult your stockbroker, accountant or other professional adviser before making your investment decision. In particular, you should read and consider the “Key Corporate and Transaction Risks” section of the Kina Investor Presentation included in Section 3 of this Retail Offer Booklet, which contains a summary of some of the key risks associated with an investment in Kina.

If you have any questions in respect of the Retail Entitlement Offer, please call the Kina Shareholder Information Line on 1800 550 560 (within Australia) or +61 1800 550 560 (outside Australia) at any time from 8.30am to 5.30pm (AEST) Monday to Friday during the Retail Entitlement Offer Period. This Retail Offer Booklet contains detailed information about the Entitlement Offer, including instructions on how to participate should you choose to do so.

On behalf of my fellow Kina directors, I look forward to welcoming your participation in the Kina Retail Entitlement Offer and your continued ownership of Kina.

Yours sincerely,



Isikeli Taureka
Chairman
Kina Securities Limited

⁴ See Section 2.3 of this Offer Booklet If you wish to elect to pay in PGK.

RETAIL ENTITLEMENT OFFER

SUMMARY OF OFFER

INSTITUTIONAL ENTITLEMENT OFFER

Ratio	1 New Share for every 2 Existing Shares
Offer Price	A\$0.80 per New Share *
Size	43,216,824 New Shares
Gross proceeds	A\$34,573,459

PLACEMENT

Offer Price	A\$0.80 per New Share
Size	13,085,821 New Shares
Gross proceeds	A\$10,468,656

RETAIL ENTITLEMENT OFFER

Ratio	1 New Share for every 2 Existing Shares
Offer Price	A\$0.80 per New Share *
Size	44,155,761 New Shares
Gross proceeds	A\$35,324,608

TOTAL GROSS PROCEEDS

Expected total gross proceeds of the Offer	A\$80,366,724 (equivalent to PGK 198,191,675)
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* Eligible Shareholders may elect to pay for their New Shares at an offer price of 1.97 PGK (see Section 2.3 of this Retail Offer Booklet for further information)

KEY DATES

ACTIVITY	DATE (2020)
Announcement of the Placement and the Entitlement Offer	Thursday, 10 September
Placement and Institutional Entitlement Offer opened	Thursday, 10 September
Placement and Institutional Entitlement Offer closed	Friday, 11 September
Record Date for Entitlement Offer (7.00pm)	Monday, 14 September
Retail Offer Booklet lodged with ASX	Monday, 14 September
Retail Offer Booklet and Entitlement and Acceptance Form despatched to Eligible Retail Shareholders	Thursday, 17 September
Retail Entitlement Offer opens	Thursday, 17 September
Settlement of New Shares issued under the Placement and Institutional Entitlement Offer	Friday, 18 September
Allotment of New Shares issued under the Placement and Institutional Entitlement Offer	Monday, 21 September
Commencement of trading of New Shares issued under the Placement and Institutional Entitlement Offer	Tuesday, 22 September
Retail Entitlement Offer closes (5.00pm)	Thursday, 1 October
Settlement of New Shares issued under the Retail Entitlement Offer	Wednesday, 7 October
Allotment of New Shares issued under the Retail Entitlement Offer	Thursday, 8 October
Normal ASX trading for New Shares issued under the Retail Entitlement Offer commences	Friday, 9 October
Despatch of holding statements for New Shares issued under the Retail Entitlement Offer	Monday, 12 October

RETAIL ENTITLEMENT OFFER

The timetable as set out above (and each reference thereto or to dates therein in this Retail Offer Booklet) is indicative only and subject to change without notice. All times and dates in the timetable refer to AEST. Kina reserves the right to amend any or all of these dates and times subject to the Corporations Act, the ASX Listing Rules, PNGX Listing Rules and other applicable laws. In particular, Kina reserves the right to extend the closing date for the Retail Entitlement Offer, to accept late applications under the Retail Entitlement Offer (either generally or in particular cases) and to withdraw the Retail Entitlement Offer without prior notice. Any extension of the closing date will have a consequential effect on the allotment date of New Shares. Kina also reserves the right not to proceed with the Entitlement Offer in whole or in part at any time prior to allotment and issue of the New Shares. In that event, the relevant Application Monies (without interest) will be returned in full to Applicants.

ENQUIRIES

If you have any doubt about whether you should participate in the Entitlement Offer, you should seek professional financial advice from your stockbroker, solicitor, accountant or other professional adviser before making any investment decision.

If you have questions on how to complete the Entitlement and Acceptance Form or how to take up your Entitlement or have lost your Entitlement and Acceptance Form and would like a replacement form, please visit <https://www.kinabank.com.pg> or call the Kina Shareholder Information Line on 1800 550 560 (within Australia) or +61 1800 550 560 (outside Australia) between 8.30am and 5.30pm (AEST) Monday to Friday during the Retail Entitlement Offer Period.

RETAIL ENTITLEMENT OFFER

TABLE OF CONTENTS

1. THE ENTITLEMENT OFFER	10
1.1 Overview	10
1.2 Institutional Entitlement Offer and Placement	10
1.3 Retail Entitlement Offer	10
2. HOW TO APPLY	11
2.1 Your Entitlement	11
2.2 Options available to you	11
2.3 Taking up all of your Entitlement or taking up all of your Entitlement and participating in the Oversubscription Facility	12
2.4 Taking up part of your Entitlement	12
2.5 Allowing your Entitlement to lapse	12
2.6 Consequences of not taking up all of your Entitlement	12
2.7 Payment	12
2.8 Payment by BPAY®	13
2.9 If you are unable to pay by BPAY®	13
2.10 Entitlement and Acceptance Form is binding	14
2.11 Brokerage	16
2.12 Notice to nominees and custodians	16
2.13 Withdrawal of the Entitlement Offer	16
2.14 Risks	16
2.15 Further enquiries	16
3. ASX ANNOUNCEMENTS AND INVESTOR PRESENTATION	17
4. ADDITIONAL INFORMATION	43
4.1 Responsibility for this Retail Offer Booklet	43
4.2 Date of this Retail Offer Booklet	43
4.3 Eligibility of Retail Shareholders	43
4.4 Ranking of New Shares	43
4.5 Allotment, quotation and trading	43
4.6 Reconciliation	43
4.7 Underwriting	44
4.8 Continuous Disclosure	44
4.9 No cooling off rights	45
4.10 Rounding of Entitlements	45
4.11 Not financial product or investment advice	45
4.12 Financial data	45
4.13 Ineligible Shareholders	45
5. AUSTRALIAN TAXATION CONSEQUENCES	46
5.1 Issue of Entitlement	46
5.2 Exercise of Entitlement	46
5.3 Lapse of Entitlement	46
5.4 Taxation in respect of Dividends on New Shares	47
5.5 Disposal of New Shares	47
5.6 GST and stamp duty	47

RETAIL ENTITLEMENT OFFER

6. DEFINITIONS	48
7. CORPORATE DIRECTORY	50

RETAIL ENTITLEMENT OFFER

SUMMARY OF OPTIONS AVAILABLE TO YOU

If you are an Eligible Retail Shareholder⁵, you may take one of the following actions:

- ▶ take up all of your Entitlement, and if you do so, you may apply for additional New Shares under the Oversubscription Facility;
- ▶ take up part of your Entitlement and allow the balance to lapse; or
- ▶ do nothing, in which case your Entitlement will lapse and you will receive no value for your Entitlement.

If you are a retail shareholder but are not an Eligible Retail Shareholder, you are an “Ineligible Retail Shareholder”. Ineligible Retail Shareholders are not entitled to participate in the Entitlement Offer.

OPTIONS AVAILABLE TO YOU

KEY CONSIDERATIONS

Option 1: Take up all of your Entitlement, and if you do so, you may apply for additional New Shares under the Oversubscription Facility

- ▶ You may elect to purchase New Shares at the Offer Price (see Section 2 “How to apply” for instructions on how to take up your Entitlement) and if you do so, you may apply for additional New Shares under the Oversubscription Facility
- ▶ The New Shares will rank equally in all respects with Existing Shares (including rights to dividends and distributions).
- ▶ The Retail Entitlement Offer closes at 5.00pm (AEST) on Thursday, 1 October 2020.
- ▶ You may also apply for additional New Shares under the Oversubscription Facility at the Offer Price in excess of your Entitlement. If you apply for additional New Shares under the Oversubscription Facility, and if your application is successful (in whole or in part), your additional New Shares will be issued to you at the same time and on the same terms that other New Shares are issued under the Retail Entitlement Offer. If you apply for additional New Shares, there is no guarantee that you will be allocated any additional New Shares. If Eligible Retail Shareholders apply for more additional New Shares than available under the Oversubscription Facility, Kina will scale back applications for additional New Shares in its absolute discretion having regard to the pro-rata Entitlement of Eligible Retail Shareholders who apply for additional New Shares. Directors of Kina are not entitled to participate in the Oversubscription Facility.

Option 2: Take up part of your Entitlement

- ▶ If you only take up part of your Entitlement, the part not taken up will lapse and the New Shares not subscribed for may be acquired by Eligible Retail Shareholders under the Oversubscription Facility, or by the Underwriter or any sub-underwriter.
- ▶ If you do not take up your Entitlement in full, you will not receive any payment or value for that part of your Entitlement not taken up.
- ▶ If you do not take up your Entitlement in full, your percentage holding in Kina will be reduced as a result of the Entitlement Offer.

Option 3: Do nothing, in which case your New Shares and your Entitlement will lapse

- ▶ If you do not take up your Entitlement, your Entitlement will lapse and you will not receive any value or payment for your Entitlement
- ▶ The New Shares not subscribed for may be acquired by Eligible Retail Shareholders under the Oversubscription Facility, or by the Underwriter or any sub-underwriter.
- ▶ Your Entitlement is non-renounceable, which means it is non-transferrable and cannot be sold, traded on ASX or any other exchange, nor can it be privately transferred.
- ▶ If you do not take up your Entitlement, your percentage holding in Kina will be reduced as a result of the Entitlement Offer.

RETAIL ENTITLEMENT OFFER

1. OVERVIEW OF THE ENTITLEMENT OFFER

1.1 OVERVIEW

Kina intends to raise A\$69,898,067 (before costs) under the Entitlement Offer via an offer of 87,372,585 New Shares at an Offer Price of A\$0.80 per New Share.

Kina will use the proceeds of the Entitlement Offer to expand the capital base of the bank, enabling it to further pursue growth opportunities in the SME sector, and fund additional strategic projects which will enhance Kina's digital leadership in PNG.

The Entitlement Offer has two components:

- a. the Institutional Entitlement Offer – Eligible Institutional Shareholders were given the opportunity to take up all or part of their Entitlement, and a bookbuild process to sell Entitlements not taken up by Eligible Institutional Shareholders as well as Entitlements of Ineligible Institutional Shareholders at the Offer Price was carried out, to raise A\$34,573,459 (before costs); and
- b. the Retail Entitlement Offer (to which this Retail Offer Booklet relates) – Eligible Retail Shareholders will be given the opportunity to take up all or part of their Entitlement. Eligible Retail Shareholders who take up their full Entitlement may also participate in the Oversubscription Facility by applying for additional New Shares in excess of their Entitlement at the Offer Price, in excess of their Entitlement.

Both the Institutional Entitlement Offer and the Retail Entitlement Offer are non-renounceable. Accordingly, Entitlements do not trade on the ASX or PNGX, nor can they be sold, transferred or otherwise disposed of.

New Shares issued under the Retail Entitlement Offer are to be issued at the same price as New Shares issued under the Institutional Entitlement Offer. In addition, Shareholders' Entitlements under the Institutional Entitlement Offer and the Retail Entitlement Offer are calculated based on the same ratio.

The Offer is fully underwritten by the Underwriter in accordance with the terms of the Underwriting Agreement (as summarised in Section 4.7).

1.2 INSTITUTIONAL ENTITLEMENT OFFER AND PLACEMENT

Kina has already raised A\$34,573,459 (before costs) from Eligible Institutional Shareholders as part of the Institutional Entitlement Offer, at the Offer Price. ⁶ New Shares are expected to be issued under the Institutional Entitlement Offer on Monday, 21 September 2020.

Concurrently with the Institutional Entitlement Offer, Kina undertook a Placement under which 13,085,821 New Shares were offered to new and existing Institutional Investors at the Offer Price per New Share, raising A\$10,468,656. New Shares are expected to be issued under the Placement on Monday, 21 September 2020.

1.3 RETAIL ENTITLEMENT OFFER

The Retail Entitlement Offer is being made pursuant to section 708AA of the Corporations Act (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73) which allows rights issues to be offered without a prospectus, provided certain conditions are satisfied.

As a result, the Retail Entitlement Offer is not being made under a prospectus and it is important for Eligible Retail Shareholders to read and understand the information on Kina and the Retail Entitlement Offer made publicly available, prior to taking up all or part of their Entitlement. In particular, please refer to the materials in Section 3 of this Retail Offer Booklet and other announcements made available at <http://investors.kinabank.com.pg/investors/?page=asx-announcementsor asx.com.au> and all other parts of this Retail Offer Booklet carefully before making any decisions in relation to your Entitlement.

The Retail Entitlement Offer constitutes an offer to Eligible Retail Shareholders, who are invited to apply for 1 New Share for every 2 Existing Shares held on the Record Date.

⁶ Settlement of the Institutional Entitlement Offer and Placement is due to occur on Friday, 18 September 2020 and is subject to certain conditions and termination events. Refer to Section 4.7.

RETAIL ENTITLEMENT OFFER

The Offer Price of A\$0.80 per New Share represents:

- ▶ a discount of 14.4% to the last closing price on Wednesday, 9 September 2020; and
- ▶ a discount of 9.3% to the theoretical ex-rights price ("TERP") of A\$0.882.⁷

The Retail Entitlement Offer opens on Thursday, 17 September 2020. This is also the date when the Retail Offer Booklet will be dispatched, along with a personalised Entitlement and Acceptance Form, to Eligible Retail Shareholders. These documents will also be made available online at <https://www.kinabank.com.pg>. The Retail Entitlement Offer is expected to close at 5.00pm (AEST) on Thursday, 1 October 2020. Any New Shares not taken up by the Closing Date may be made available to those Eligible Retail Shareholders who took up their full Entitlement and applied for additional New Shares under the Oversubscription Facility at the Offer Price in excess of their Entitlement. There is no guarantee that Eligible Retail Shareholders will receive the number of additional New Shares applied for under the Oversubscription Facility. Additional New Shares will only be allocated to Eligible Retail Shareholders under the Oversubscription Facility if available and then only if and to the extent that Kina so determines, in its absolute discretion. Any scale-back will be applied by Kina in its absolute discretion having regard to the pro-rata Entitlement of Eligible Retail Shareholders who apply for additional New Shares.

Directors of Kina are not entitled to participate in the Oversubscription Facility.

2. HOW TO APPLY

2.1 YOUR ENTITLEMENT

An Entitlement and Acceptance Form setting out your Entitlement (calculated as 1 New Share for every 2 Existing Shares held on the Record Date with fractional entitlements rounded up to the nearest whole number of New Shares) accompanies this Retail Offer Booklet. Eligible Retail Shareholders may subscribe for all or part of their Entitlement. If you have more than one registered holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding. Personalised Entitlement and Acceptance Forms will also be available online at <https://www.kinabank.com.pg> from Thursday, 17 September 2020 (being the date on which the Retail Entitlement Offer opens). Please note that the Entitlement stated on your personalised Entitlement and Acceptance Form may be in excess of the actual Entitlement you may be permitted to take up where, for example, you are holding Shares on behalf of a person in the United States (refer to the definition of Eligible Retail Shareholders in Section 6). Eligible Retail Shareholders should be aware that an investment in Kina involves risks. The key risks identified by Kina are set out in the section entitled "Key Corporate and Transaction Risks" in the Investor Presentation (in Section 3 of this Retail Offer Booklet).

2.2 OPTIONS AVAILABLE TO YOU

Eligible Retail Shareholders may:

- a. take up their Entitlement in full by the Closing Date, and if you do so, you may apply for additional New Shares under the Oversubscription Facility (refer to Section 2.3);
- b. take up part of their Entitlement by the Closing Date, in which case the balance of their Entitlement would lapse (refer to Section 2.4); or
- c. do nothing and allow their Entitlement to lapse (refer to Section 2.5).

The Retail Entitlement Offer is an offer to Eligible Retail Shareholders only. Ineligible Retail Shareholders may not take up all or part of their Entitlement.

Kina reserves the right to reject any Entitlement and Acceptance Form that is not correctly completed or that is received after the Closing Date.

The Closing Date for acceptance of the Retail Entitlement Offer is 5.00pm (AEST) on Thursday, 1 October 2020 (however, that date may be varied by Kina, in accordance with the ASX Listing Rules, PNGX Listing Rules and applicable law).

⁷ TERP includes shares issued under the Placement, Institutional Entitlement Offer and Retail Entitlement Offer. TERP is a theoretical price at which Shares should trade immediately after the ex-date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Shares will trade immediately after the ex-date for the Entitlement Offer depends on many factors and may not be equal to TERP. TERP has been calculated as: (existing market capitalisation of Kina plus additional equity raised) / total shares on issue following the Offer and the PNG Offer. TERP is calculated by reference to Kina's closing price of A\$0.935 on Wednesday, 9 September 2020, being the last trading day prior to Kina entering into a trading halt pending the announcement of the Offer.

RETAIL ENTITLEMENT OFFER

2.3 TAKING UP ALL OF YOUR ENTITLEMENT OR TAKING UP ALL OF YOUR ENTITLEMENT AND PARTICIPATING IN THE OVERSUBSCRIPTION FACILITY

If you wish to take up all of your Entitlement, payment must be made via BPAY[®] if possible for the full amount payable (being the Offer Price multiplied by the number of New Shares comprising your Entitlement). Eligible Retail Shareholders based in New Zealand who do not have an Australian bank account will be able to pay by cheque. You will be required to pay in Australian currency unless you specifically elect to pay in PGK, in which case you need to contact the Share Registry who will provide you with the relevant details to enable you to do so. Payments must be made by following the instructions set out on the personalised Entitlement and Acceptance Form. Payment must be received by no later than 5.00pm (AEST) on the Closing Date (i.e. Thursday, 1 October 2020)

If you wish to take up all of your Entitlement, you may also apply for additional New Shares under the Oversubscription Facility at the Offer Price. Any Application Monies received for more than your full Entitlement of New Shares will be treated as applying for as many additional New Shares as it will pay for in full.

Any New Shares referable to Entitlements not taken up by the Closing Date or that would otherwise have been offered to Ineligible Retail Shareholders if they were eligible to participate in the Retail Entitlement Offer may be made available to those Eligible Retail Shareholders who took up their full Entitlement and applied for additional New Shares under the Oversubscription Facility. If you apply for additional New Shares under the Oversubscription Facility, and if your application is successful (in whole or in part), your additional New Shares will be issued to you at the same time and on the same terms that other New Shares are issued under the Retail Entitlement Offer. The decision on the number of additional New Shares to be issued to you will be final.

Additional New Shares will only be allocated to Eligible Retail Shareholders if available, and subject to the Corporations Act, ASX Listing Rules and other applicable laws and regulations. If you apply for additional New Shares, there is no guarantee that you will be allocated any additional New Shares. If Eligible Retail Shareholders apply for more additional New Shares than available under the Oversubscription Facility, Kina will scale back applications for additional New Shares in its absolute discretion having regard to the pro-rata Entitlement of Eligible Retail Shareholders who apply for additional New Shares. Directors of Kina are not entitled to participate in the Oversubscription Facility.

2.4 TAKING UP PART OF YOUR ENTITLEMENT

If you wish to take up part of your Entitlement, payment must be made via BPAY[®] if possible for the amount payable (being the Offer Price multiplied by the number of New Shares you wish to take up, which will be less than your Entitlement as specified on the Entitlement and Acceptance Form). Eligible Retail Shareholders based in New Zealand who do not have an Australian bank account will be able to pay by cheque. You will be required to pay in Australian currency unless you specifically elect to pay in PGK, in which case you need to contact the Share Registry who will provide you with the relevant details to enable you to do so. Payments must be made by following the instructions set out on the personalised Entitlement and Acceptance Form. Payment must be received by no later than 5.00pm (AEST) on the Closing Date (Thursday, 1 October 2020).

2.5 ALLOWING YOUR ENTITLEMENT TO LAPSE

If you do not wish to accept all or any part of your Entitlement, do not take any further action and your Entitlement will lapse.

2.6 CONSEQUENCES OF NOT TAKING UP ALL OF YOUR ENTITLEMENT

If you do not take up all of your Entitlement in accordance with the instructions set out above, those New Shares representing your Entitlement (or the part of your Entitlement not taken up) may be acquired by Eligible Retail Shareholders under the Oversubscription Facility, or by the Underwriter or any sub-underwriters in respect of any remaining shortfall.

By allowing all or part of your Entitlement to lapse, you will forgo any exposure to increases or decreases in the value of the New Shares representing that part of your Entitlement not taken up and you will not receive any payment or value for that part of your Entitlement. Your interest in Kina will also be diluted.

2.7 PAYMENT

Payment should be made using BPAY[®] if possible. Eligible Retail Shareholders who do not have an Australian bank account will be able to pay by cheque (see below at Section 2.9). You will be required to pay in Australian currency unless you specifically elect to pay in PGK, in which case you need to contact the Share Registry who will provide you with the relevant details to enable you to do so.

Cash payments will not be accepted. Receipts for payment will not be issued.

RETAIL ENTITLEMENT OFFER

Kina will treat you as applying for as many New Shares as your payment will pay for in full up to your Entitlement. If your payment will pay for more than your full Entitlement, Kina will treat you as applying for your full Entitlement and in respect of any excess amount, applying for as many additional New Shares under the Oversubscription Facility as it will pay for in full.

Any Application Monies received for more than your final allocation of New Shares will be refunded as soon as practicable after the close of the Retail Entitlement Offer. No interest will be paid to applicants on any Application Monies received or refunded.

2.8 PAYMENT BY BPAY®

For payment by BPAY®, please follow the instructions on the personalised Entitlement and Acceptance Form available online at <https://www.kinabank.com.pg>. You can only make payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions.

If you are paying by BPAY®, please make sure you use the specific Biller Code and your unique Customer Reference Number (“CRN”) on your personalised Entitlement and Acceptance Form. If you have multiple holdings and consequently receive more than one personalised Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those holdings only use the CRN specific to that holding. If you do not use the correct CRN specific to that holding your application will not be recognised as valid. Please note that by paying by BPAY®:

- a. you do not need to submit your personalised Entitlement and Acceptance Form but are taken to make the declarations, representations and warranties on that Entitlement and Acceptance Form and in Section 2.10; and
- b. if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your Application Monies.

It is your responsibility to ensure that your BPAY® payment is received by the Share Registry by no later than 5.00pm (AEST) on the Closing Date (i.e. Thursday, 1 October 2020). You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration in the timing of when you make payment.

2.9 IF YOU ARE UNABLE TO PAY BY BPAY®

Kina encourages payments by BPAY®, if possible.

If you are completing a payment by cheque, you should complete your personalised Entitlement and Acceptance Form in accordance with the instructions on the form and return it accompanied by a cheque in Australian currency for the amount of the Application Monies, payable to ‘Kina Retail Offer’ and crossed ‘Not Negotiable’.

You will be required to pay in Australian currency unless you specifically elect to pay in PGK, in which case you need to contact the Share Registry who will provide you with the relevant details to enable you to do so.

It is your responsibility to ensure that your payment by cheque is received by the Share Registry by no later than 5.00pm (AEST) on the Closing Date (i.e. Thursday, 1 October 2020) at the address set out below:

Mailing Address

Kina Securities Limited
C/- Link Market Services Limited
GPO Box 3560
Sydney NSW 2001

You must ensure cleared funds are held in your account as your cheque will be banked as soon as it is received. Please note that you should consider postal and cheque clearance timeframes in meeting this deadline.

Your cheque must be:

- a. for an amount equal to A\$0.80 multiplied by the number of New Shares (and additional New Shares under the Oversubscription Facility, if applicable) that you are applying for; and
- b. in Australian currency drawn on an Australian branch of a financial institution unless you have otherwise elected to pay in PGK. Payment cannot be made in New Zealand dollars. New Zealand resident shareholders must arrange for payment to be made in Australian dollars.

You should ensure that sufficient funds are held in relevant account(s) to cover the Application Monies as your cheque will be processed on the day of receipt. If the amount of your cheque for Application Monies (or the amount

RETAIL ENTITLEMENT OFFER

for which the cheque clears in time for allocation) is insufficient to pay in full for the number of New Shares you have applied for in your personalised Entitlement and Acceptance Form, you will be taken to have applied for such lower whole number of New Shares and additional New Shares under the Oversubscription Facility, if applicable, as your cleared Application Monies will pay for (and to have specified that number of New Shares on your personalised Entitlement and Acceptance Form). Alternatively, your application will not be accepted.

2.10 ENTITLEMENT AND ACCEPTANCE FORM IS BINDING

A payment made through BPAY® or a completed and lodged Entitlement and Acceptance Form together with the payment of requisite Application Monies constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Retail Offer Booklet and the accompanying Entitlement and Acceptance Form and, once lodged or paid, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly it may still be treated as a valid application for New Shares. Kina's decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

By making a payment by BPAY® or by completing and returning your personalised Entitlement and Acceptance Form with the requisite Application Monies, you will also be deemed to have acknowledged, represented and warranted on your own behalf and on behalf of each person on whose account you are acting that:

- a. you are (or the person on whose account you are acting is) an Eligible Retail Shareholder;
- b. you acknowledge that you have read and understood this Retail Offer Booklet and your personalised Entitlement and Acceptance Form in their entirety;
- c. you agree to be bound by the terms of the Retail Entitlement Offer, the provisions of this Retail Offer Booklet (and accompanying Entitlement Acceptance Form), and Kina's constitution;
- d. you authorise Kina to register you as the holder(s) of New Shares allotted to you;
- e. you declare that all details and statements in the personalised Entitlement and Acceptance Form are complete and accurate;
- f. you declare you are over 18 years of age and have full legal capacity and power to perform all of your rights and obligations under the personalised Entitlement and Acceptance Form;
- g. you acknowledge that once Kina receives your personalised Entitlement and Acceptance Form or any payment of Application Monies via BPAY®, you may not withdraw your application or funds provided except as allowed by law;
- h. you agree to apply for and be issued up to the number of New Shares (and any additional New Shares) specified in the personalised Entitlement and Acceptance Form, or for which you have submitted payment of any Application Monies via BPAY®, at the Offer Price per New Share;
- i. you authorise Kina, the Underwriter, the Share Registry and their respective officers or agents to do anything on your behalf necessary for New Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in your personalised Entitlement and Acceptance Form;
- j. you declare that you were the registered holder(s) at the Record Date of the Shares indicated on the personalised Entitlement and Acceptance Form as being held by you on the Record Date and are an Eligible Retail Shareholder;
- k. you acknowledge that the information contained in this Retail Offer Booklet and your personalised Entitlement and Acceptance Form is not investment advice nor a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs;
- l. you acknowledge that this Retail Offer Booklet is not a prospectus, does not contain all of the information that you may require in order to assess an investment in Kina and is given in the context of Kina's past and ongoing continuous disclosure announcements to ASX;
- m. you acknowledge the statement of risks in the "Key Corporate and Transaction Risks" section of the Investor Presentation included in Section 3 of this Retail Offer Booklet, and that investments in Kina are subject to risk;
- n. you acknowledge that none of Kina or the Underwriter, nor their respective related bodies corporate or affiliates, nor their respective directors, officers, partners, employees, representatives, consultants,

RETAIL ENTITLEMENT OFFER

contractors, advisers or agents, guarantees the performance of Kina, nor do they guarantee the repayment of capital;

- o. you agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Retail Entitlement Offer and of your holding of Shares on the Record Date;
- p. you authorise Kina to correct any errors in your personalised Entitlement and Acceptance Form or other form provided by you;
- q. you represent and warrant (for the benefit of Kina the Underwriter and their respective related bodies corporate and affiliates) that you did not receive an invitation to participate in the Institutional Entitlement Offer either directly or through a nominee, are not an Ineligible Retail Shareholder and are otherwise eligible to participate in the Retail Entitlement Offer;
- r. you acknowledge and agree that determination of eligibility of investors for the purposes of the Institutional Entitlement Offer and the Retail Entitlement Offer was determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of Kina and/or the Underwriter, and each of Kina and the Underwriter and their respective related bodies corporate and affiliates disclaim any duty or liability (including for negligence) in respect of that determination and the exercise of that discretion to the maximum extent permitted by law;
- s. you represent and warrant that the law of any place does not prohibit you from being given this Retail Offer Booklet and the personalised Entitlement and Acceptance Form, nor does it prohibit you from making an application for New Shares and that you are otherwise eligible to participate in the Retail Entitlement Offer;
- t. you represent and warrant (for the benefit of Kina, the Underwriter and their respective related bodies corporate and affiliates) that you are not in the United States and you are not acting for the account or benefit of a person in the United States (or, in the event that you are acting for the account or benefit of a person in the United States, you are not participating in the Retail Entitlement Offer in respect of that person);
- u. you understand and acknowledge, on your own behalf and on behalf of each person on whose account you are or may be acting, that neither the Entitlements nor the New Shares have been, or will be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States, and that, accordingly, the Entitlements may not be taken by, and the New Shares may not be offer or sold, directly or indirectly, to, persons in the United States or persons who are acting for the account or benefit of a person in the United States;
- v. you are subscribing for or purchasing the New Shares in an “offshore transaction” (as defined in Rule 902(h) under the US Securities Act) in reliance on Regulation S under the US Securities Act;
- w. you are not engaged in the business of distributing securities;
- x. you have not and will not send this Retail Offer Booklet, the Entitlement and Acceptance Form or any other materials relating to the Retail Entitlement Offer to any person in the United States or any other country outside Australia and New Zealand;
- y. you agree that if in the future you decide to sell or otherwise transfer the New Shares you will only do so in “regular way” transactions on ASX where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the United States;
- z. you are eligible under applicable securities laws to exercise Entitlements and acquire New Shares under the Retail Entitlement Offer;
- aa. if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form is resident in Australia or New Zealand and is not in the United States (or, in the event that you are acting for the account or benefit of a person in the United States, you are not participating in the Retail Entitlement Offer in respect of that person), and is not acting for the account or benefit of a person in the United States, and you have not sent this Retail Offer Booklet, the Entitlement and Acceptance Form or any information relating to the Retail Entitlement Offer to any such person; and
- bb. you agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Retail Entitlement Offer and of your holding of Shares on the Record Date.

RETAIL ENTITLEMENT OFFER

2.11 BROKERAGE

No brokerage fee is payable by Eligible Retail Shareholders who accept their Entitlement.

2.12 NOTICE TO NOMINEES AND CUSTODIANS

The Retail Entitlement Offer is being made to all Eligible Retail Shareholders. Nominees or custodians with registered addresses in the eligible jurisdictions, irrespective of whether they participate under the Institutional Entitlement Offer, may also be able to participate in the Retail Entitlement Offer in respect of some or all of the beneficiaries on whose behalf they hold Existing Shares, provided that the applicable beneficiary would satisfy the criteria for an Eligible Retail Shareholder.

Nominees and custodians who hold Existing Shares as nominees or custodians will have received, or will shortly receive, a letter from Kina. Nominees and custodians should consider carefully the contents of that letter and note in particular that the Retail Entitlement Offer is not available to:

- a. beneficiaries on whose behalf they hold Existing Shares who would not satisfy the criteria for an Eligible Retail Shareholder;
- b. Eligible Institutional Shareholders who received an offer to participate in the Institutional Entitlement Offer (whether they accepted their Entitlement or not);
- c. Ineligible Institutional Shareholders who were ineligible to participate in the Institutional Entitlement Offer; or
- d. shareholders who are not eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

In particular, persons acting as nominees or custodians for other persons may not take up Entitlements on behalf of, or send any documents relating to the Retail Entitlement Offer to, any person in the United States, or any person acting for the account or benefit of any person in the United States.

Kina is not required to determine whether or not any registered holder is acting as a nominee or custodian or the identity or residence of any beneficial owners of Existing Shares. Where any holder is acting as a nominee or custodian for a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Retail Entitlement Offer is compatible with applicable foreign laws. Kina is not able to advise on foreign laws.

For the avoidance of doubt, Kina reserves the right (in its absolute sole discretion) to reduce the number of New Shares allocated to Eligible Retail Shareholders, or persons claiming to be Eligible Retail Shareholders, if their claims prove to be overstated or they fail to provide information to substantiate their claims.

Kina also reserves the right to reject any acceptance of an Entitlement that it believes comes from a person who is not eligible to accept an Entitlement.

2.13 WITHDRAWAL OF THE ENTITLEMENT OFFER

Subject to applicable law, Kina reserves the right to withdraw the Entitlement Offer at any time before the issue of New Shares, in which case Kina will refund any Application Monies already received in accordance with the Corporations Act and will do so without interest being payable to applicants. Refund amounts, if any, will be paid in Australian dollars. You will be paid either by direct credit to the nominated bank account as noted on the share register as at the Closing Date or by cheque sent by ordinary post to your address as recorded on the share register (the registered address of the first-named in the case of joint holders).

2.14 RISKS

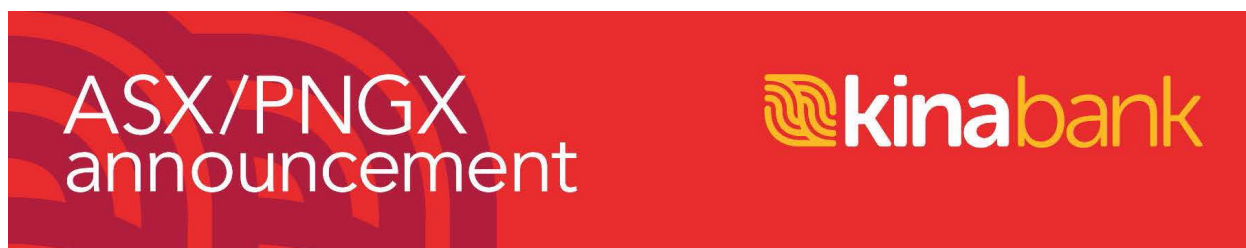
Eligible Retail Shareholders should be aware that an investment in Kina, including taking up your Entitlement, involves risks. The key risks identified by Kina are set out in the "Key Corporate and Transaction Risks" section of the Investor Presentation in Section 3 of this Retail Offer Booklet, but these are not an exhaustive list of the risks associated with an investment in Kina Shares.

2.15 FURTHER ENQUIRIES

If you have not received, or you have lost your personalised Entitlement and Acceptance Form, or have any questions regarding the Entitlement Offer, please visit <https://www.kinabank.com.pg> or contact the Kina Shareholder Information Line on 1800 550 560 (within Australia) or +61 1800 550 560 (outside Australia) at any time from 8.30am to 5.30pm (AEST) Monday to Friday, before the Retail Entitlement Offer closes at 5.00pm (AEST) on the Closing Date (i.e. Thursday, 1 October 2020). If you have any further questions, you should contact your stockbroker, solicitor, accountant or other professional adviser.

RETAIL ENTITLEMENT OFFER

3. ASX ANNOUNCEMENTS AND INVESTOR PRESENTATION



NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

Equity Raising to provide platform for growth

10 September 2020

PORT MORESBY

Kina Securities Limited (**ASX: KSL | PNGX: KSL**) (**Kina** or **Company**) has today announced an accelerated pro-rata non-renounceable entitlement offer, an institutional placement and an offer to eligible PNG shareholders¹, to raise a total up to approximately A\$91 million² / PGK224 million.

The proceeds of the raise (the **Equity Raising**) will be used to expand the capital base of the bank, enabling it to further pursue growth opportunities in the SME sector, and fund additional strategic projects which will enhance Kina's digital leadership in PNG.

The Equity Raising will be conducted at an offer price of A\$0.80 / PGK1.97 per share which represents a 14.4% discount to Kina's last closing price and an 9.3% discount to the Theoretical Ex-Rights Price³ (**TERP**)⁴.

Commenting on today's announcement, Kina's CEO and Managing Director, Greg Pawson said: "As reported in our recent 1H FY2020 results, we continue to see significant additional growth opportunities across our new and existing customer base both in terms of additional services from existing clients and market share gains from competitors. This Equity Raise will put Kina in a stronger position to take advantage of such opportunities on the back of a stronger capital base, particularly the Capital Adequacy and Single Borrower Limits".

Terms of the Equity Raising

The Equity Raising is expected to raise up to approximately A\$91 million⁵ / PGK224 million and will be conducted via:

- An underwritten institutional placement of approximately A\$10.5 million (**Placement**);
- An underwritten accelerated non-renounceable entitlement offer of approximately A\$70 million (**Entitlement Offer**) at a ratio of 1 new share for every 2 existing shares held at the record date, comprising:
 - An accelerated institutional component (**Institutional Entitlement Offer**); and
 - A retail component (**Retail Entitlement Offer**); and
- A non-underwritten PNG offer to eligible PNG shareholders (**PNG Retail Offer**) to raise approximately A\$10.5 million / PGK26 million⁶. The PNG Retail Offer is on substantially the same terms as the Entitlement Offer, subject to obtaining PNG regulatory approvals.

¹ The offer to PNG eligible shareholders, referred to in this announcement as the "PNG Retail Offer", is subject to the Company obtaining PNG regulatory approvals. There is no guarantee that these approvals will be obtained.

² Includes proceeds which may be raised under the PNG Retail Offer.

³ Theoretical ex-rights price ("TERP") includes shares issued under the Placement, Institutional Entitlement Offer and Retail Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Kina shares trade immediately following the ex-date for the Entitlement Offer may be different from TERP. TERP has been calculated as: (existing market capitalisation of Kina plus additional equity raised) / total shares on issue following the Equity Raising.

⁴ At Wednesday 10 September 2020, Kina's last closing price was A\$0.935 per share and the TERP is A\$0.882 per share.

⁵ Includes proceeds which may be raised under the PNG Retail Offer.

⁶ Exchange rate of 1 PGK / 0.4055 AUD

RETAIL ENTITLEMENT OFFER

The offer price for the Placement and the Entitlement Offer will be A\$0.80 / PGK1.97⁷ per share (**Offer Price**), representing:

- An 9.3% discount to the TERP of A\$0.882; and
- A 14.4% discount to the closing price of A\$0.935 on Wednesday, 9 September 2020.

The Equity Raising will result in the issue of up to approximately 113.5 million⁸ new ordinary shares (**New Shares**), representing approximately 65% of Kina's existing securities on issue. The New Shares issued under the Equity Raising will rank equally with existing Kina shares as at their date of issue.

The Entitlement Offer is non-renounceable and rights are not transferrable and will not be traded on the ASX / PNGX or other exchange.

Eligible shareholders who do not take up their entitlement under the Entitlement Offer in full or in part, will not receive any value in respect of those entitlements not taken up.

Placement

All shares offered under the Placement will be issued at the same price as New Shares issued under the Entitlement Offer (A\$0.80 / PGK1.97⁹ per share).

The Placement and the PNG Retail Offer are within the Company's placement capacity under ASX Listing Rule 7.1. The PNGX has granted a waiver to PNGX Listing Rule 7.1 to address a technical issue regarding the Entitlement Offer. Accordingly, no shareholder approval is required in connection with the Placement and the PNG Retail Offer.

New Shares issued under the Placement do not have rights to participate in the Entitlement Offer.

Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer.

Under the Institutional Entitlement Offer, eligible institutional shareholders can choose to take up all, part or none of their Entitlement. Entitlements not taken up under the Institutional Entitlement Offer will be offered to eligible institutional investors at the Offer Price.

Retail Entitlement Offer

Eligible retail shareholders with a registered address in Australia or New Zealand on the Record Date of 7.00pm (AEST), Monday, 14 September 2020, have the opportunity to invest in New Shares at the Offer Price, on the terms and conditions outlined in the Retail Offer Booklet to be sent to eligible retail shareholders on or around Thursday, 17 September 2020.

Please note that shareholders with a registered address outside Australia or New Zealand on the Record Date are ineligible to participate in the Retail Entitlement Offer. Further details as to eligibility will be set out in the Retail Offer Booklet.

Under the Retail Entitlement Offer, eligible retail shareholders that take up their full entitlement may also apply for additional New Shares in excess of their Entitlement.

⁷ Exchange rate of 1 PGK / 0.4055 AUD

⁸ Includes shares issued under the Placement, Entitlement Offer and PNG Retail Offer

⁹ Exchange rate of 1 PGK / 0.4055 AUD

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PNG Retail Offer

Eligible shareholders with a registered address in Papua New Guinea on the Record Date of 7.00pm (AEST), Monday, 14 September 2020, will have the opportunity to invest in New Shares on substantially the same terms as the Entitlement Offer. Further information regarding the PNG Retail Offer, including the terms and conditions of the offer and details as to eligibility, will be outlined in the PNG Prospectus to be sent to eligible retail shareholders in PNG in mid-October 2020.

Equity Raising indicative timetable

The timetable below is indicative only and subject to change. Kina reserves the right to alter the dates at its full discretion and without prior notice, subject to the ASX Listing Rules and the *Corporations Act 2001 (Cth)*.

The quotation of New Shares is subject to confirmation from the ASX and PNGX.

All times below are based on AEST.

Event	Date
Equity raising announcement and Placement and Institutional Entitlement Offer opens	Thursday, 10 September 2020
Placement and Institutional Entitlement Offer closes	6:00pm Friday, 11 September 2020
ASX & PNGX trading in Kina shares resumes on an ex-entitlement basis	Monday, 14 September 2020
Record date for determining entitlement for the Entitlement Offer	7.00pm (AEST) Monday, 14 September 2020
Retail Entitlement Offer opens	Thursday, 17 September 2020
Settlement of Placement and Institutional Entitlement Offer	Friday, 18 September 2020
Allotment of New Shares issued under the Placement and Institutional Entitlement Offer	Monday, 21 September 2020
Quotation of New Shares issued under the Placement and Institutional Entitlement Offer	Tuesday, 22 September 2020
ASX Retail Entitlement Offer closes	5.00pm (AEST) Thursday, 1 October 2020
Settlement of Retail Entitlement Offer	Wednesday, 7 October 2020
Allotment of New Shares issued under the Retail Entitlement Offer	Thursday, 8 October 2020
Normal trading of New Shares issued under the Retail Entitlement Offer	Friday, 9 October 2020
Despatch of holding statements for Retail Entitlement Offer	Monday, 12 October 2020

Further information and Conference Call details

Kina will be holding a conference call at 11:00am (AEST) today, Thursday, 10 September 2020.

Telephone

Dial: 02 9338 2221

Meeting Number: 165 737 2775

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Webex

Join Link: <https://meetings.webex.com/collabs/#/meetings/joinbynumber>

Meeting Number: 165 737 2775

Password: 12345

Mr Isikeli Taureka
Chairman
Kina Securities Limited

-ENDS-

For more information, please contact:

Greg Pawson
Chief Executive Officer and Managing Director
greg.pawson@kinabank.com.pg

Chetan Chopra
Chief Financial Officer and Company Secretary
chetan.chopra@kinabank.com.pg

This ASX announcement was authorised for release by Kina's Board of Directors

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This announcement is not financial product or investment advice, a recommendation to acquire securities or accounting, legal or tax advice. It does not constitute an invitation or offer to apply for securities. It has been prepared without taking into account the objectives, financial or tax situation or needs of individuals. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial and tax situation and needs and seek legal and taxation advice appropriate for their jurisdiction. Kina is not licensed to provide financial product advice in respect of an investment in securities.

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Forward-looking statements and forecasts

This announcement contains certain "forward-looking statements" that are based on management's beliefs, assumptions and expectations and on information currently available to management. Forward-looking statements can generally be identified by the use of forward-looking words such as, "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "forecast", "estimate", "target", "outlook", "guidance" and other similar expressions within the meaning of securities laws of applicable jurisdictions. Such forward-looking statements include statements regarding the timetable, conduct and outcome of the Equity Raising and the use of proceeds thereof, statements about the plans, objectives and strategies of the management of Kina, statements about the oil and gas industry and the markets in which Kina operates and statements about the future performance of the Kina businesses. Indications of, and guidance or outlook on, future earnings or financial position or performance, future earnings and distributions are also forward-looking statements

You are strongly cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the outbreak of COVID-19. Any such statements, opinions and estimates in this announcement speak only as of the date hereof and are based on assumptions and contingencies subject to change without notice, as are statements about market and industry trends, projections, guidance and estimates. Forward-looking statements are provided as a general guide only. The forward-looking statements contained in this announcement are not indications, guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of the Kina group, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. Forward-looking statements may also assume the success of Kina's business strategies. The success of any of these strategies is subject to uncertainties and contingencies beyond Kina's control, and no assurance can be given that any of the strategies will be effective or that the anticipated benefits from the strategies will be realised in the period for which the forward looking statements may have been prepared or otherwise. Refer to the "Key Corporate and Transaction Risks" section of the Investor Presentation released on ASX on Thursday, 10 September 2020 for a non-exhaustive summary of certain key business, offer and general risk factors that may affect the Kina group.

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There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. A number of important factors could cause actual results or performance to differ materially from the forward-looking statements, including (without limitation) the risks and uncertainties associated with the ongoing impacts of COVID19, the PNG and global economic environment and capital market conditions and other risk factors set out in the Investor Presentation. Investors should consider the forward-looking statements contained in this announcement in light of those risks and disclosures. The forward-looking statements are based on information available to Kina as at the date of this announcement.

No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including Kina or any of its advisers). In particular, no representation, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. Actual operations, results, performance, production targets or achievement may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. Except as required by law or regulation (including the ASX Listing Rules and PNGX Listing Rules), Kina disclaims any obligation or undertaking to update forward-looking statements in this announcement to reflect any changes in expectations in relation to any forward-looking statement or change in events, circumstances or conditions on which any statement is based.

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Equity Raising Investor Presentation

Kina Securities Limited | 10 September 2020



Contents



Executive Summary	7
Kina Bank Overview	9
Overview of Equity Raising	10
Key Dates	11
Strategic Rationale	13
Proforma Financials	15
PNG Economic Update	16
Key Corporate and Transaction Risks	17
Selling Restrictions	26
Supplementary Information	28

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This Presentation has been prepared by Kina Securities Limited (ARBN 606 168 534) (ASX: KSL | PNGX: KSL) (Kina, KSL, or the Company) and is dated 10 September 2020. This Presentation has been prepared in connection with the Company's proposed equity raising ("Offer") of new fully paid ordinary shares (New Shares) in Kina, comprising:

- A fully underwritten placement of New Shares to eligible institutional and sophisticated investors ("Placement") under section 70BA of the Corporations Act 2001 (Cth) (Corporations Act).
- A fully underwritten pro rata non-renounceable accelerated entitlement offer to certain eligible shareholders of the Company ("Entitlement Offer"). The Entitlement Offer is being made to:
 - eligible institutional shareholders of Kina ("Institutional Entitlement Offer"), and
 - eligible retail shareholders of Kina (Retail Entitlement Offer), under section 70BAA of the Corporations Act (as modified by the Australian Securities and Investments Commission Corporations ("ASIC") (Non-Traditional Rights Issues) Instrument 2016/84).
- An offer to eligible shareholders in Papua New Guinea ("PNG") ("PNG Retail Offer")

Summary information: This Presentation contains summary information about Kina and its subsidiaries ("Group") and their respective activities which are current as at the date of this Presentation. The information in this Presentation is of a general nature and does not purport to be complete nor does it contain all information which a prospective investor may require in evaluating a possible investment in the Company or that would be required in a prospectus, product disclosure statement or other disclosure document prepared in accordance with the requirements of the Corporations Act, or in a prospectus prepared in accordance with the requirements of the *Capital Market Act 2015* (PNG). This Presentation should be read in conjunction with Kina's other periodic and continuous disclosure information lodged with the Australian Securities Exchange ("ASX"), which are available at www.asx.com.au, or lodged with the PNG National Stock Exchange ("PNGX"), which are available at www.pngx.com.pg.

Market and industry data: Certain market and industry data used in connection with this Presentation may have been obtained from research, surveys or studies conducted by third parties, including industry or general publications. None of Kina, its representatives or advisers have independently verified any such market or industry data provided by third parties or industry or general publications.

Not an offer: This Presentation is for information purposes only and is not a prospectus, disclosure document, product disclosure statement or other offering document under Australian law, PNG law or any other law (and will not be lodged with ASIC or the Securities Commission of PNG). This Presentation is not and should not be considered an offer or an invitation to acquire entitlements or New Shares or any other financial products. The Retail Entitlement Offer will be made on the basis of the information contained in the retail offer booklet to be prepared for eligible retail shareholders in Australia and New Zealand and certain other eligible retail shareholders ("Retail Offer Booklet"), and made available following its lodgement with ASX and PNGX. Any eligible retail shareholder who wishes to participate in the Retail Entitlement Offer should consider the Retail Offer Booklet before deciding whether to apply for New Shares under the Retail Entitlement Offer. Anyone who wishes to apply for New Shares under the Retail Entitlement Offer will need to apply in accordance with the instructions contained in the Retail Offer Booklet and the entitlement and acceptance form.

This Presentation is not and should not be considered an offer or an invitation to acquire entitlements or New Shares or any other financial products. The Retail Entitlement Offer will be made on the basis of the information contained in the retail offer booklet to be prepared for eligible retail shareholders in Australia and New Zealand and certain other eligible retail shareholders ("Retail Offer Booklet"), and made available following its lodgement with ASX and PNGX. Any eligible shareholder who wishes to participate in the Retail Entitlement Offer should consider the Retail Offer Booklet before deciding whether to apply for New Shares under the Retail Entitlement Offer.

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3

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Each recipient of this Presentation should make its own enquiries and investigations regarding all information in this Presentation including but not limited to the assumptions, uncertainties and contingencies which may affect future operations of the Group and the impact that different future outcomes might have on the Group. Information in this Presentation is not intended to be relied upon as advice to investors or potential investors and has been prepared without taking account of any person's individual investment objectives, financial situation or particular needs. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own investment objectives, financial situation and needs and seek legal, accounting and taxation advice appropriate to their jurisdiction. Kina is not licensed to provide financial product advice in respect of the New Shares. Cooling off rights do not apply to the acquisition of New Shares under the Offer.

Investment risk: An investment in New Shares is subject to known and unknown risks, some of which are beyond the control of the Group. The Company does not guarantee any particular rate of return or the performance of the Group, nor does it guarantee any particular tax treatment. Persons should have regard to the risk factors outlined in the Key Corporate and Transaction Risk section of this Presentation.

Financial data: All references to dollars, cents or \$ in this document are to Australian currency, unless otherwise stated.

This Presentation includes certain historical financial information extracted from the Company's audited consolidated financial statements for the half year ended 30 June 2020 (collectively, the "Historical Financial Information"). The Historical Financial Information is presented in an abbreviated form insofar as it does not include all the presentation and disclosures, statements or comparative information as required by the Australian Accounting Standards ("AAS"), the International Financial Reporting Standards (including the interpretations of the International Financial Reporting Interpretations Committee) ("IFRS") and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act or the *PNG Companies Act 1997* (amended 2014).

The Historical Financial Information provided in this Presentation is for illustrative purposes only and is not represented as being indicative of the Company's views on its future financial condition and/or performance. Recipients of this Presentation should specifically note that this Presentation contains pro forma financial information (in particular, a pro forma historical balance sheet, pro forma capitalisation, liquidity and gearing to reflect the impact of the Offer and transaction costs). The pro forma historical balance sheet has been prepared by the Company in accordance with the measurement and recognition requirements, but not the disclosure requirements of applicable accounting standards and other mandatory reporting requirements in Australia or PNG. Investors should also note that the pro forma financial information is for illustrative purposes only, is not represented as being indicative of the Company's views on its future financial condition and/or performance, and does not purport to be in compliance with Article 11 of Regulation SX of the rules and regulations of the U.S. Securities and Exchange Commission.

Recipients of this Presentation should also be aware that certain financial information included in this Presentation are (i) non-IFRS financial information under ASIC Regulatory Guide 230: "Disclosing non-IFRS financial information" and (ii) "non-Generally Accepted Accounting Principles" ("GAAP") financial measures under Regulation G of the U.S. Securities Exchange Act of 1934, as amended. These measures include interest expense, depreciation and amortisation, enterprise value, net debt and shareholder funds, lease liabilities and minority interests. The disclosure of such non-GAAP financial measures in the manner included in this Presentation may not be permissible in a registration statement under the US Securities Act. The Company believes this non-IFRS financial information provides, and these non-GAAP financial measures provide, useful information to users in measuring the financial performance and conditions of the Group. This non-IFRS financial information and these non-GAAP financial measures do not have a standardised meaning prescribed by AAS or IFRS, and therefore, may not be comparable to similarly titled measures presented by other entities, nor should it be construed as an alternative to other financial measures determined in accordance with AAS or IFRS. Recipients of this Presentation are cautioned, therefore, not to place undue reliance on any non-IFRS financial information or non-GAAP financial measures and ratios included in this Presentation.

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Effect of rounding: A number of figures, amounts, percentages, estimates and calculations of value in this Presentation are subject to the effect of rounding.

4

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You are strongly cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the outbreak of COVID-19.

Any such statements, opinions and estimates in this Presentation speak only as of the date hereof and are based on assumptions and contingencies subject to change without notice, as are statements about market and industry trends, projections, guidance and estimates. Forward-looking statements are provided as a general guide only. The forward-looking statements contained in this Presentation are not indications, guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of the Group, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. Forward-looking statements may also assume the success of the Company's business strategies. The success of any of these strategies is subject to uncertainties and contingencies beyond the Company's control, and no assurance can be given that any of the strategies will be effective or that the anticipated benefits from the strategies will be realised in the period for which the forward looking statements may have been prepared or otherwise. Refer to the key risks in the Key Corporate and Transaction Risks section of this Presentation for a non-exhaustive summary of certain key business, offer and general risk factors that may affect the Group.

There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. A number of important factors could cause actual results or performance to differ materially from the forward-looking statements, including (without limitation) the risks and uncertainties associated with the ongoing impacts of COVID-19, currency movements, the PNG and global economic environment and capital market conditions and other risk factors set out in this Presentation. Other risks may materially affect the future performance of Kina and the value of the Shares. Additional risks and uncertainties not presently known to management or that management currently believe not to be material may also affect Kina's business. Accordingly, no assurances or guarantees of future performance, profitability, distributions, or returns of capital are given by Kina or any other person. Investors should consider the forward-looking statements contained in this Presentation in light of those risks and disclosures. The forward-looking statements are based on information available to the Company as at the date of this Presentation.

No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including the Company or any of its advisers). In particular, no representation, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward-looking statements in this Presentation will actually occur. Actual operations, results, performance, production targets or achievement may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. Except as required by law or regulation (including the ASX Listing Rules and PNGX Listing Rules), the Company disclaims any obligation or undertaking to update forward-looking statements in this Presentation to reflect any changes in expectations in relation to any forward-looking statement or change in events, circumstances or conditions on which any statement is based.

The Historical Financial Information provided in this Presentation is for illustrative purposes only and is not represented as being indicative of the Company's views on its future financial condition and/or performance. Recipients of this Presentation should specifically note that this Presentation contains pro forma financial information (in particular, a pro forma historical balance sheet, pro forma capitalisation, liquidity and gearing to reflect the impact of the Offer and transaction costs). The pro forma historical balance sheet has been prepared by the Company in accordance with the measurement and recognition requirements, but not the disclosure requirements of applicable accounting standards and other mandatory reporting requirements in Australia or PNG. Investors should also note that the pro forma financial information is for illustrative purposes only, is not represented as being indicative of the Company's views on its future financial condition and/or performance, and does not purport to be in compliance with Article 13 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission.

Past performance: This Presentation contains a pro forma historical balance sheet. Past performance and pro forma financial information given in this Presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of the Group's views on its future financial performance or condition. Investors should note that past performance, including past share price performance, of Kina cannot be relied upon as an indicator of (and provides no guidance as to) future performance of the Group including future share price performance. The historical financial information contained in this Presentation is, or is based on, information that has previously been released to the market.

The information in this Presentation has been obtained from or based on sources believed by Kina to be reliable.

5

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To the maximum extent permitted by law, Kina, the Underwriter and their advisers, and each of their respective Beneficiaries make no representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of information in this Presentation.

The Underwriter and its advisers, and their respective Beneficiaries make no recommendations as to whether you or your related parties should participate in the Offer nor do they make any representations or warranties to you concerning the Offer. You represent, warrant and agree that you have not relied on any statements made by the Underwriter, their advisers, or any of their respective Beneficiaries in relation to the Offer. You further expressly disclaim that you are in a fiduciary relationship with any of Kina, the Underwriter or their advisers or any of their respective Beneficiaries.

You acknowledge and agree that determination and eligibility of investors for the purposes of the Offer is determined by reference to a number of matters, including legal and regulatory requirements and the discretion of Kina and the Underwriter. You further acknowledge and agree that Kina and the Underwriter and their respective Beneficiaries exclude and expressly disclaim any duty or liability (including for negligence) in respect of the exercise of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law.

Statements made in this Presentation are made only as at the date of this Presentation. None of the Underwriter, nor any of their or Kina's respective advisers nor any of their respective Beneficiaries have any obligation to update statements in this Presentation. The information in this Presentation remains subject to change without notice. Kina reserves the right to withdraw the Offer or vary the timetable for the Offer without notice. All references to time are to AEST, unless otherwise indicated.

The Underwriter may have interests in the securities of Kina, including by providing corporate advisory services to Kina. Further, the Underwriter may act as market maker or buy or sell those securities or associated derivatives as principal or agent. The Underwriter may receive fees for acting in their capacity as a lead manager and underwriter to the Offer.

In connection with the institutional bookbuild, one or more institutional investors may elect to acquire an economic interest in the New Shares ("Economic Interest"), instead of subscribing for or acquiring the legal or beneficial interest in those shares. The Underwriter (or their respective affiliates) may, for its own account, write derivative transactions with those investors relating to the New Shares to provide the Economic Interest, or otherwise acquire shares in Kina in connection with the writing of those derivative transactions in the institutional bookbuild and/or the secondary market. As a result of those transactions, the Underwriter (or their respective affiliates) may be allocated, subscribe for or acquire New Shares or shares of Kina in the institutional bookbuild and/or the secondary market, including to hedge those derivative transactions, as well as hold long or short positions in those shares. These transactions may, together with other shares in Kina acquired by the Underwriter or their respective affiliates in connection with their ordinary course sales and trading, principal investing and other activities, result in the Underwriter or their respective affiliates disclosing a substantial holding and earning fees.

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To the maximum extent permitted by law, you agree to release and indemnify the Underwriter, adviser and their respective Beneficiaries from and against all claims, actions, damages, remedies or other matters, whether in tort, contract or under law or otherwise, arising from or which may arise from or in connection with the provision of, or any purported reliance on, this presentation and you covenant that no claim or allegations will be made against any of the Underwriter, advisers or their respective Beneficiaries in relation to this Presentation.

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6

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Executive Summary

KSL is conducting an equity raising to enhance its capital base and regulatory ratios following the simplification of its corporate legal structure and to provide for continued strong underlying organic growth. This will provide capacity for anticipated loan growth in the medium term, and to compete more effectively in the targeted larger SME, Commercial and Corporate segments of the PNG market.

In July, 2020 Kina completed a planned amalgamation of the KSL Group operations delivering the following outcomes:

- Kina Securities Limited is now the parent company and the holder of the Banking License – an Authorised Financial Institution.
- A structure that allowed an enhanced Capital Management Plan to be implemented.
- A more streamlined structure from an operations and management perspective.
- Eliminated the need for inter-company loans of PGK 175 million and related compliance with the BPNG Prudential Standards on both the Capital Adequacy Ratio (CAR) and the Single Borrower Limit (SBL).
- Eliminated the exemption to exclude the deduction of Goodwill of PGK 92 million from the calculation of Tier 1 Capital resulting in a reduction of both the CAR and SBL albeit still within the Prudential Guidelines but potentially restricting medium term loan growth opportunities.

With the exception of the strategic investment by ADB of USD 10 million in December, 2019, KSL has not undertaken a capital raise since the IPO in 2015. Over the past ten consecutive half years Kina Bank has continued to pay dividends at or above 60% of NPAT maintaining an appropriate balance between the dividend payout ratio and organic growth.

The ANZ acquisition was completed without a capital raising and despite this, KSL has increased its total asset base from PGK 986 million in 2015 to PGK 3,025 million and increased lending assets from PGK 374 million to PGK 1,420 million. Post the ANZ acquisition, Kina has increased its market share from 4% in 2015 to 12% and has an aspiration to growth this to 20-25% over the next 3-5 years. While organic loan book growth has been achieved an average of 20% per annum, the existing capital base, CAR and SBL will potentially inhibit the Bank's ability to achieve more immediate scale in market share.

Kina has experienced continued high growth in foreign exchange earnings. Strong revenue growth is important for the bank to continue to invest and reduce its cost to income ratio ensuring it is well placed for any future potential and strategically aligned inorganic opportunities.

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7



Executive Summary cont.

Further important considerations:

Single Borrower Limit: A key constraint of the current SBL of PGK 50 million is Kina's ability to service larger SME's Commercial and Corporate customers for 'whole of wallet' business. These include many national and multi-national organisations. A higher capital base will enable Kina to compete more effectively in the segments of the market and in accordance with the Bank's 2025 Strategic Plan.

Capital Adequacy: Post amalgamation the CAR is approximately 14%. While this is an acceptable level above the Prudential limit, it does not provide Kina with a strong platform for growth. The additional capital will increase the CAR to approximately 21% providing significant capacity for expansion and provides support for targeted and non-sovereign SME, Commercial and Corporate businesses.

Targeted SME, Commercial and Corporates: The ability to acquire these larger businesses as customers enables a more holistic banking relationship with cross sell of loan, FX, and transactional products and services for a main bank relationship positioning. These larger market opportunities are also generally better credit risk rated clients. Growth from these sectors of the market are at the centre of the Bank's 2025 strategic plan and market share aspirations.

Targeted Deposits: Multi-national companies (MNC) and Super Funds have a structured process for placing deposits with financial institutions. Strength of balance sheet and capital position are a contributing factor when assessing deposit limits. A significant value of market liquidity is held by these organisations.

Other Intangible Benefits: There are also several intangible benefits from being a well capitalised bank which include providing general customer confidence in PNG and offshore through correspondent banking arrangements; greater confidence to regulators, vendors and strategic business partners. A higher market capitalisation also provides inclusion in the larger indices on ASX enhancing the liquidity of the KSL stock and increasing market awareness and profile.

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8



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Kina Bank Overview

Financial Results

Acquired ANZ business and deposits successfully with organic business and significant progress made on strategic initiatives to deliver strong growth.

First Half 2020

- Revenue up 78% to PGK 149.2 million.
- Net interest income up by 76% to PGK 80.4 million.
- NPAT up 24% on pcp to PGK 29.3 million.
- Earnings per share 16.8 toea up 17%.
- Return on equity 17.8% up 2%.
- FX income up 52% to PGK 28.5 million.
- Total Deposits at PGK 2.5 billion.
- Total Net Loans at PGK 1.42 billion.
- Customer Numbers grew by 5,968 to over 165,000.
- Funds Administration up 29% to PGK 3.5 million.
- Revenue from new digital channels PGK 7.6 million.

Highlights

1. Delivered on planned gains from ANZ acquisition.
2. Completed tech build to provide MiBank with POS services, ATM interchange, BPNG clearing, and debit card production.
3. New digital channels delivered strong growth in fee revenue from cards, internet banking, USSD and EFTPOS.
4. Announced and completed short form amalgamation to simplify the Group's operating model and capital structure.
5. Announced major community partnership with Kokoda Track Foundation co-funding a new education centre.
6. Piloted digital concierge, digital kiosks and online account opening in branch, significantly modernising banking in PNG.
7. Launched an extensive brand campaign with three prominent PNG influencers, showcasing commitment to SME's. A significant milestone in Kina's corporate history and profile.
8. Continued strong culture engagement with the first staff engagement survey achieving a 94% response rate. Results showing strong underlying staff satisfaction and commitment to the corporate vision.
9. Took significant socially responsible action to ensure minimal impact of Covid-19 on staff and the business.
10. Divested Esiloans portfolio to MiBank for K32.5m in line with strategic partnership.

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9



Overview of Equity Raising

Offer Size and Structure	<ul style="list-style-type: none"> • Equity Raising up to approximately As 91 million / K 224 million¹ comprising: <ul style="list-style-type: none"> • As 30.5 million underwritten institutional placement ("Placement"); • As 70 million underwritten 1 for 2 accelerated pro rata non-renounceable Entitlement Offer ("Entitlement Offer"), comprising: <ul style="list-style-type: none"> • An underwritten accelerated institutional component ("Institutional Entitlement Offer"); and • An underwritten retail component ("Retail Entitlement Offer"); and • A non-underwritten PNG offer to eligible PNG shareholders ("PNG Retail Offer"²) to raise approximately As 10.5 million / K 26 million • Approximately 113.5 million³ New Shares to be issued representing 65% of Kina existing shares on issue
Offer Price	<p>All shares under the Placement and Entitlement Offer will be issued at \$0.80 per New Share (Offer Price)</p> <ul style="list-style-type: none"> • 14.4% discount to the last traded price of As 0.935 on Wednesday 10 September 2020 • 9.30% discount to TERP⁴ of As 0.882
Placement and Institutional Entitlement Offer	<ul style="list-style-type: none"> • Placement and Institutional Entitlement Offer to be conducted by way of a book-build process that will open at 10.00 am (AEST) on Thursday 10 September 2020 and close at 6.00 pm (AEST) on Thursday 10 September 2020.
Retail Entitlement Offer⁵	<ul style="list-style-type: none"> • The Retail Entitlement Offer will open on 10.00am (AEST) Thursday 17 September 2020 and close on 5.00pm (AEST) Thursday 2 October 2020 • Eligible retail shareholders may also apply for additional New Shares beyond their entitlement, subject to the limitations and scale-back discretion detailed in the Retail Offer Booklet
PNG Retail Offer⁶	<ul style="list-style-type: none"> • The PNG Retail Offer will be made under a PNG registered prospectus, expected to be dispatched mid October 2020⁶ • Eligible retail shareholders may also apply for additional New Shares beyond their entitlement, subject to the limitations and scale-back discretion detailed in the Retail Offer Booklet
Underwriter	Morgans Corporate Limited
Ranking	All New Shares issued under the Offer will rank pari passu with existing shares on issue

1. Exchange rate of 1 PGK / 0.4085 AUD

2. Retail Entitlement Offer is only available to eligible retail shareholders in Australia or New Zealand and certain other eligible retail shareholders on the Record Date –see the Retail Offer Booklet for further details on eligibility once available.

3. PNG Retail Offer is only available to eligible retail shareholders in PNG on the Record Date –see the PNG Prospectus for further details on eligibility once available. The PNG Retail Offer is subject to Kina obtaining PNG regulatory approvals.

4. Includes shares issued under the Underwritten Placement and the Entitlement Offer and the PNG Retail Offer.

5. Theoretical ex-rights price (TERP) includes shares issued under the Placement, Institutional Entitlement Offer, Retail Entitlement Offer and the PNG Retail Offer. TERP is a theoretical calculation only and the actual price at which Kina Share shares trade immediately following the ex-date for the Entitlement Offer may be different from TERP.

6. The PNG Retail Offer is not underwritten. Under the Retail Entitlement Offer, Eligible Retail Shareholders that take up their full entitlement may also apply for additional New Shares via the Top-Up Facility.

RETAIL ENTITLEMENT OFFER

Key Dates

Announcement of Equity Raising and enter trading halt	Thursday 10 September 2020
Placement and Accelerated Non-Renounceable Entitlement Offer opens	10.00am (AEST) Thursday 10 September 2020
Placement and Accelerated Non-Renounceable Entitlement Offer closes	6.00pm (AEST) Friday 11 September 2020
Announcement of completion of Placement and Accelerated Non-Renounceable Entitlement Offer, trading halt lifted, existing shares recommence trading	Monday 14 September 2020
Record Date Entitlement Offer	7:00pm (AEST) Monday 14 September 2020
Retail Entitlement Offer Information booklet and entitlement and acceptance form despatched	2020 Thursday 17 September 2020
Retail Entitlement Offer opens	Thursday 17 September 2020
Settlement of Accelerated Entitlement Offer and Placement	Friday 18 September 2020
Allotment of New Shares issued under the Accelerated Entitlement Offer and Placement	Monday 21 September 2020
Quotation of New Shares issued under the Accelerated Entitlement Offer and Placement	Tuesday 22 September 2020
Trading commences on a normal basis for New Shares issued under the Placement and Accelerated Entitlement Offer	Tuesday 22 September 2020
Retail Entitlement Offer closes	5:00pm (AEST) Thursday 1 October 2020

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11

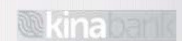


Key Dates cont.

Announcement of results of Retail Entitlement Offer and notification of any shortfall	Tuesday 6 October 2020
Settlement of Retail Entitlement Offer	Wednesday 7 October 2020
Allotment and issue of new Shares under the Retail Entitlement Offer	Thursday 8 October 2020
Quotation of shares issued under the Retail Entitlement Offer and trading commences on a normal basis	Friday 9 October 2020
Despatch of holding statements for New Shares issued under the Retail Entitlement Offer	Monday 12 October 2020
<p>Note: All dates are subject to change and are indicative only. The Company, in consultation with the Lead Manager and Underwriter, reserves the right to vary these dates without prior notice.</p>	

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12



RETAIL ENTITLEMENT OFFER

Strategic Rationale

- As reported in the recent H1FY2020 results, Kina Bank continues to see significant additional growth opportunities, both organic and inorganic, across its new and existing customer base both in terms of additional services from existing clients and market share gains from competitors. This capital issue will put Kina Bank in a stronger position to take advantage of such opportunities on the back of a stronger capital base, particularly the Capital Adequacy and Single Borrower Limits.
- Also informed to the market in May 2020, Kina Bank has undertaken an amalgamation and simplification of its corporate structure which was approved by the IPA on 1 September 2020, effective 9 July 2020. This capital raise is intended to enhance the capital ratios and enable the bank to retain its competitiveness.
- Kina Bank will also apply a portion of the raise to its Strategic projects that will enhance the company's leadership position in the banking industry. These capabilities are revenue accretive from day of implementation.

Sources	As(m)	Uses	As(m)
Underwritten Entitlement Offer	As 70 m	Gross Loans and Assets through increased capital	As 75 m
Underwritten Placement	As 10.5 m	Strategic projects enhancing Digital leadership	As 10 m
Non Underwritten PNG Offer	As 10.5 m	Costs of the Offer	As 6 m
Total	As 91 m		As 91 m

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13

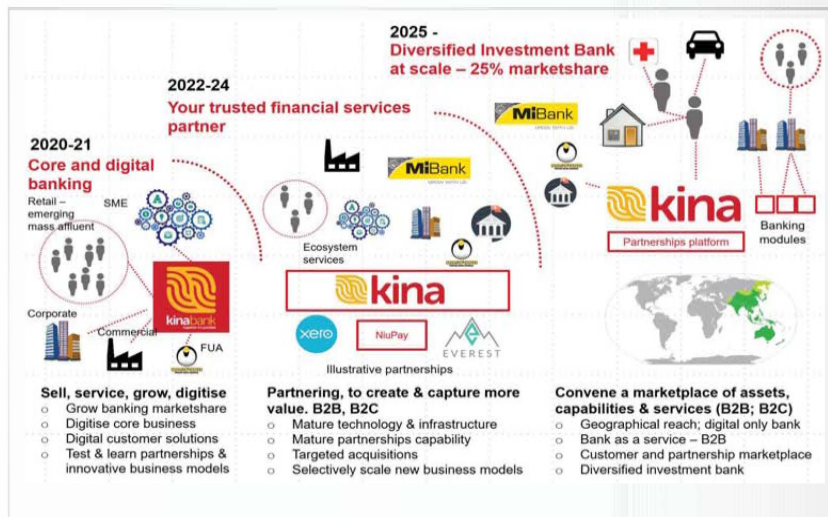


2025 Strategic Plan – Visual

The 2025 Strategy describes how Kina Bank will grow market share and financial results, build resilience and achieve competitive advantage from 2020 to 2025. It provides target state business models (including optionality), implementation phasing, and an execution framework.

The 2025 Strategy defines the opportunity, over 5 years, to:

- grow core banking market share and financial results;
- commercialise innovative in-market offers (adjacencies) to provide more value to existing customers and access larger financial value pools;
- explore and experiment with strategic opportunity and strategic risk, to build resilience and future value pools; and
- grow organisational capabilities as strategic assets, to enable revenue agility and resilience.



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14



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Proforma Financials

All figures in PGK Millions	Pre - Issue Balance Sheet			Post Capital Raise	
	30/06/2020	Amalgamated Business 31/07/2020	Capital Raise	Balance Sheet	
Assets					
Cash and equivalents	394.7	230.3	224.1	454.4	
Loans	1,420.5	1,480.0		1,480.0	
Investments	796.4	816.5		816.5	
Other assets	483.6	508.5		508.5	
Total Assets	3,095.2	3,035.3	224.1	3,259.4	
Liabilities					
Deposits	(2,525.4)	(2,548.5)	-	(2,548.5)	
Other liabilities	(149.3)	(151.2)		(151.2)	
Total Liabilities	(2,674.7)	(2,699.7)	-	(2,699.7)	
Net Assets	330.5	335.6	224.1	559.7	
Capital					
Issued and fully paid capital	(177.0)	(177.0)	(224.1)	(401.0)	
Other capital items	(153.5)	(158.6)		(158.6)	
	(330.5)	(335.6)	(224.1)	(559.7)	
Total Capital Ratio (Total Capital / Risk Weighted Assets)	21.9%	13.9%	n/a	20.8%	
Leverage Ratio (Tier 1 Capital / Total Assets)	10.1%	6.0%	n/a	8.9%	
Single Borrower Limit - PGK'm		51.5	n/a	K 107 m	
Total Shares (in millions)	174.7	174.7	113.6	288.3	

Notes:-

- The proforma balance sheet is provided for illustrative purposes and includes estimates and not forecasts.
- Total shares on issue includes PNG Retail Offer.

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15

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PNG Economic Update

- Domestic environment sees new macro-economic challenges, most prominent is Covid-19. PNG Govt. Announced PGK 5.6 billion economic support package adding to fiscal issues.
- They have also secured USD 363 million assistance from IMF's Covid-19 relief fund, an additional USD 550 million from AUS Government, ADB and World Bank.
- PNG Govt. Balance Sheet in relatively good position with Debt to GDP forecast at 44% for 2020. GDP is expected to contract by -1.5% in relative terms impacted by supply and demand side for PNG's major commodity exports.
- Major Natural Resource Projects such as Papua LNG, P'Yang LNG and Walfi-Golpu deferred representing up to USD 31 billion investment in PNG.
- FX flows and forward import cover from normal trade has marginally declined albeit assisted by development partners and donor agencies. Total outstanding orders for goods and services imports circa PGK 1.3 billion which is consistent with prior reporting period.
- Covid-19 Pandemic business restrictions and lock-downs have been less severe to avoid unintended adverse social implications. At this date over 497 active cases and 5 reported deaths. Domestic demand remains stable although some signs that slowing.



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16

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Key Corporate and Transaction Risks

General economic and share market risk	<p>The performance of Kina, in common with other companies, is subject to general economic conditions, movements in interest and inflation rates, and currency exchange rates which may have an adverse effect on Kina's activities, as well as its ability to fund those activities. There can be no assurance that a weakening in the PNG economy or that a weakening in the economic and business conditions of other countries, will not have an adverse effect on Kina's financial condition and on the results of its operations. Adverse changes to the economic and business conditions in PNG and other economies such as Australia, New Zealand, China, India, Japan, Malaysia, members of the European Union and the United States could also negatively impact Kina's customers and investments.</p>
COVID-19	<p>Foreign exchange transactions are a material component of Kina's business. Revenue generation and profitability in respect of foreign exchange transactions are dependent on volumes and margins, which are subject to volatility and regulatory intervention by BPNG. There is a risk that continued volatility, and further changes in applicable regulations or policy, may adversely impact future Kina revenue and profitability.</p> <p>There are also risks associated with any investment in a company listed on the ASX. The value of shares may rise above or below the current share price, depending on the operational and financial performance of Kina and a number of external factors over which none of Kina, its Directors or its employees have any control. Those external factors include economic conditions in the Papua New Guinea and other overseas jurisdictions which may impact equity capital markets; changing investor sentiment in Australia, Papua New Guinea and other overseas share markets; changes in fiscal, monetary, regulatory or other government policies and developments and general conditions in the markets in which Kina proposes to operate and which may impact on the future value and pricing of Kina shares.</p>
Risk of major systematic shock to PNG or other financial system	<p>The ongoing COVID-19 pandemic has had a significant impact on the global and PNG economy and the ability of businesses, individuals, and governments to operate. There continues to be considerable uncertainty as to the duration and further impact of COVID-19, including (but not limited to) in relation to government, regulatory or health authority actions, work stoppages, lockdowns, quarantines, and travel restrictions. A suspension of operations, or quarantining of Kina employees, may affect Kina's overall operations and operating results. These factors are beyond Kina's control and could have an adverse effect on the overall business sentiment and environment, causing material uncertainties in the regions where Kina conducts its business, cause Kina's business to suffer in ways that cannot be predicted with any reasonable certainty, and which may materially adversely impact Kina's business, financial condition and results of operations.</p>
Competition	<p>There is a risk that major systemic shock, similar to that experienced during the global financial crisis could occur causing an adverse impact on the financial system in PNG.</p> <p>The financial services industry and capital markets have been, and may continue to be, adversely affected by market volatility and uncertainty as to the outlook of global economic conditions. Any such market and economic disruptions could have an adverse effect on financial institutions such as Kina because consumer and business confidence may decrease.</p> <p>The financial services industry is highly competitive and, as a result, Kina faces competition in various aspects of its business. Kina's key competitors include Westpac and BSP, who compete with Kina's provision of core banking services in PNG. If Kina is unable to compete effectively in its various businesses and markets, its market share may decline. Increased competition may also divert business to Kina's competitors or create pressure to lower margins. Kina is also dependent on its ability to offer products and services that match evolving customer preferences, habits and sentiment. If Kina is not successful in developing or introducing new products and services or responding or adapting to changes in customer preferences, habits and sentiment, Kina may lose its customers to competitors. This could adversely affect Kina's businesses, financial performance, financial condition and prospects.</p>

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17



Key Corporate and Transaction Risks

Compliance with laws, regulation and regulatory policy	<p>A number of laws and regulations apply to the businesses carried on by entities within the Group. Entities within the Group are supervised by one or more regulatory authorities which have broad administrative powers over the businesses operated by the relevant entity. Such regulatory authorities include the Securities Commission, Registrar of Companies and, to the extent businesses are regulated under the Banks and Financial Institutions Act 2000 (PNG) or Securities Act 1997 (PNG).</p> <p>Regulatory and other governmental agencies (including courts, revenue and tax authorities) frequently review banking and tax laws, regulations, codes of practice and policies. Changes to laws, regulations, codes of practice or policies, including changes in interpretation or implementation of laws, regulations, codes of practice or policies could affect Kina in substantial and unpredictable ways. Additionally, any such changes may adversely affect Kina's business, operations and financial condition. The changes may lead Kina to, among other things, change its business mix, incur additional costs as a result of increased management attention, hold significant levels of additional liquid assets.</p>
Credit Risk and decline in assets market	<p>Credit risk is a significant risk and arises primarily from Kina's lending and investment activities. The risk arises from the likelihood that some customers and counterparties will be unable to honour their obligations to Kina, including the repayment of loans and interest. Kina's banking operations hold assessed provisions for its credit exposures. If economic conditions deteriorate, some customers and / or counterparties could experience higher levels of financial stress and Kina may experience a significant increase in defaults and writeoffs, and be required to increase its provisioning.</p> <p>Deterioration in economic conditions, inadequate provisioning or significant breakdown in credit disciplines, could diminish available capital and could adversely affect Kina's businesses, financial performance, liquidity, capital resources and financial condition.</p> <p>There is a risk that the economic consequences of COVID 19 could become more severe and far reaching across the economy, leading to a more widespread downturn in business and economic activity. This would likely result in a significant loss of revenue for many businesses across a wide range of industry sectors, in turn potentially leading to further increased unemployment and customer defaults. Kina's performance is influenced by asset markets in PNG and other jurisdictions, including equity, property and other investment asset markets. Declining asset prices could also impact customers and counterparties and the value of security Kina holds against loans which may impact Kina's ability to recover amounts owing to it if customers or counterparties were to default.</p> <p>In particular, the residential, commercial and rural property lending sectors are important to the businesses of Kina. Overall, the property market has been variable and in some locations there have been substantially reduced asset values. Declining property valuations in PNG or other markets where it does business could decrease the amount of new lending Kina is able to write and / or increase the losses that Kina may experience from existing loans.</p> <p>For example, a significant decrease in PNG housing market demand or property valuations, or a significant slowdown in housing, commercial or strata title property markets could adversely impact Kina's lending activities because the ability of its borrowers to repay their loans may be affected, causing Kina to incur higher credit losses. These circumstances could also lead to a decline in the demand for its lending products, and this could adversely affect Kina's businesses, financial performance, capital resources, financial condition and prospects.</p> <p>Additionally, a decline in asset markets and economic conditions generally could have adverse consequences for Kina's clients' funds under management, which would negatively impact on Kina's performance.</p>

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18



RETAIL ENTITLEMENT OFFER

Key Corporate and Transaction Risks

Market risk	Kina is exposed to market risk as a consequence of both its investments and trading activities in financial markets and through asset and liability management of its balance sheet. In Kina's financial market trading business, it is possibly exposed to potential losses arising from adverse movements in levels and volatility of interest rates, foreign exchange rates, and credit prices. In Kina's asset and liability management of its balance sheet, it is possibly exposed to potential losses arising from adverse movements in levels and volatility of interest rates. If Kina was to suffer substantial losses due to any market volatility, it could adversely affect Kina's businesses, financial performance, liquidity, capital resources and financial condition.
Funding and Liquidity risk	<p>Banks and other financial institutions (including Kina) are currently subject to global credit and capital market conditions which experienced extreme volatility, disruption and decreased liquidity following the global financial crisis.</p> <p>If market conditions deteriorate due to economic, financial, political or other reasons, Kina's funding costs may be adversely affected and its liquidity and its funding of lending activities may be constrained. If Kina's current sources of funding prove to be insufficient, it may be forced to seek alternative funding.</p> <p>The availability of such alternative funding, and the terms on which it may be available, will depend on a variety of factors, including prevailing market conditions, the availability of credit, Kina's credit ratings and credit market capacity. Even if available, the cost of these alternatives may be more expensive or on unfavourable terms, which could adversely affect Kina's businesses, liquidity, capital resources, financial performance and financial condition. There is no assurance that Kina will be able to obtain adequate funding at acceptable prices or at all.</p>
Operational	<p>Kina relies to a significant degree on information technology systems. Most of Kina's daily operations are computer based and its information technology systems are essential to maintaining effective communication with customers and keeping pace with the competitive environment. Kina is exposed to a number of system risks, including complete or partial failure of the information technology systems such as inadequacy of internal, partner or third party information technology systems, capacity of the existing systems to effectively accommodate Kina's planned growth and integrate existing and future acquisitions and alliances or systems integration programs not being completed within the timetable or budget, and compromise of information or technology arising from external or internal security threats. Kina has disaster recovery and systems development roadmaps in place to mitigate some of these risks. However, any failure in Kina's information technology systems could result in business interruption, the loss of customers, damaged reputation and weakening of its competitive position.</p> <p>Operational risks including information technology could impact on Kina's operations or adversely affect demand for its products and services and its reputation, which could adversely affect Kina's businesses, financial performance and prospects.</p>
Credit rating risk	<p>Credit ratings are opinions on a bank or financial institution's creditworthiness. Credit ratings affect the cost and availability of funding from capital markets and other funding sources and they may be important to customers or counterparties when evaluating products and services offered by banks and financial institutions. Therefore, maintaining high quality credit ratings is important.</p> <p>If Kina fails to maintain a strong credit rating, this could adversely affect Kina's cost of funds and related margins, competitive position and its access to capital and funding markets, which, in turn, could adversely affect Kina's businesses, financial performance, capital resources, financial condition and prospects. The extent and nature of these impacts would depend on various factors, including the extent of any ratings change, whether the rating of Kina or other members in Kina Group differ among agencies (split ratings) and whether any ratings changes also impact Kina's peers or the sectors in which Kina operates. Standard & Poors' credit rating for PNG stands at B-. Moody's' rating for PNG sovereign debt is B2. In general, a sovereign credit rating is used by sovereign wealth funds, pension funds and other investors to gauge the credit worthiness of a country's government. The impact of any downgrades to PNG's sovereign credit rating or its perceived creditworthiness could adversely affect PNG's financial markets and economic conditions and, in turn, Kina's businesses, financial performance and financial condition.</p>

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19



Key Corporate and Transaction Risks

Investment performance	<p>Kina has a significant investment portfolio, which consists of:</p> <ul style="list-style-type: none"> - commercial bills with BPNG, treasury bills and government-inscribed stock with the PNG Government; - a share portfolio of local shares; vacant land in Port Moresby; and shareholding equity in local companies. <p>The investment portfolio is managed in accordance with Kina's risk appetite, investment policy and investment approach. Kina's investment approach for client assets is to invest in a range of assets including PNG fixed income instruments, PNG unlisted equities, PNGX listed equities, PNG property investments and international investments in individual stocks, managed funds and diversified indices. Kina through its investment portfolios is exposed to risk and volatility in the markets, securities and other assets in which it invests.</p>
Litigation and regulatory proceeding risk	<p>Kina, like all entities in the banking or finance sectors, re exposed to the risk of litigation and / or regulatory proceedings brought by or on behalf of policyholders, deposit holders, government agencies or other potential claimants.</p> <p>There can be no assurance that significant litigation will not arise in the future and that the outcome of litigation proceedings from time to time will not have an adverse effect on Kina's businesses, financial performance, financial condition or prospects.</p>
Risk management strategy	<p>Kina has implemented risk management strategies and internal controls involving processes and procedures intended to identify, monitor and mitigate the risks to which it is subject, including liquidity risk, credit risk, market risk (including interest rate and foreign exchange risk) and operational risk.</p> <p>However, there are inherent limitations with any risk management framework as there may be risks that exist or develop in the future, risks that Kina has not anticipated or identified or controls that may not operate effectively.</p> <p>If Kina's risk management processes and procedures prove ineffective, inadequate, or are otherwise not appropriately implemented, Kina could suffer unexpected losses and reputational damage which could adversely affect Kina's businesses, financial performance, capital resources, financial condition and prospects.</p>
Capital base and capital ratios	<p>Kina's capital base is critical to the management of its business and access to funding. BPNG requires Authorised Institutions within the Kina Group to maintain adequate regulatory capital in accordance with prudential standards issued by BPNG under the PNG BFI Act.</p> <p>Under current regulatory requirements, as a counterparty's risk grade worsens, Kina's risk-weighted assets and loan provisions increase. Additional regulatory capital requirements arising as a consequence of increased loan provisions may be exacerbated during times of financial stress, particularly if there are lower profit levels. As a result, greater volatility in capital ratios may arise and may require Kina to raise additional capital. There can be no certainty that any additional capital required would be available or could be raised on reasonable terms.</p> <p>Kina's capital ratios may be impacted by a number of factors including lower profitability, higher asset growth and changes in business strategy (including acquisitions or an increase in capital intensive businesses).</p>

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20



RETAIL ENTITLEMENT OFFER

Key Corporate and Transaction Risks

Reputational damage	<p>Kina's ability to attract and retain customers and investors and its prospects could be adversely affected if Kina's reputation is damaged. There are various potential sources of reputational damage including potential conflicts of interest, pricing policies, failing to comply with legal and regulatory requirements (including without limitation, money laundering laws, trade sanctions legislation or privacy laws), ethical issues, litigation, failing to comply with information security policies, improper sales and trading practices, personnel and supplier policies, improper conduct of companies in which it holds strategic investments, technology failures, security breaches and risk management failures. Kina's reputation could also be adversely affected by the actions of the financial services and allied industries in general or from the actions of its customers and counterparties.</p> <p>Failure to appropriately address issues that could or do give rise to reputational damage could also give rise to additional legal risks, subject Kina to regulatory enforcement actions, fines and penalties and could lead to loss of business which could adversely affect Kina's financial performance, financial condition and prospects.</p>
Retention of key management personnel	<p>Kina's future success depends, in part, on its capacity to retain and motivate existing management personnel as well as attract new management personnel. In particular, Kina's performance is dependent on the talents and efforts of key management personnel. The loss of key management personnel may cause material disruption to Kina's business and operations in the short to medium term and may have an adverse impact on the financial performance and prospects of Kina.</p>
Taxation	<p>Kina is subject to taxation legislation in Papua New Guinea and any significant change in taxation law or its interpretation and application by an administrative body could have an adverse effect on the results of its operations.</p>

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21



Key Corporate and Transaction Risks

PNG liquidity and realisation	<p>Whilst Kina is listed in PNG, trading on the PNGX is very limited, largely because of the illiquid nature of the PNG investment market. Accordingly, there may be relatively few or many potential buyers or sellers of Shares on PNGX at any time. This may affect or cause volatility in the market price of Shares. It may also affect the prevailing price at which Shareholders are able to sell their Shares on PNGX.</p>
Environmental risk	<p>Kina and its customers operate businesses that hold assets in a diverse range of geographical locations within PNG. Any significant environmental change or external event (including fire, storm, drought, flood, earthquake or pandemic) in any of these locations has the potential to disrupt business activities, impact on Kina's operations, damage property and otherwise affect the value of assets held in the affected locations and Kina's ability to recover amounts owing to it.</p>
Insurance	<p>Kina seeks to maintain appropriate policies of insurance and any future increase in the cost of such insurance policies, or an inability to fully renew or claim against insurance policies as a result of the current economic environment and the impact of COVID-19 (for example, deterioration in an insurer's ability to honour claims), could adversely affect the Group's business, financial position and operational results.</p>
General risks associated with investments in equity capital	<p>Investors should be aware that there are risks associated with any investments in equity capital.</p> <p>The value of the shares in Kina may rise above or fall below the price under the Offer, depending on the financial position and operating performance of Kina as well as prevailing market conditions. Further, the price at which the New Shares trade on PNGX may be affected by several factors unrelated to the financial and operating performance of Kina and over which Kina and the Directors have limited or have no control. These external factors include: (i) the impact of COVID-19, including on health of workforce, the industry, customers, supply chains and travel and other restrictions; (ii) economic conditions and outlook in PNG, Australia, the US and overseas; (iii) changes in interest rates and the rate of inflation; (iv) investor sentiment in the local and international stock markets and the banking sector; (v) changes in fiscal, monetary, regulatory and other government policies; (vi) changes in government legislation and policies, including tax laws; (vii) the development of new technologies and displacement of existing technologies; and (viii) geo-political conditions such as acts or threats of terrorism or military conflicts.</p> <p>Investors should also note that the historic share price performance of Kina shares provides no guidance as to its future share price performance.</p> <p>There have been significant fluctuations and volatility in the prices of equity securities in recent months, which may have been caused by general rather than company-specific factors, including the general state of the economy, the response to the COVID-19 pandemic, investor uncertainty, geo-political matters, and global hostilities and tensions. In particular, the COVID-19 pandemic has resulted in significant market falls and volatility both in PNG, Australia, the US and overseas, including in the prices of equity securities. As detailed above, there continues to exist considerable uncertainty as to the further impact of COVID-19 on the PNG and global economy and share markets including in relation to governmental action, work stoppages, university and school stoppages, lockdowns, quarantines, travel restrictions and the impact on the economy and share markets. Any of these events and resulting fluctuations may materially adversely impact the market price of the shares in Kina.</p>
Dilution risk	<p>Investments in equity capital will have the effect of diluting the share ownership of existing shareholders of Kina.</p> <p>Future equity offerings by Kina may dilute the percentage ownership of Kina by existing shareholders of Kina. In certain circumstances, securities issued by Kina in the future may have rights, preferences or privileges attached to them that are senior, to or otherwise adversely affect, those attached to the shares.</p>

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22



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Key Corporate and Transaction Risks

Dividends	Any future determination as to the payment of dividends by Kina will be at the discretion of the Directors and will depend on the financial condition of Kina, future capital requirements and general business and other factors considered relevant by the Directors. At all times, and particularly in light of the COVID-19 pandemic, there can be no guarantee as to the likelihood, timing, franking of quantum of future dividends or franking credits.
Change in accounting policy	Kina is subject to the usual business risk that there may be changes in accounting policies which impact Kina.
Entitlement Offer and Placement may not be fully underwritten and may not complete	<p>The Entitlement Offer and Placement (but not the PNG Retail Offer) are subject to a range of conditions and termination events set out in the underwriting agreement entered into by Kina and the Underwriter on 10 September 2020 (Underwriting Agreement). If certain conditions are not satisfied or certain events occur, then the Underwriter may terminate the Underwriting Agreement, which may have an adverse impact on the ability of Kina to proceed with the Entitlement Offer and Placement and the amount of funds raised as part of the Entitlement Offer and Placement.</p> <p>In the event the Underwriting Agreement is terminated by the Underwriter, there is no guarantee that the Entitlement Offer and Placement will continue in its current form or continue at all. Failure to raise sufficient funds under the Entitlement Offer and Placement (as a result of it not proceeding or otherwise) could materially adversely affect Kina's business, cash flow, financial position and results of operations.</p> <p>Key terms of Underwriting Agreement</p> <p>The Underwriter's obligations under the Underwriting Agreement, including to underwrite the Entitlement Offer and Placement (other than with respect to the PNG Retail Offer), and manage the Entitlement Offer and Placement (other than the PNG Retail Offer), are conditional on certain matters, including the timely delivery of due diligence process materials, obtaining any necessary ASX and Papua New Guinea National Stock Exchange (PNGX) Listing Rule waivers and any necessary PNG regulatory approvals and obtaining a trading halt on ASX and PNGX by opening of trading on the announcement date.</p> <p>If certain conditions are not satisfied or certain events occur, the Underwriter may terminate the Underwriting Agreement. The events which may trigger termination of the Underwriting Agreement include (but are not limited to) the following:</p> <ul style="list-style-type: none"> a statement in the offer materials is or becomes misleading or deceptive or likely to mislead or deceive or a matter required to be included is omitted from the offer materials (including the PNG offer materials) the due diligence committee report prepared by the due diligence committee established for the offers or any information supplied by Kina to the Underwriter for the purposes of due diligence investigations or the offer materials (including the PNG offer materials), is misleading or deceptive the cleansing statement for the Entitlement Offer or the Placement is defective or a corrective statement is issued or is required to be issued an obligation arises on Kina to give ASX a notice in accordance with section 708AA(12) of the Corporations Act or a new circumstance arises or becomes known which, if known at the time of issue of this Presentation and cleansing statement would have been required to be included in the Presentation or the cleansing statement any adverse change occurs in the assets, liabilities, financial position or performance, profits, losses or prospects of the Group any expression of belief, expectation or intention, or statement relating to future matters (including any forecast or prospective financial statements, information or data) in the offer materials or the PNG offer materials is or becomes incapable of being met or, in the reasonable opinion of the Underwriter, unlikely to be met in the project timeframe any change of law or policy in Australia and Papua New Guinea is announced or occurs which, in the reasonable opinion of the Underwriter, is likely to prohibit or adversely affect or regulate the offer, capital issues or stock markets or the Underwriter's ability to promote or market the offer or enforce contracts to issue or allot the shares, or adversely affect the taxation treatment of the shares Kina is or will be prevented from conducting or completing the Entitlement Offer and Placement or PNG Offer by law, regulatory authority or other government agency Kina changes the terms of its constitution, or disposes, attempts or agrees to dispose a substantial part of the business or property of the group, without the prior written consent of the Underwriter Kina ceases to be admitted to the official list of ASX or PNGX, or its shares cease trading or are suspended from quotation or cease to be quoted on ASX or PNGX (other than with the Underwriter's consent to facilitate the Entitlement Offer and Placement and PNG Offer)

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23



Key Corporate and Transaction Risks

[Continued...]	<ul style="list-style-type: none"> ASX or PNGX makes any official statement or otherwise indicates that it will not grant permission for the official quotation of the shares under the Entitlement Offer and Placement or permission for the official quotation of the shares under the offer is granted, then subsequently withdrawn, qualified or withheld an application is made by ASIC for an order in relation to the Entitlement Offer and offer materials, ASIC commences any investigation or hearing in relation to the offer or offer materials or ASIC issues or threatens to commence proceedings or a prosecution in relation to the offer or commences any formal inquiry or investigation into the offer or any governmental agency takes an action similar to those described above Kina engages in conduct that is misleading or deceptive or is likely to mislead or deceive in connection with the offer or the PNG Retail Offer; Kina withdraws or indicates that it does not intend to proceed with the offer or any part of the offer or withdraws a document forming part of the offer materials for the Entitlement Offer and the Placement a general moratorium on commercial banking activities in Australia, Papua New Guinea, Canada, New Zealand, the United States of America, the United Kingdom, Singapore or Hong Kong is declared or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries trading in all securities quoted or listed on ASX, PNGX, the Toronto Stock Exchange, the New Zealand Stock Exchange, the London Stock Exchange, the Singapore Exchange, the Hong Kong Stock Exchange or the New York Stock Exchange is suspended or limited in a material respect for more than one day on which that exchange is open for trading hostilities in or involving Australia, Papua New Guinea, Canada, New Zealand, USA, Hong Kong or the United Kingdom, including a major escalation of existing hostilities or a major terrorist act being perpetrated on any of those countries or diplomatic, military or political establishment of any of those countries elsewhere in the world adverse change or disruption to financial, political or economic conditions, currency exchange rates or controls or financial markets in Australia, Papua New Guinea, Canada, New Zealand, the United States of America, Hong Kong or the United Kingdom a pandemic, epidemic or large-scale outbreak of a disease (including without limitation SARS, swine or avian flu, H5N1, H7N9, COVID-19 or a related or mutated form of these) not presently existing occurs or in respect of which there is a major escalation, involving any one or more of Australia, New Zealand, Papua New Guinea, the United States of America or a country in the Oceania region the ASX/ASX 300 Index closes for two consecutive trading days at any time before Completion (i.e. Completion is when all of the shares under the Placement and Entitlement Offer have been issued by Kina), or, closes on the trading day prior to the Institutional Settlement Date (as defined in the timetable) or the Retail Settlement Date (as defined in the timetable), at a level that is 20.0% or more below its level as at the close of trading on the trading day before the date of the Underwriting Agreement a warranty or representation contained in the Underwriting Agreement on the part of Kina is untrue or incorrect when given or taken to be given or becomes untrue or incorrect Kina does not provide a certificate or new circumstance sign-off when required or such document is untrue, incorrect, misleading or deceptive a date in the timetable is delayed beyond certain thresholds without the prior written consent of the Underwriter Kina alters its equity capital structure including proposing or activating any buy-back, capital reduction or scheme of arrangement or any other form of recapitalisation, without the prior written consent of the Underwriter (not to be unreasonably withheld) a scheme of arrangement or reconstruction is announced by Kina, or another offer to holders of shares is announced by another person which, if implemented, may result in a person or their associates acquiring a beneficial interest in shares of, or voting power in Kina of, 50% or more Kina fails to perform or observe any of its obligations under the Underwriting Agreement the Group contravenes the Corporations Act, the Companies Act, the Capital Market Act, the Constitution (or equivalent applicable documents), the Listing Rules, PNGX Listing Rules or any applicable laws, or a requirement, order or request made by or on behalf of the ASIC, ASX or any other government agency or any agreement entered into by it
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24



RETAIL ENTITLEMENT OFFER

Key Corporate and Transaction Risks

[Continued...]

- The offer materials or any aspect of the offer does not comply with the Corporations Act, the Listing Rules, the ASX Waivers, the PNGX Listing Rules, the PNGX Waivers or any other applicable law or regulation
- There is a change in the chief executive officer, chief financial officer or board of Kina, a director of Kina is charged with an indictable offence or is disqualified from managing a corporation, any government agency commences any public proceedings against Kina or any director in their capacity as a director Kina, or announces that it intends to take such action
- a director, CEO or CFO of Kina, or a member of the Group, is charged in relation to fraudulent conduct, whether or not in connection with the offer or PNG Retail Offer
- ASX withdraws, revokes or amends any necessary ASX waiver or PNGX withdraws, revokes or amends any necessary PNGX waiver
- PNGX withdraws, revokes or amends any approval of the PNGX Listing Rules which are necessary in relation to the PNG offer materials or to enable Kina to make the PNG Retail Offer
- any other regulatory approval, relief or modification from any relevant government agency in any relevant jurisdiction in relation to offer, the offer materials and the terms and conditions of this document to enable the offer to proceed in accordance with the timetable is withdrawn, revoked or amended;
- a trading halt ends before the expiry of the relevant period referred to in the offer timetable without the prior written consent of the Underwriter;
- an insolvency event occurs to a Group member or there is an act which has occurred or any omission made which would result in an insolvency event occurring in respect of any Group member.

The ability of an Underwriter to terminate the Underwriting Agreement in respect of some events will depend on whether, in the reasonable opinion of the Underwriter:

- the event has had or could have, individually or in the aggregate, a material adverse effect on the financial condition, financial position or financial prospects of Kina or the Kina Group
- the event has had or could have, individually or in the aggregate, a material adverse effect on the success or outcome of the Placement and Entitlement Offer, the trading price of Kina Shares or the ability of the Underwriter to market or promote or settle the Entitlement Offer and Placement; or
- the Underwriter will or could contravene, be involved in a contravention of, or incur a liability under the Corporations Act or any other applicable law as a result of the event.

For details of fees payable to the Underwriter, please refer to the Appendix 3B released to ASX on 9 September 2020.

Kina also provides certain representations, warranties and undertakings to the Underwriter and an indemnity to the Underwriter and its affiliates subject to certain carve outs.

Shortfall

The Placement and any Institutional Entitlement Offer Shares not taken up by eligible institutional investors will, subject to the terms of Underwriting the Agreement, be allocated as determined by the Underwriter in consultation with Kina. Any remaining shortfall after the Institutional bookbuild will be allocated by the Underwriter. Eligible Retail Shareholders who take up all their entitlement may apply for additional Shares up to 200% of their entitlement. If Eligible Retail Shareholders apply for more additional New Shares than available under the oversubscription facility, Kina will scale back applications for additional Shares in its absolute discretion having regard to the pro-rata entitlement of Eligible Retail Shareholders who apply for additional Shares.

Dilution risk

If you do not take up your Entitlement under the Entitlement Offer, then your percentage security holding in Kina will be diluted by not participating to the full extent in the Entitlement Offer. Investors may also have their investment diluted by the Placement or future capital raisings by Kina. Kina may issue new securities in the future to finance acquisitions or pay down debt which may, under certain circumstances, dilute the value of any investor's interest.

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25



Selling Restrictions

The contents in this document may only be used for the transaction in which Rimon Law has provided foreign securities law advice. The defined "New Shares" and the "Company" in this document may need to be changed for purposes of consistency with the remainder of the investor presentation / offer document.

International Offer Restrictions

This document does not constitute an offer of New Shares of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If in doubt about any contents of this document, you should obtain independent professional advice.

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 3, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) an "accredited investor" (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Philippines

THE SECURITIES BEING OFFERED OR SOLD HAVE NOT BEEN REGISTERED WITH THE PHILIPPINES SECURITIES AND EXCHANGE COMMISSION UNDER THE PHILIPPINE SECURITIES REGULATION CODE (THE "CODE"), AND ANY FUTURE OFFER OR SALE THEREOF IS SUBJECT TO REGISTRATION REQUIREMENTS UNDER THE CODE UNLESS SUCH OFFER OR SALE QUALIFIES AS AN EXEMPT TRANSACTION.

The New Shares being offered and sold to qualified buyers in an exempt transaction under Section 10.1(1) of the Code. The Company has not sought confirmation, and the SEC has not confirmed, whether the offer of New Shares qualifies as an exempt transaction under the Code.

Information about the Company is available in its most recent annual report, which is available on the websites of the Australian Securities Exchange and the Company.

26

RETAIL ENTITLEMENT OFFER

Selling Restrictions

International Offer Restrictions

This document does not constitute an offer of New Shares of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

Papua New Guinea	<p>The offer document relating to the Entitlement Offer has not been, and will not be, registered by the Securities Commission of Papua New Guinea and does not comply with the provisions of the Capital Markets Act 2015 of Papua New Guinea.</p> <p>The prospectus relating to the PNG Retail Offer will be lodged with the Securities Commission of Papua New Guinea for approval and once approved, will be registered with the Registrar Companies in PNG.</p> <p>The contents of this presentation have not been reviewed by any PNG regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.</p>
United States	<p>This document has been prepared for publication in Australia and may not be released to US wire services or distributed in the United States. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this document have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.²⁹</p>
Australia	<p>The offer of New Shares under the Placement and the Institutional component of the Entitlement offer is being made in Australia only to persons who meet the requirements of section 708(8) or section 708(11) of the Corporations Act 2001 (Cth) as either a professional or sophisticated investor or the requirements of section 761G of the Corporations Act 2001 (Cth) as a wholesale client.</p>
New Zealand	<p>This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (FMC Act). The New Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:</p> <ul style="list-style-type: none"> * is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act; * meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act; * is large within the meaning of clause 39 of Schedule 1 of the FMC Act; * is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or * is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Supplementary Information

Kina Securities Limited | Half Year Results 30 June 2020.



<http://investors.kinabank.com.pg/investors/?page=asx-announcements>

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MD JELENA TAMATE
Kina Bank SME Customer
Built PNG's largest event and production company, pioneering a national online following.

CHEF JULZ HENAO
Kina Bank SME Customer
Turned his passion for food into a leading PNG business.

FASHION DESIGNER TABU WARUPI
Kina Bank SME Customer
Inspired by PNG's landscape, transformed her creativity into a global business success story.



kinabank

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 ASX/PNGX
announcement


NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

14 September 2020

Successful completion of Placement and Institutional component of Entitlement Offer, raising A\$45 million

Kina Securities Limited (**ASX: KSL | PNGX: KSL**) (**Kina** or the **Company**) is pleased to announce the successful completion of its placement to institutional investors (**Placement**) and the institutional component of its 1 for 2 accelerated pro-rata non-renounceable entitlement offer (**Institutional Entitlement Offer**) of new ordinary shares in Kina (**New Shares**). Details of the equity raising, including the retail component of the Entitlement Offer (**Retail Entitlement Offer**) and PNG offer to eligible PNG shareholders (**“NG Retail Offer”**) (together, the **Equity Raising**) were announced to the ASX and PNGX on Thursday, 10 September 2020.

The Placement and Institutional Entitlement Offer raised approximately A\$45 million, excluding estimated transaction costs (subject to ongoing shareholding reconciliations), at an offer price of A\$0.80 / K1.97¹ per share (**Offer Price**). The Offer Price represents a 14.4% discount to Kina’s last closing price and an 9.3% discount to the Theoretical Ex-Rights Price² (**TERP**)³.

The combined proceeds of the Equity Raising are expected to be up to approximately A\$91 million / K224 million⁴, excluding estimated transaction costs.

Trading in Kina shares is expected to resume on the ASX and PNGX from market open today Monday, 14 September 2020.

Commenting on the Capital Raising, Kina CEO and Managing Director, Greg Pawson said:

“I would like to thank our shareholders for the strong support they have shown the Company. The Placement was well supported by existing and new institutional shareholders. As reported in our recent H1FY2020 results, Kina has experienced significant growth across its business over the year. The proceeds of the Offer will enable Kina to grow and enhance its business capability to meet the significant inbound interest from existing and new-to-bank customers. Kina is well positioned to deliver on a number of strategic projects as we continue to see significant additional growth opportunities.”

¹ Exchange rate of 1 PGK / 0.4055 AUD

² Theoretical ex-rights price (“TERP”) includes shares issued under the Placement, Institutional Entitlement Offer, Retail Entitlement Offer and PNG Retail Offer. TERP is a theoretical calculation only and the actual price at which Kina shares trade immediately following the ex-date for the Entitlement Offer may be different from TERP. TERP has been calculated as: (existing market capitalisation of Kina plus additional equity raised) / total shares on issue following the Equity Raising.

³ At Wednesday 9 September 2020, Kina’s last closing price was A\$0.935 per share and the TERP is A\$0.882 per share.

⁴ Exchange rate of 1 PGK / 0.4055 AUD


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Page 1 of 5

Level 9, Kina Bank Haus
Douglas Street PO Box 1141
Port Moresby NCD 121
PAPUA NEW GUINEA

Telephone +675 308 3800
Facsimile +675 308 3899
Email Kina@kina.com.pg
Swift KINIPGPG
www.kina.com.pg

RETAIL ENTITLEMENT OFFER

Placement and Institutional Entitlement Offer

The Institutional Entitlement Offer had a take up rate of approximately 81.33% by eligible institutional shareholders. The Placement and institutional shortfall was allocated to a range of existing and new institutional and high net worth investors.

All New Shares offered under the Placement and Institutional Entitlement Offer were issued at the same price, of A\$0.80 / K1.97⁵ per share.

Approximately 56.3 million New Shares subscribed for under the Placement and Institutional Entitlement Offer are expected to be settled on Friday, 18 September 2020 and commence trading on Tuesday, 22 September 2020. New Shares issued under the Placement do not have rights to participate in the Entitlement Offer.

Retail Entitlement Offer

The Retail Entitlement Offer has been fully underwritten and will raise approximately A\$35.3 million. The Retail Entitlement Offer is expected to open on Thursday, 17 September 2020 and close on Thursday, 1 October 2020.

Eligible retail shareholders with a registered address in Australia or New Zealand on the Record Date of 7.00pm (AEST), Monday, 14 September 2020, have the opportunity to invest in New Shares at the Offer Price, on the terms and conditions outlined in the Retail Offer Booklet to be sent to eligible retail shareholders on or around Thursday, 17 September 2020.

Please note that shareholders with a registered address outside Australia or New Zealand on the Record Date are ineligible to participate in the Retail Entitlement Offer. Further details as to eligibility will be set out in the Retail Offer Booklet.

Under the Retail Entitlement Offer, eligible retail shareholders that take up their full Entitlement may also apply for additional New Shares in excess of their Entitlement.

PNG Retail Offer

Eligible retail shareholders with a registered address in Papua New Guinea on the Record Date of 7.00pm (AEST), Monday, 14 September 2020, will have the opportunity to invest in New Shares on substantially the same terms as the Entitlement Offer. Further information regarding the PNG Retail Offer (which is still subject to the Company obtaining PNG regulatory approvals), including the terms and conditions of the offer and details as to eligibility, will be outlined in the PNG Prospectus to be sent to eligible retail shareholders in PNG in mid-October 2020.

Further information

Further information on the Offer is set out in the Investor Presentation lodged with the ASX on Thursday, 10 September 2020.

For further information regarding the Retail Entitlement Offer, please do not hesitate to contact the Kina Shareholder Information Line on 1800 550 560 (within Australia) or +61 1800 550 560 (outside Australia) at any time from 8.30am to 5.30pm (AEST) Monday to Friday during the offer period.

⁵ Exchange rate of 1 PGK / 0.4055 AUD

RETAIL ENTITLEMENT OFFER

For more information, please contact:

Greg Pawson
Chief Executive Officer and Managing Director
greg.pawson@kinabank.com.pg

Chetan Chopra
Chief Financial Officer and Company Secretary
chetan.chopra@kinabank.com.pg

This ASX announcement was authorised for release by Kina's Board of Directors

RETAIL ENTITLEMENT OFFER

IMPORTANT NOTICES

This announcement is not financial product or investment advice, a recommendation to acquire securities or accounting, legal or tax advice. It does not constitute an invitation or offer to apply for securities. It has been prepared without taking into account the objectives, financial or tax situation or needs of individuals. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial and tax situation and needs and seek legal and taxation advice appropriate for their jurisdiction. Kina is not licensed to provide financial product advice in respect of an investment in securities.

NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

This announcement has been prepared for publication in Australia and may not be released or distributed in the United States. This announcement does not constitute an offer, invitation or recommendation to subscribe for or purchase any security or financial product and neither this announcement nor anything attached to this announcement shall form the basis of any contract or commitment. In particular, this announcement does not constitute an offer to sell, or the solicitation of an offer to buy, securities in the United States or any other jurisdiction in which such an offer would be illegal. Any securities described in this announcement have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state or jurisdiction of the United States. Accordingly, the securities may not be offered or sold, directly or indirectly, in the United States or to any person acting for the account or benefit of any person in the United States unless they have been registered under the U.S. Securities Act (which Kina has no obligation to do or procure) or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable securities laws of any state or other jurisdiction of the United States.

Forward-looking statements and forecasts

This announcement contains certain "forward-looking statements" that are based on management's beliefs, assumptions and expectations and on information currently available to management. Forward-looking statements can generally be identified by the use of forward-looking words such as, "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "forecast", "estimate", "target", "outlook", "guidance" and other similar expressions within the meaning of securities laws of applicable jurisdictions. Such forward-looking statements include statements regarding the timetable, conduct and outcome of the Equity Raising and the use of proceeds thereof, statements about the plans, objectives and strategies of the management of Kina, statements about the oil and gas industry and the markets in which Kina operates and statements about the future performance of the Kina businesses. Indications of, and guidance or outlook on, future earnings or financial position or performance, future earnings and distributions are also forward-looking statements

You are strongly cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the outbreak of COVID-19. Any such statements, opinions and estimates in this announcement speak only as of the date hereof and are based on assumptions and contingencies subject to change without notice, as are statements about market and industry trends, projections, guidance and estimates. Forward-looking statements are provided as a general guide only. The forward-looking statements contained in this announcement are not indications, guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of the Kina group, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. Forward-looking statements may also assume the success of Kina's business strategies. The success of any of these strategies is subject to uncertainties and contingencies beyond Kina's control, and no assurance can be given that any of the strategies will be effective or that the anticipated benefits from the strategies will be realised in the period for which the forward looking statements may have been prepared or otherwise. Refer to

RETAIL ENTITLEMENT OFFER

the “Key Corporate and Transaction Risks” section of the Investor Presentation released on ASX on Thursday 10 September 2020 for a non-exhaustive summary of certain key business, offer and general risk factors that may affect the Kina group.

There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. A number of important factors could cause actual results or performance to differ materially from the forward-looking statements, including (without limitation) the risks and uncertainties associated with the ongoing impacts of COVID19, the PNG and global economic environment and capital market conditions and other risk factors set out in the Investor Presentation. Investors should consider the forward-looking statements contained in this announcement in light of those risks and disclosures. The forward-looking statements are based on information available to Kina as at the date of this announcement.

No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including Kina or any of its advisers). In particular, no representation, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. Actual operations, results, performance, production targets or achievement may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. Except as required by law or regulation (including the ASX Listing Rules and PNGX Listing Rules), Kina disclaims any obligation or undertaking to update forward-looking statements in this announcement to reflect any changes in expectations in relation to any forward-looking statement or change in events, circumstances or conditions on which any statement is based.

RETAIL ENTITLEMENT OFFER

4. ADDITIONAL INFORMATION

4.1 RESPONSIBILITY FOR THIS RETAIL OFFER BOOKLET

This Retail Offer Booklet has been prepared by Kina. No party other than Kina has authorised or caused the issue of this Retail Offer Booklet, or takes any responsibility for, or makes or gives any statements, representations or undertakings in, this Retail Offer Booklet.

4.2 DATE OF THIS RETAIL OFFER BOOKLET

This Retail Offer Booklet is dated Monday, 14 September 2020. Subject to the following paragraph, statements in this Retail Offer Booklet are made only as of the date of this Retail Offer Booklet unless otherwise stated and the information in this Retail Offer Booklet remains subject to change without notice. Kina is not responsible for updating this Retail Offer Booklet.

The ASX Announcements and Investor Presentation set out in Section 3 of this Retail Offer Booklet are current as at the date on which they were released. There may be additional announcements that are made by Kina (including after the date of this Retail Offer Booklet) that may be relevant to your consideration of whether to take up your Entitlement. Therefore, it is prudent that you check whether any further announcements have been made by Kina to the ASX and/or PNGX before submitting an Application.

4.3 ELIGIBILITY OF RETAIL SHAREHOLDERS

The Retail Entitlement Offer is being offered to all Eligible Retail Shareholders only.

Eligible Retail Shareholders are Shareholders on the Record Date who:

- a. are registered as a holder of Existing Shares;
- b. have a registered address in Australia or New Zealand or are Shareholders that Kina has otherwise determined is eligible to participate in the Retail Entitlement Offer;
- c. are not in the United States and are not (including a nominee or custodian) acting for the account or benefit of a person in the United States (to the extent such person holds Existing Shares for the account or benefit of such person in the United States);
- d. are not Eligible Institutional Shareholders; and
- e. are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

Kina has determined that it is unreasonable to extend the Retail Entitlement Offer to Ineligible Retail Shareholders because of the small number of such Shareholders, the number and value of Shares that they hold and the cost of complying with the applicable regulations in jurisdictions outside Australia and New Zealand.

Due to local regulatory requirements, the Retail Entitlement Offer will not be made to PNG retail shareholders. However, Kina has also announced the PNG Offer which would be made to PNG resident Shareholders (other those who participated in the Institutional

Entitlement Offer) pursuant to a prospectus under the PNG Capital Market Act 2015 expected to be sent to eligible shareholders in PNG in mid-October 2020.

4.4 RANKING OF NEW SHARES

The New Shares issued under the Retail Entitlement Offer will be fully paid and rank equally with Existing Shares.

The rights attaching to the New Shares are set out in Kina's constitution and are regulated by the Corporations Act, ASX Listing Rules, PNGX Listing Rules and general law.

4.5 ALLOTMENT, QUOTATION AND TRADING

Kina has applied or will apply for quotation of the New Shares on ASX and PNGX in accordance with ASX Listing Rules and PNGX Listing Rules requirements. If ASX and PNGX do not grant quotation of the New Shares, Kina will repay all Application Monies (without interest).

Subject to ASX and PNGX approval being granted, it is expected that the New Shares allotted under the Retail Entitlement Offer will commence trading on a normal basis on Friday, 9 October 2020. Application Monies will be held by Kina on trust for Applicants until the New Shares are allotted. No interest will be paid on Application Monies, and any interest earned on Application Monies will be for the benefit of Kina and will be retained by Kina irrespective of whether New Shares are issued.

It is the responsibility of Applicants to determine the number of New Shares allotted and issued to them prior to trading in the New Shares. The sale by an Applicant of New Shares prior to receiving their holding statement is at the Applicant's own risk. Kina and the Underwriter disclaim all liability whether in negligence or otherwise (to the maximum extent permitted by law) to persons who trade New Shares before receiving their holding statements, whether on the basis of confirmation of the allocation provided by Kina or the Share Registry or otherwise.

4.6 RECONCILIATION

In any entitlement offer, investors may believe that they own more shares on the record date than they ultimately do. This may result in a need for reconciliation to ensure all eligible shareholders have the opportunity to receive their full entitlement.

Kina may need to issue a small quantity of additional New Shares to ensure all Eligible Shareholders have the opportunity to receive their appropriate allocation of New Shares. The price at which these New Shares would be issued, if required, is the same as the Offer Price.

Kina reserves the right to reduce the number of New Shares allocated to Eligible Shareholders or persons claiming to be Eligible Shareholders, if their Entitlement claims prove to be overstated, if they or their nominees/custodians fail to provide information requested to substantiate their Entitlement claims, or if they are not Eligible Shareholders.

RETAIL ENTITLEMENT OFFER

4.7 UNDERWRITING

The Offer is fully underwritten by the Underwriter. The Underwriter is not managing or underwriting the PNG Offer.

Kina and the Underwriter have entered into an Underwriting Agreement. Customary with these types of arrangements:

- a. Kina has agreed, subject to certain carve-outs, to indemnify the Underwriter, its affiliates and related bodies corporate, and each of their directors, officers, employees, partners, agents, advisers and representatives against any losses they may suffer or incur in connection with the Entitlement Offer and the Placement;
- b. Kina has given certain representations, warranties and undertakings in connection with (among other things) the Entitlement Offer and the Placement;
- c. the Underwriter may (in certain circumstances having regard to the materiality of the relevant event) terminate the Underwriting Agreement and be released from their obligations under it on the occurrence of certain events, which are set out in Appendix B of the Investor Presentation (see Section 3 of this Retail Offer Booklet):

The Underwriter will be paid:

- a. an underwriting and management fee of 3.5% of the proceeds of the Institutional Entitlement Offer and the Placement; and
- b. an underwriting and management fee of 3.5% of the proceeds of the Retail Entitlement Offer.

The Underwriter will also be reimbursed for certain expenses.

Neither the Underwriter nor any of its related bodies corporate or affiliates, nor any of their respective directors, officers, partners, employees, representatives, consultants, contractors, advisers or agents (collectively, the "Underwriter Parties") have authorised or caused the issue or lodgement, submission, dispatch or provision of this Retail Offer Booklet and there is no statement in this Retail Offer Booklet which is based on a statement made by an Underwriter Party. To the maximum extent permitted by law, each Underwriter Party expressly disclaims all liabilities (including for negligence) in respect of, makes no representations regarding, and takes no responsibility for any part of this Retail Offer Booklet or any action taken by you on the basis of the information in this Retail Offer Booklet, and makes no representation or warranty as to the currency, accuracy, reliability or completeness of this Retail Offer Booklet. To the maximum extent permitted by law, the Underwriter Parties exclude and disclaim all liability for any expenses, losses, damages or costs incurred by you as a result of your participation in or failure to participate in the Entitlement Offer and this Retail Offer Booklet being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise. To the maximum extent permitted by law, the Underwriter Parties also exclude and disclaim all liability for any direct,

indirect, consequential or contingent loss or damage whatsoever arising from the use of any part of this Retail Offer Booklet or otherwise arising in connection with it, whether by negligence or otherwise. None of the Underwriter Parties makes any recommendations as to whether you or your related parties should participate in the Entitlement Offer nor do they make any representations or warranties to you concerning this Entitlement Offer, or any such information and you represent, warrant and agree that you have not relied on any statements made by any of the Underwriter Parties in relation to the New Shares or the Entitlement Offer generally.

The Underwriter is a full service financial institution engaged in various activities, which may include trading, financing, financial advisory, investment management, research, brokerage and other financial and non-financial activities including for which they have received or may receive customary fees and expenses.

The Underwriter is acting for and providing services to Kina in relation to the Placement and the Entitlement Offer and will not be acting for or providing services to Shareholders or potential investors. The Underwriter has been engaged solely as an independent contractor and is acting solely in a contractual relationship on an arm's length basis with Kina. The engagement of the Underwriter is not intended to create any fiduciary obligations, agency or other relationship between the Underwriter and Shareholders or potential investors and you expressly disclaim any fiduciary relationship with the Underwriter.

In addition to the fees under the Underwriting Agreement, the Underwriter Parties may, from time to time, hold interests in the securities of, or earn brokerage, fees or other benefits from Kina and may in the future be lenders to Kina or its affiliates.

4.8 CONTINUOUS DISCLOSURE

Kina is a "disclosing entity" under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act, the PNG Companies Act, the ASX Listing Rules and the PNGX Listing Rules, including the preparation of annual reports and half yearly reports.

Kina is required to notify ASX of information about specific events and matters as they arise for the purposes of ASX making that information available to the stock markets conducted by ASX. In particular, Kina has an obligation under the ASX Listing Rules (subject to certain exceptions) to notify ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price or value of Kina shares. That information is available to the public from ASX and can be accessed at www.asx.com.au. Under the PNGX Listing Rules, Kina is required to provide to PNGX all information that it provides to ASX. That information can be accessed at <http://www.pngx.com.pg/>.

Some documents are required to be lodged with ASIC in relation to Kina. These documents may be obtained from, or inspected at, an ASIC office.

RETAIL ENTITLEMENT OFFER

4.9 NO COOLING OFF RIGHTS

You cannot withdraw your Application once it has been made or accepted. Cooling off rights do not apply to an investment in New Shares.

4.10 ROUNDING OF ENTITLEMENTS

Where fractions arise in the calculation of an Entitlement, they will be rounded up to the nearest whole number of New Shares.

4.11 NOT FINANCIAL PRODUCT OR INVESTMENT ADVICE

This Retail Offer Booklet and the accompanying Entitlement and Acceptance Form is for information purposes only and is not a prospectus, disclosure document or other offering document under the Corporations Act or any other law and has not been lodged with ASIC. It is also not a financial product or investment advice or a recommendation to acquire New Shares and has been prepared without taking into account your objectives, financial circumstances or particular needs. This Retail Offer Booklet should not be considered to be comprehensive and does not purport to contain all the information that you may require to make a decision about whether to submit your personalised Entitlement and Acceptance Form and invest in New Shares.

Before making an investment decision, you should consider the appropriateness of the information in this Retail Offer Booklet having regard to your own objectives, financial situation and needs and seek legal and taxation advice appropriate to your jurisdiction. If you have any questions about whether you should participate in the Entitlement Offer, you should seek professional financial advice before making any investment decision. Kina is not licensed in Australia to provide financial product advice in respect of New Shares.

4.12 FINANCIAL DATA

Kina has historically prepared its financial information in PGK. All financial amounts set out in this Retail Offer Booklet are expressed in PGK (as indicated by K) unless otherwise stated.

The total size of the Offer is presented in both Australian dollars (indicated by A\$) and in PNG kina (indicated by K), assuming an exchange rate of 1 PGK : 0.4055 A\$ unless otherwise stated. All financial data is presented as at 30 June 2020 unless otherwise stated.

4.13 INELIGIBLE SHAREHOLDERS

All Shareholders who do not satisfy the criteria to be Eligible Retail Shareholders or Eligible Institutional Shareholders, are Ineligible Shareholders. Ineligible Shareholders are not entitled to participate in the Entitlement Offer, unless Kina otherwise determines.

The restrictions upon eligibility to participate in the Entitlement Offer arise because Kina has determined, pursuant to ASX Listing Rule 7.7.1(a) and section 9A(3)(a) of the Corporations Act, that it would be unreasonable to extend the Entitlement Offer to Ineligible Shareholders. This decision has been made after taking into account the number of non-residents in Australia and New Zealand on

the Kina register, the relatively small number and value of New Shares to which those Shareholders would otherwise be entitled and the potential costs of complying with legal and regulatory requirements in the jurisdictions in which the Ineligible Shareholders are located in relation to the Entitlement Offer.

Kina, in its absolute discretion, may extend the Entitlement Offer to any Shareholder if it is satisfied that the Entitlement Offer may be made to the Shareholder in compliance with all applicable laws. Kina, in its absolute discretion, reserves the right to determine whether a Shareholder is an Eligible Retail Shareholder, Eligible Institutional Shareholder or an Ineligible Shareholder. To the maximum extent permitted by law, Kina disclaims all liability in respect of such determination.

The price at which the Entitlements of Ineligible Shareholders will be sold is the Offer Price. Accordingly, Ineligible Shareholders will not receive any payment or value as a result of the issue of any of those New Shares they would have been entitled to subscribe for had they been eligible to participate in the Entitlement Offer.

RETAIL ENTITLEMENT OFFER

5. AUSTRALIAN TAXATION CONSEQUENCES

Set out below is a general summary of the Australian income tax, goods and services tax ("GST") and stamp duty implications of the Retail Entitlement Offer for Eligible Retail Shareholders that hold their New Shares on capital account. In addition, the summary below applies only to Eligible Retail Shareholders who are Australian tax resident individuals, companies or complying superannuation entities.

The summary does not apply to Eligible Retail Shareholders who:

- a. are not Australian tax residents for Australian income tax purposes;
- b. hold existing Shares as revenue assets or trading stock (which will generally be the case if you are a bank, insurance company or carry on a business of share trading);
- c. acquired the Shares in respect of which their Entitlements are issued under any employee share scheme or where New Shares are acquired pursuant to any employee share scheme; or
- d. may be subject to special tax rules, such as insurance companies, partnerships, exempt taxpayers, trusts (except where expressly stated), or temporary residents.

This summary also does not cover the consequences for Eligible Retail Shareholders who are subject to the Taxation of Financial Arrangements rules contained in Division 230 of the Income Tax Assessment Act 1997 (Cth) nor does it cover the consequences for Eligible Retail Shareholders that are subject to the Investment Manager Regime in Sub-Division 842-I of the Income Tax Assessment Act 1997 (Cth) or the tax law of countries other than Australia.

The precise implications of ownership or disposal of the New Shares will depend upon each Eligible Retail Shareholder's specific circumstances. This summary does not take account of the individual circumstances of particular Eligible Retail Shareholders and does not constitute tax advice. Eligible Retail Shareholders should seek professional advice on the taxation implications of acquiring, owning and disposing of New Shares, taking into account their specific circumstances.

Tax laws are complex and subject to ongoing change. The comments below are based on the Income Tax Assessment Act 1936 (Cth), the Income Tax Assessment Act 1997 (Cth), the Taxation Administration Act 1953 (Cth), the A New Tax System (Goods and Services Tax) Act 1999 (Cth), relevant stamp duty legislation, applicable case law and published Australian Taxation Office and State/Territory Revenue Authority rulings, determinations and statements of administrative practice at the date of this Retail Entitlement Offer. The tax consequences discussed below may alter if there is a change to the tax law after 9.00am (AEST) on Monday, 14 September 2020. Other than as expressly discussed or specified, the comments in this section do not take into account or anticipate changes in Australian tax law or future judicial interpretations of law

after this time. If there is a change, including a change having retrospective effect, the income tax, stamp duty and GST consequences of the Retail Entitlement Offer should be reconsidered in light of the changes. This summary is general in nature and is not intended to be an authoritative or complete statement of the applicable law. This summary does not constitute financial product advice as defined in the Corporations Act. The Company and its advisors disclaim all liability to any Eligible Retail Shareholders or other party for all costs, loss, damage and liability that Eligible Retail Shareholders or other party may suffer or incur arising from, relating to or in any way connected with the contents of this summary or the provision of this summary to the Eligible Retail Shareholder or other party or the reliance on this summary by the Shareholder or other party.

5.1 ISSUE OF ENTITLEMENT

The issue of the Entitlement should not, in itself, result in any amount being included in the assessable income of an Eligible Retail Shareholder.

5.2 EXERCISE OF ENTITLEMENT

New Shares will be acquired where the Eligible Retail Shareholder exercises all or part of their Entitlement under the Retail Entitlement Offer. An Eligible Retail Shareholder should not derive any assessable income, or make any capital gain or capital loss, at the time of exercising their Entitlement under the Retail Entitlement Offer. New Shares will be taken to have been acquired by the Eligible Retail Shareholder on the Allotment date.

To the extent that the Eligible Retail Shareholder's existing Shares were acquired by them on or after 20 September 1985, the cost base (and reduced cost base) for capital gains tax (CGT) purposes of each New Share will be equal to the Offer Price payable for those New Shares plus certain non-deductible incidental costs (for example, costs of acquiring the shares such as professional advisor fees, transfer costs and stamp duty) the Eligible Retail Shareholder incurs in acquiring the New Shares.

To the extent that the Eligible Retail Shareholder's existing shares were acquired by them before 20 September 1985, the cost base (and reduced cost base) for CGT purposes of each New Share will be equal to the Offer Price for those New Shares plus certain non-deductible incidental costs (for example, costs of acquiring the shares such as professional advisor fees, transfer costs and stamp duty) the Eligible Retail Shareholder incurs in acquiring the New Shares plus the market value of the Entitlements at the time the Eligible Retail Shareholder exercises them.

5.3 LAPSE OF ENTITLEMENT

If an Eligible Retail Shareholder does not accept all or part of their Entitlement in accordance with the instructions set out above, then that Entitlement will lapse and the Eligible Retail Shareholder will not receive any consideration for their Entitlement that is not taken up. There should be no tax implications for an Eligible Retail Shareholder from the lapse of the Entitlement.

RETAIL ENTITLEMENT OFFER

5.4 TAXATION IN RESPECT OF DIVIDENDS ON NEW SHARES

Any future dividends or other distributions made in respect of New Shares will be subject to the same income taxation treatment as dividends or other distributions made on Existing Shares held in the same circumstances.

The distribution of dividends or other distributions are generally not subject to Australian GST.

5.5 DISPOSAL OF NEW SHARES

The disposal of a New Share by an Eligible Retail Shareholder will be a CGT event. The Eligible Retail Shareholder will make a capital gain where the capital proceeds received on the disposal of the New Share exceed the cost base of the New Share, and will make a capital loss where the reduced cost base of the New Share exceeds the capital proceeds received from the disposal of that New Share.

Any resulting capital losses may only be offset against capital gains made by the Eligible Retail Shareholder in the same income year or future income years. Capital losses cannot be offset against other forms of assessable income.

Broadly, the cost base and reduced cost base of a New Share will be equal to the amount paid to acquire the New Share (including certain other costs, such as incidental costs of acquisition and disposal). In the case of an arm's length on-market sale, the capital proceeds will generally be the cash proceeds from the sale.

Generally, all capital gains and losses made by an Eligible Retail Shareholder for an income year, plus any net capital losses carried forward from an earlier income year, will need to be aggregated to determine whether the Eligible Retail Shareholder has made a net capital gain or net capital loss for the year. A net capital gain is included in an Eligible Retail Shareholder's assessable income whereas a net capital loss is carried forward and may be available to be offset against capital gains of later years (subject to the satisfaction of the loss recoupment rules for companies).

If an Eligible Retail Shareholder is an individual, complying superannuation entity or trust, and has held the Shares for at least 12 months or more before disposal of the Shares, the Eligible Retail Shareholder may be entitled to apply a "CGT discount" against the net capital gain made on the disposal of the New Shares. Where the CGT discount applies, any net capital gain arising to individuals and entities acting as trustees (other than a trust that is a complying superannuation entity) may be reduced by one half. Where an Eligible Retail Shareholder is a complying superannuation entity, any net capital gain may be reduced by one third. The reduced amount is included in assessable income.

Where the Eligible Retail Shareholder is the trustee of a trust that has held the Shares for more than 12 months before disposal, the CGT discount may flow through to the beneficiaries of the trust if those beneficiaries are not companies. Eligible Retail Shareholders who are trustees should seek specific advice regarding the tax

consequences of distributions to beneficiaries who may qualify for a "CGT discount".

5.6 GST AND STAMP DUTY

Australian GST should not be payable in respect of the issue or exercise of Entitlements or the acquisition of New Shares pursuant to the Retail Entitlement Offer. Subject to certain requirements, there may be a restriction on the entitlement of Eligible Retail Shareholders to claim an input tax credit for any GST incurred on costs associated with the acquisition of New Shares (such as brokerage or advisor fees).

Under current Australian stamp duty legislation, shareholders are not expected to be liable for Australian stamp duty in respect of the issue or exercise of Entitlements or the acquisition of New Shares pursuant to the Retail Entitlement Offer, and any subsequent transfer of Shares. Eligible Retail Shareholders should seek their own advice as to the impact of stamp duty in their own particular circumstances.

RETAIL ENTITLEMENT OFFER

6. DEFINITIONS

AEST means Australian Eastern Standard Time.

Applicant means an Eligible Retail Shareholder who has submitted a valid Application.

Application means the arranging for payment of the relevant Application Monies through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form or the submission of an Entitlement and Acceptance Form accompanied by the relevant Application Monies.

Application Monies means the aggregate amount payable for the New Shares applied for through BPAY® or in a duly completed Entitlement and Acceptance Form.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or, where the context requires, the securities exchange operated by it on which Shares are quoted.

ASX Announcements means the announcements released to ASX and PNGX by Kina on Thursday, 10 September 2020 and Monday, 14 September 2020 in connection with the Offer, incorporated in Section 3 of this Retail Offer Booklet (each an *ASX Announcement*).

ASX Listing Rules means the official listing rules of ASX.

CGT means capital gains tax.

Closing Date means the day the Retail Entitlement Offer closes, expected to be 5.00pm (AEST) on Thursday, 1 October 2020

Corporations Act means the Corporations Act 2001 (Cth).

Eligible Institutional Shareholder means an Institutional Shareholder on the Record Date who the Underwriter determines successfully receives an offer on behalf of Kina under the Institutional Entitlement Offer (and who, for the avoidance of doubt, is not an excluded institutional shareholder under the Underwriting Agreement).

Eligible Retail Shareholder means a Shareholder on the Record Date who:

- a. is registered as a holder of Existing Shares;
- b. has a registered address in Australia or New Zealand or is a Shareholder that Kina has otherwise determined is eligible to participate in the Retail Entitlement Offer;
- c. is not in the United States and is not a person (including nominees or custodians) acting for the account or benefit of a person in the United States (to the extent such person is acting for the account or benefit of a person in the United States);
- d. is not an Eligible Institutional Shareholder; and
- e. is eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

Eligible Shareholders means Eligible Institutional Shareholders or Eligible Retail Shareholders.

Entitlement means the right to subscribe for 1 New Share for every 2 Existing Shares held by Eligible Shareholders on the Record Date, pursuant to the Entitlement Offer.

Entitlement and Acceptance Form means the personalised entitlement and acceptance form that accompanies this Retail Offer Booklet.

Entitlement Offer means the pro rata accelerated non-renounceable entitlement offer of New Shares to Eligible Shareholders to raise up to A\$69,898,067 at the Offer Price (before costs) on the basis of 1 New Share for every 2 Existing Shares held on the Record Date, and comprised of the Institutional Entitlement Offer and the Retail Entitlement Offer.

Existing Shares means the Shares already on issue on the Record Date.

GST means goods and services tax.

Ineligible Institutional Shareholder means an Institutional Shareholder that is not an Eligible Institutional Shareholder.

Ineligible Retail Shareholder means a Shareholder who is not:

- a. an Eligible Retail Shareholder;
- b. an Eligible Institutional Shareholder; or
- c. an Ineligible Institutional Shareholder.

Ineligible Shareholders means Ineligible Institutional Shareholders or Ineligible Retail Shareholders.

Institutional Entitlement Offer means the pro rata accelerated non-renounceable entitlement offer of New Shares to Eligible Institutional Shareholders under the Entitlement Offer.

Institutional Investor means a person:

- a. in Australia, to whom an offer of securities in a company may be made in Australia without a disclosure document (as defined in the Corporations Act) on the basis that such a person is an “exempt investor” as defined in section 9A(5) of the Corporations Act (as inserted by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84); or
- b. in selected jurisdictions outside Australia, to whom an offer of New Shares may be made without registration, lodgement of a formal disclosure document or other formal filing in accordance with the laws of that foreign jurisdiction (except to the extent to which Kina, at its absolute discretion, is willing to comply with such requirements),

and excluding any person in the United States or any person that is, or is acting for the account or benefit of, a person in the United States.

Institutional Shareholder means a Shareholder who is an Institutional Investor.

Investor Presentation means the presentation to investors released to the ASX on Thursday, 10 September 2020, incorporated in Section 3 of this Retail Offer Booklet.

Kina or Company means Kina Securities Limited (ARBN 606 168 594).

New Shares means Shares to be allotted and issued under the Offer, including (as the context requires) to the Underwriter or any sub-underwriters.

Offer means the Entitlement Offer and the Placement.

Offer Price means A\$0.80 per New Share, being the price payable per New Share under the Offer, or 1.97 PGK if the Shareholder so elects.

RETAIL ENTITLEMENT OFFER

Oversubscription Facility means the opportunity for Eligible Retail Shareholders who take up all of their Entitlement to also apply for additional New Shares in excess of their Entitlement.

PGK or K means Papua New Guinea kina.

Placement means a placement of New Shares to new and existing Institutional Investors at the Offer Price.

PNG means Papua New Guinea.

PNG Companies Act means the Companies Act 1997 (PNG).

PNG Offer means the offer by Kina to PNG resident Shareholders (other than those who participated in the Institutional Entitlement Offer) pursuant to a PNG prospectus under the PNG Capital Market Act 2015 expected to be announced and despatched to PNG shareholders in mid-October.

PNGX means PNG's National Stock Exchange.

PNGX Listing Rules means the official listing rules of PNGX.

Record Date means 7.00pm (AEST) on Monday, 14 September 2020.

Retail Entitlement Offer means the non-renounceable pro rata entitlement offer of New Shares to Eligible Retail Shareholders under the Entitlement Offer.

Retail Entitlement Offer Period means the period during which the Retail Entitlement Offer is open.

Retail Offer Booklet means this document (including the Entitlement and Acceptance Form accompanying it).

Section means a section of this Retail Offer Booklet.

Share means a fully paid ordinary share in the capital of Kina.

Share Registry means Link Market Services Limited (ACN 083 214 537).

Shareholder means a registered holder of Shares.

Underwriter means Morgans Corporate Limited (ABN 32 010 539 607).

Underwriting Agreement means the underwriting agreement dated Thursday, 10 September 2020 between Kina and the Underwriter.

US Securities Act means the US Securities Act of 1933, as amended.

7. CORPORATE DIRECTORY

COMPANY

Kina Securities Limited
Level 9, Kina Bank Haus
Douglas Street
Port Moresby
Papua New Guinea

UNDERWRITER

Morgans Corporate Limited
Level 29, 123 Eagle Street
Brisbane QLD 4000

SHARE REGISTRY

Link Market Services Limited
Level 12
680 George Street
Sydney NSW 2000

LEGAL ADVISER

Dentons Australia
Level 16, 77 Castlereagh Street
Sydney NSW 2000

KINA RETAIL ENTITLEMENT OFFER INFORMATION LINE

Australia: 1800 550 560
International: +61 1800 550 560
Open 8.30am to 5.30pm (AEST) Monday to Friday during the Retail Entitlement Offer Period