The new force in PNG financial services

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Executive summary

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

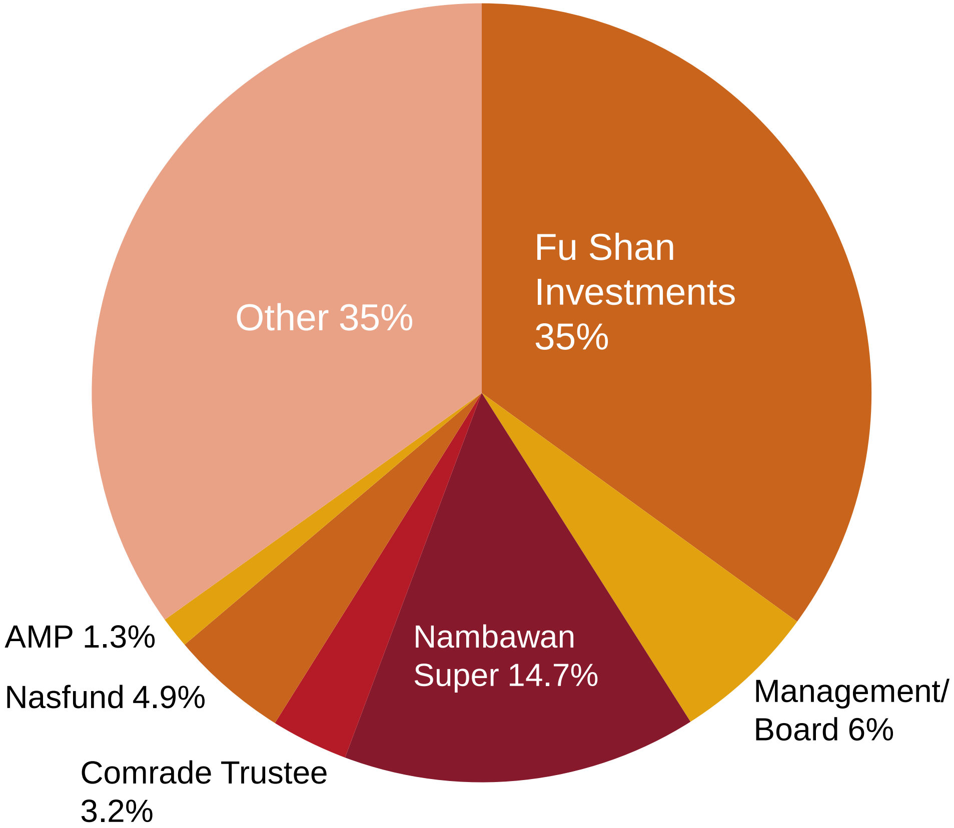
Key directors and shareholders

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

CEO
Syd Yates, OBE
Founded Kina in 1985.

Non-Exec Director
David Foster
Former CEO Suncorp Bank

Major Shareholders



Top 20 = 79%

together it's possible

IPO completed July 2015

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

Kina maintains solid premium to listing price of $1.00 on July 30

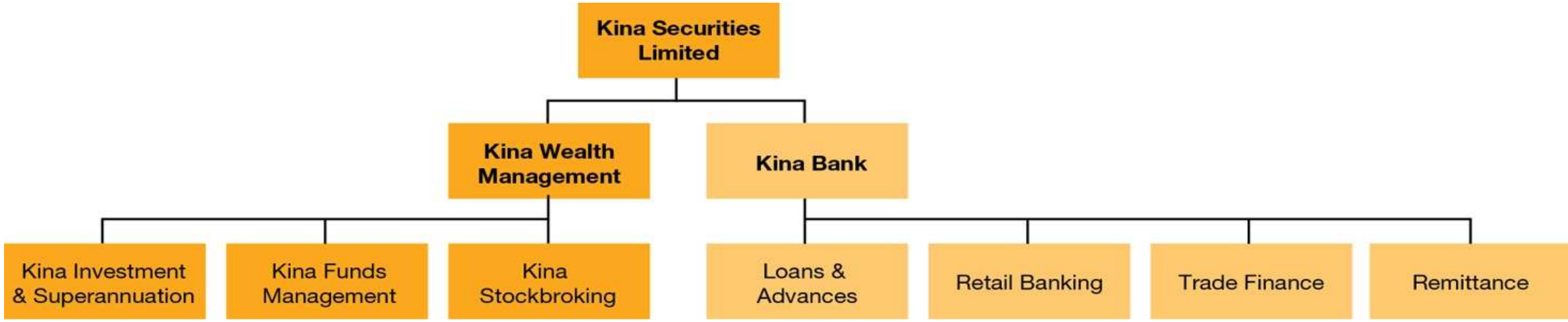
together it's possible

kina

Maybank merger completed Sept 2015

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

Company structure

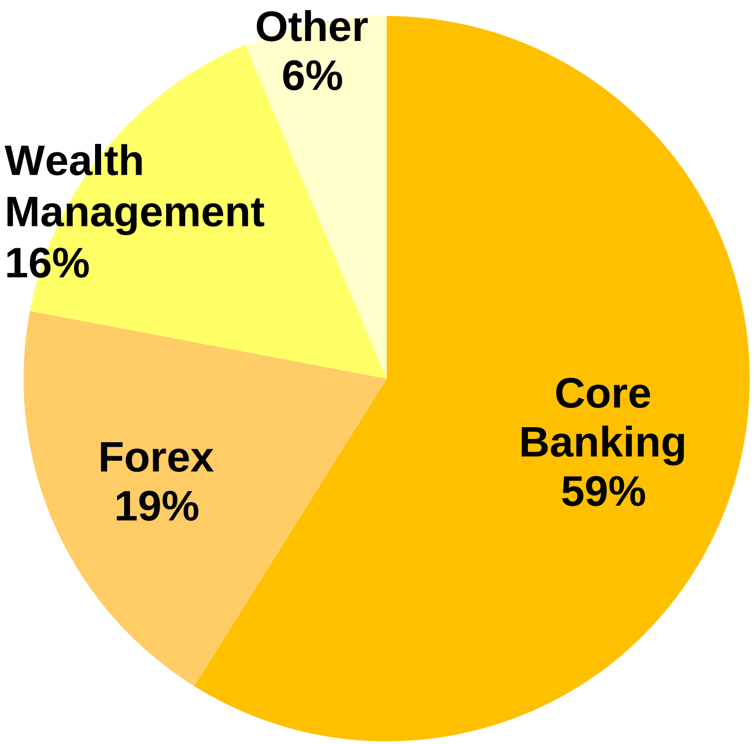


Comprehensive product suite

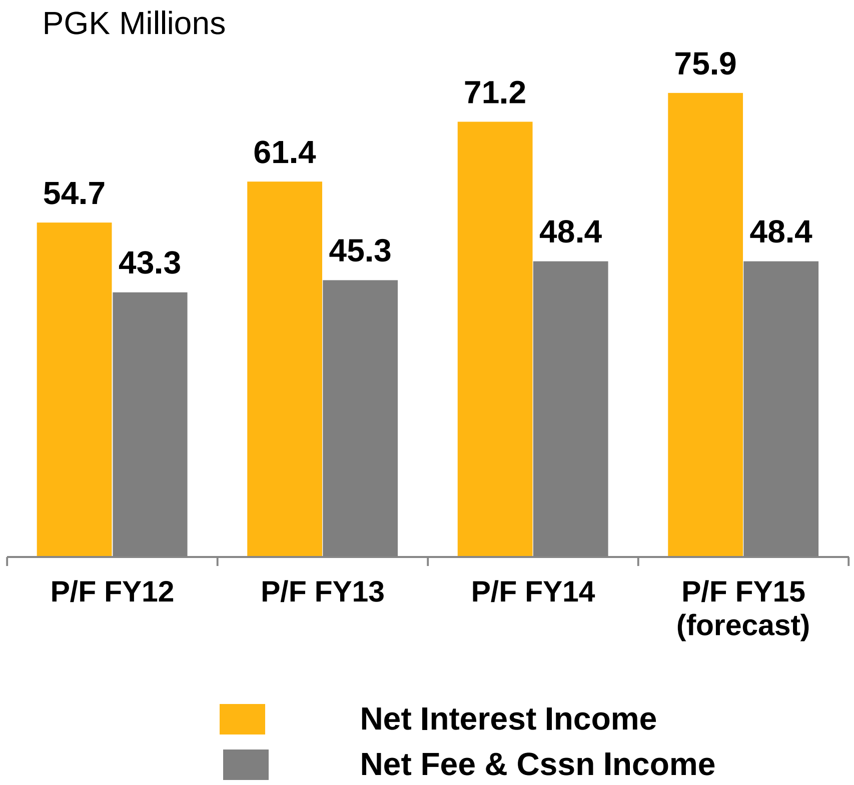
TRADITIONAL CASH ACCOUNTS	>Passbook style deposit accounts
CHEQUE AND OTHER ACCOUNTS	> Deposit accounts for business customers > Online banking and cheque accounts > SME and sophisticated retail customers
SECURED LENDING	> Property, equipment finance and overdraft > Retail and business customers
FUNDS MANAGEMENT	> Investment management advice
UNSECURED LENDING	>Payday style loans (*esiLOAN*), >Longer term Personal Loans
FOREIGN EXCHANGE	>Spot forex transactions >Trade finance
FUNDS ADMINISTRATION	>Fund administration services
STOCKBROKING	> Full service stockbroking and financial advise

Diverse revenue base

SEGMENT INCOME*



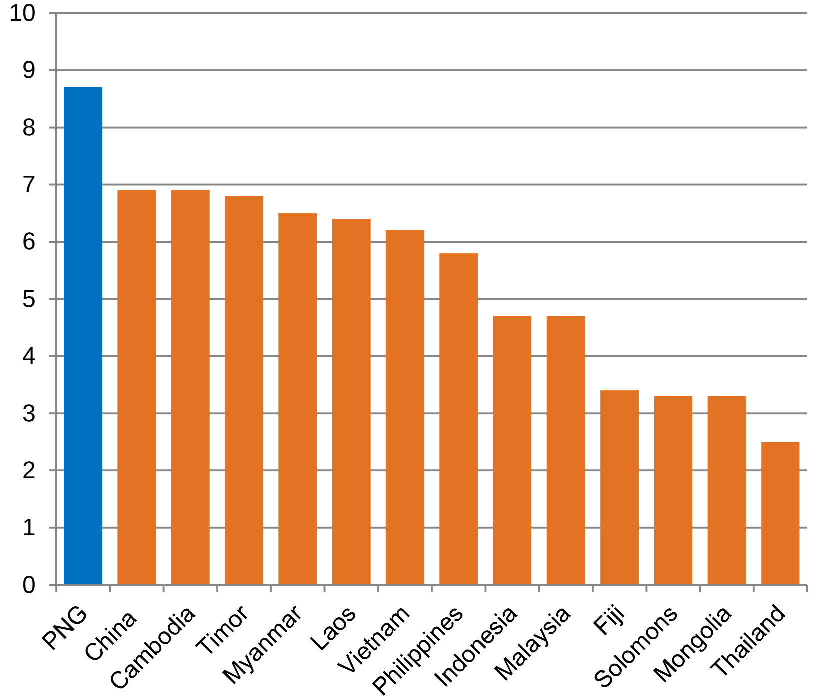
INTEREST AND NON-INTEREST INCOME



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

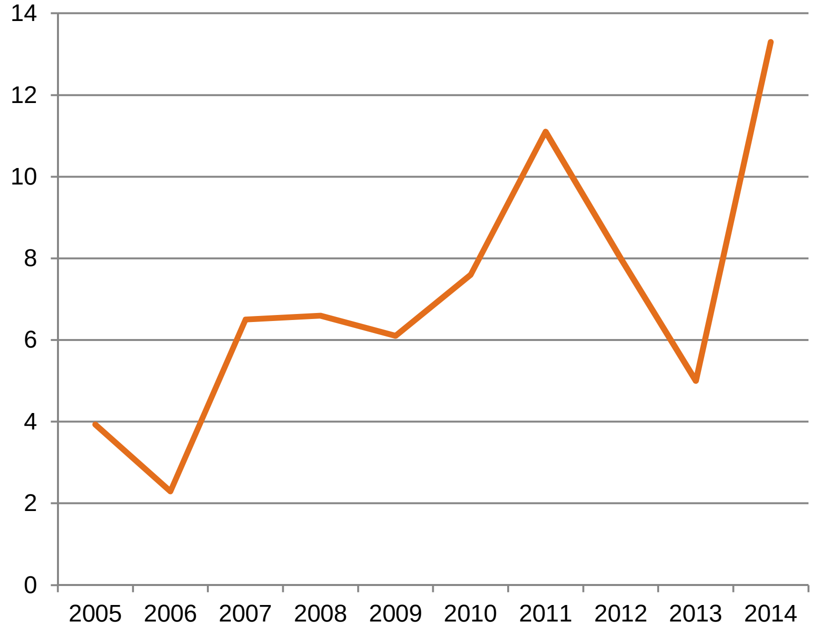
PNG – a rapidly growing economy

East Asia/Pacific 2015
World Bank Growth Projections



PNG Ranked #1.
Growth forecast of 8.7%

PNG's Strong Growth History



PNG Growth
13.3% in 2014

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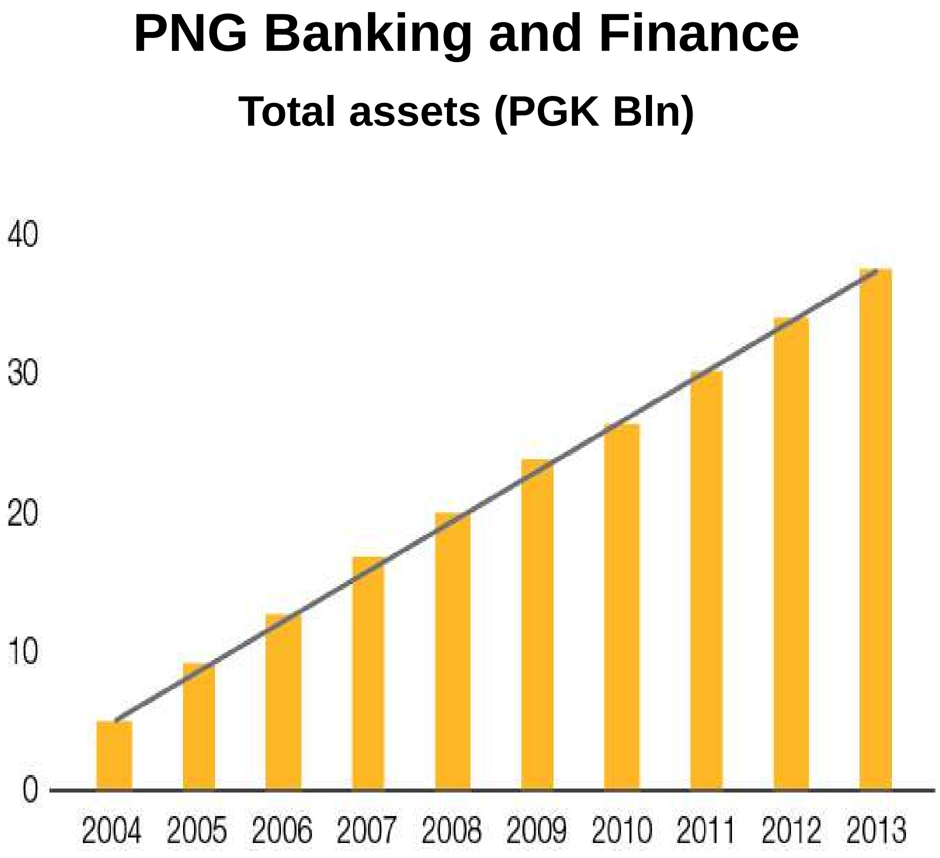
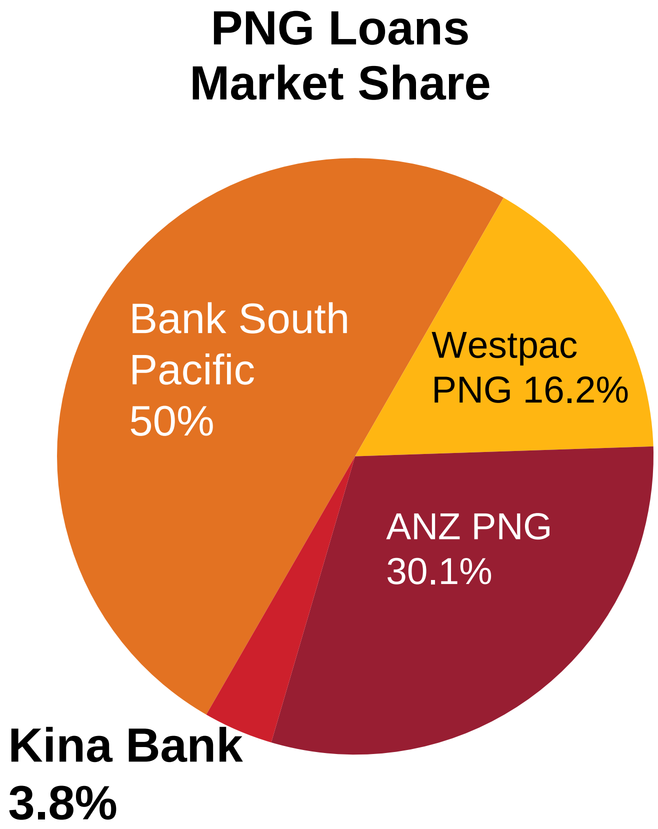
PNG banking and finance sector

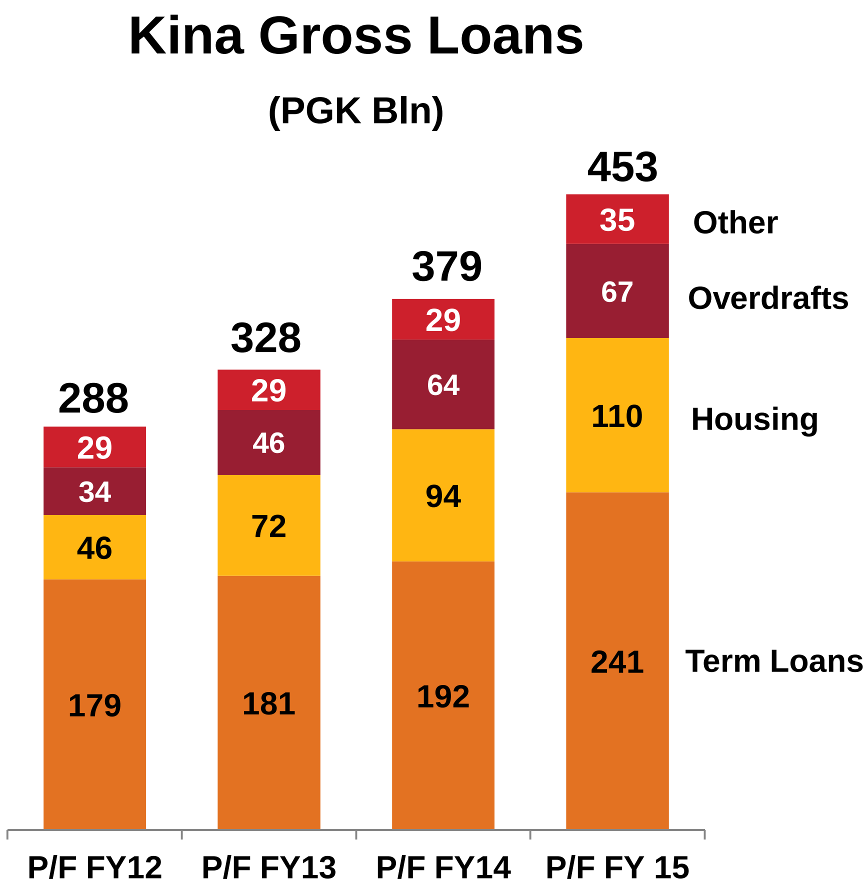


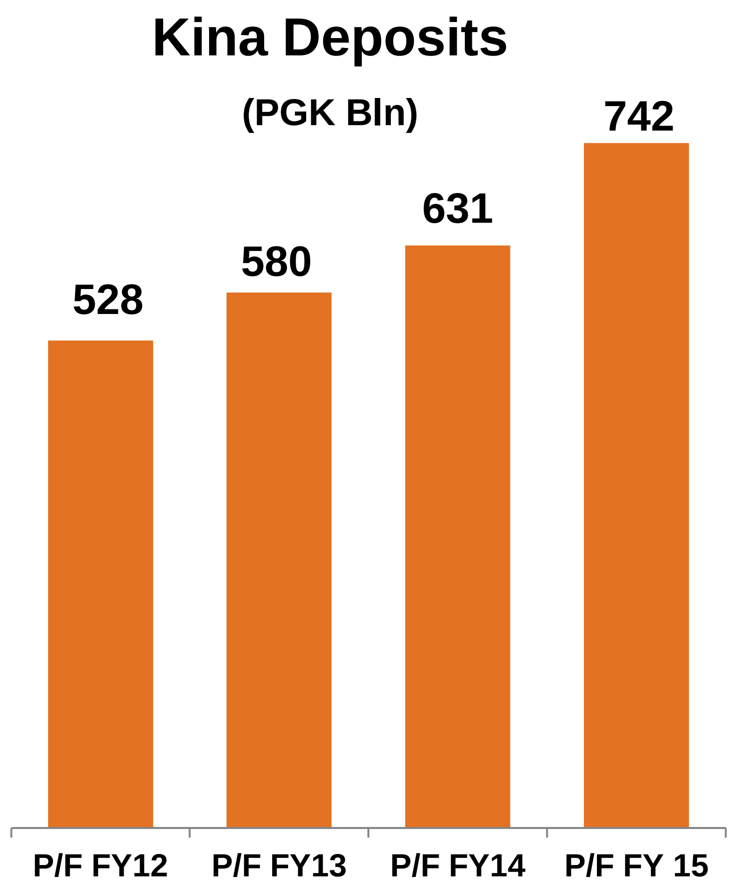


Source: Bank of PNG

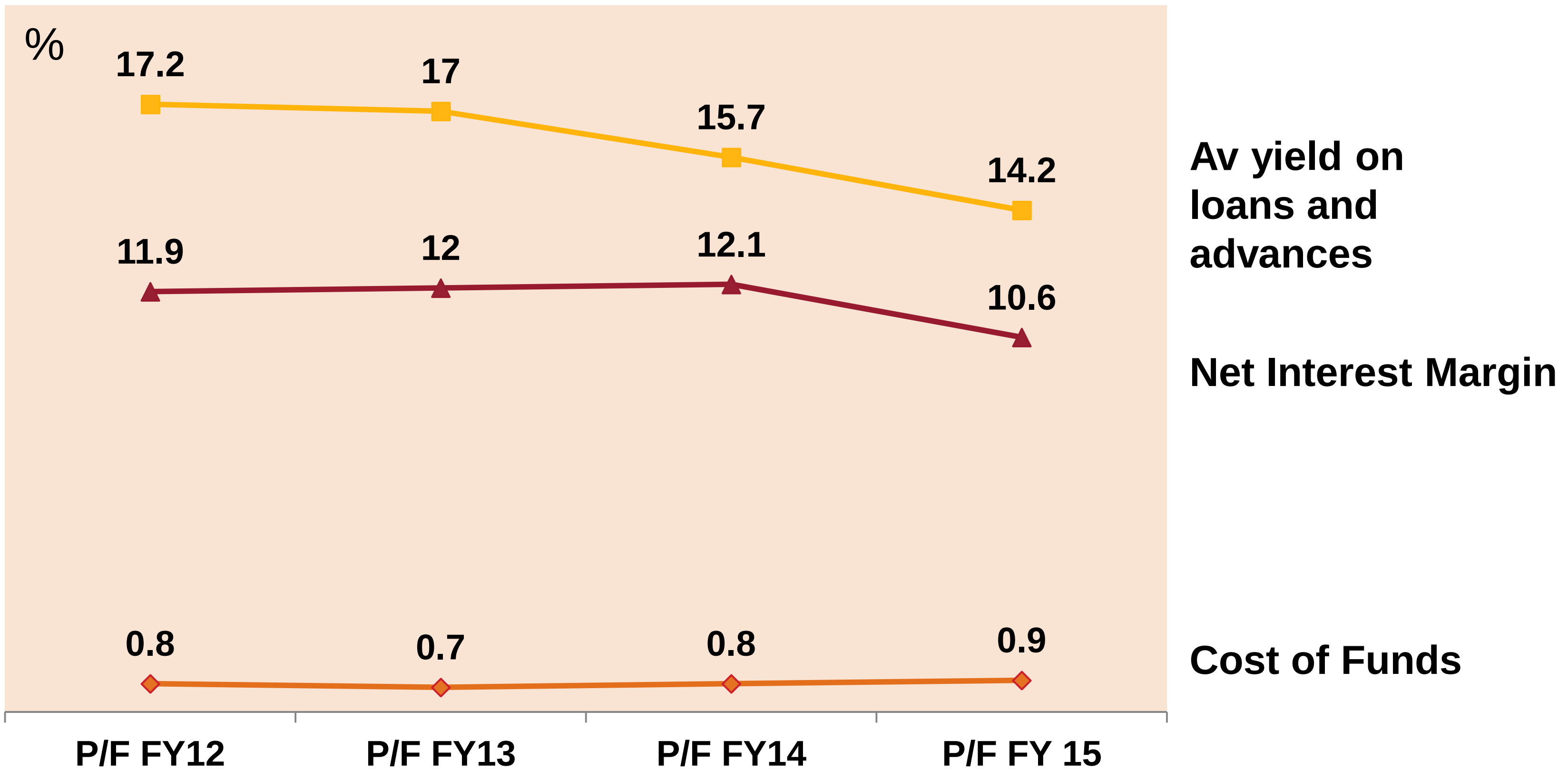
Total = PGK 9.76 bln

Kina Bank - Strong growth record

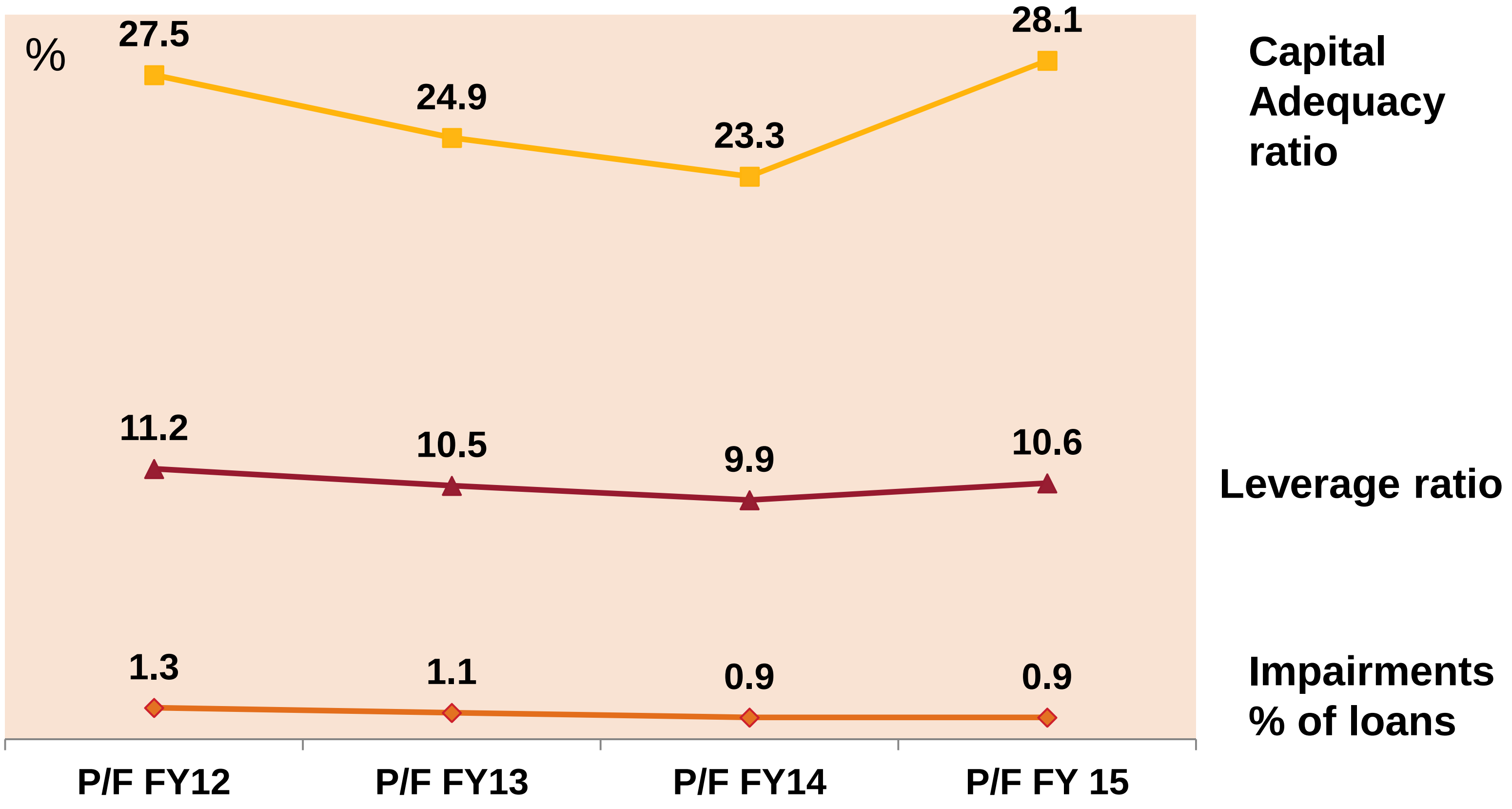




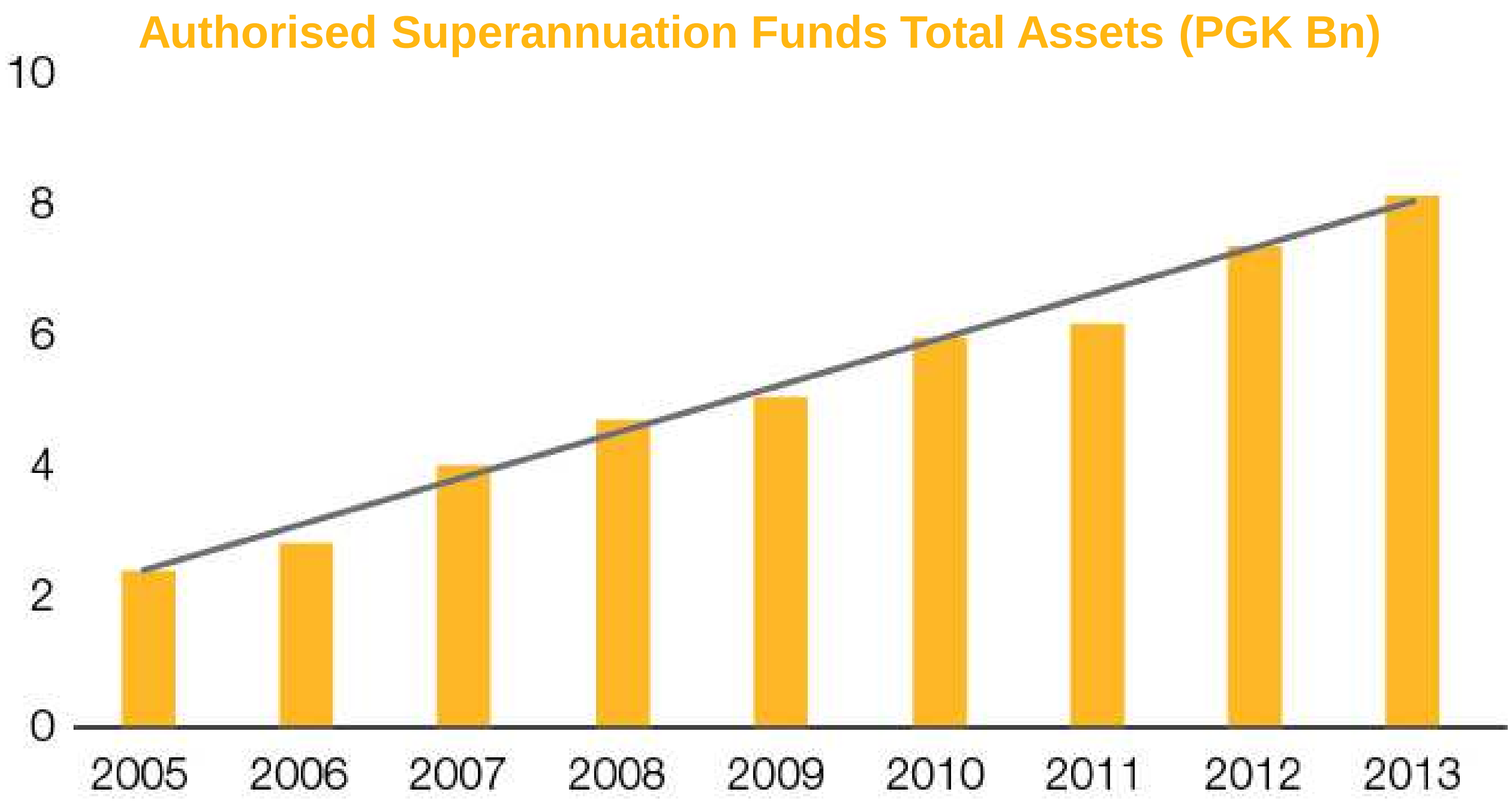
High yield, low cost of funds, high NIM



Low bad debts, strong capital adequacy

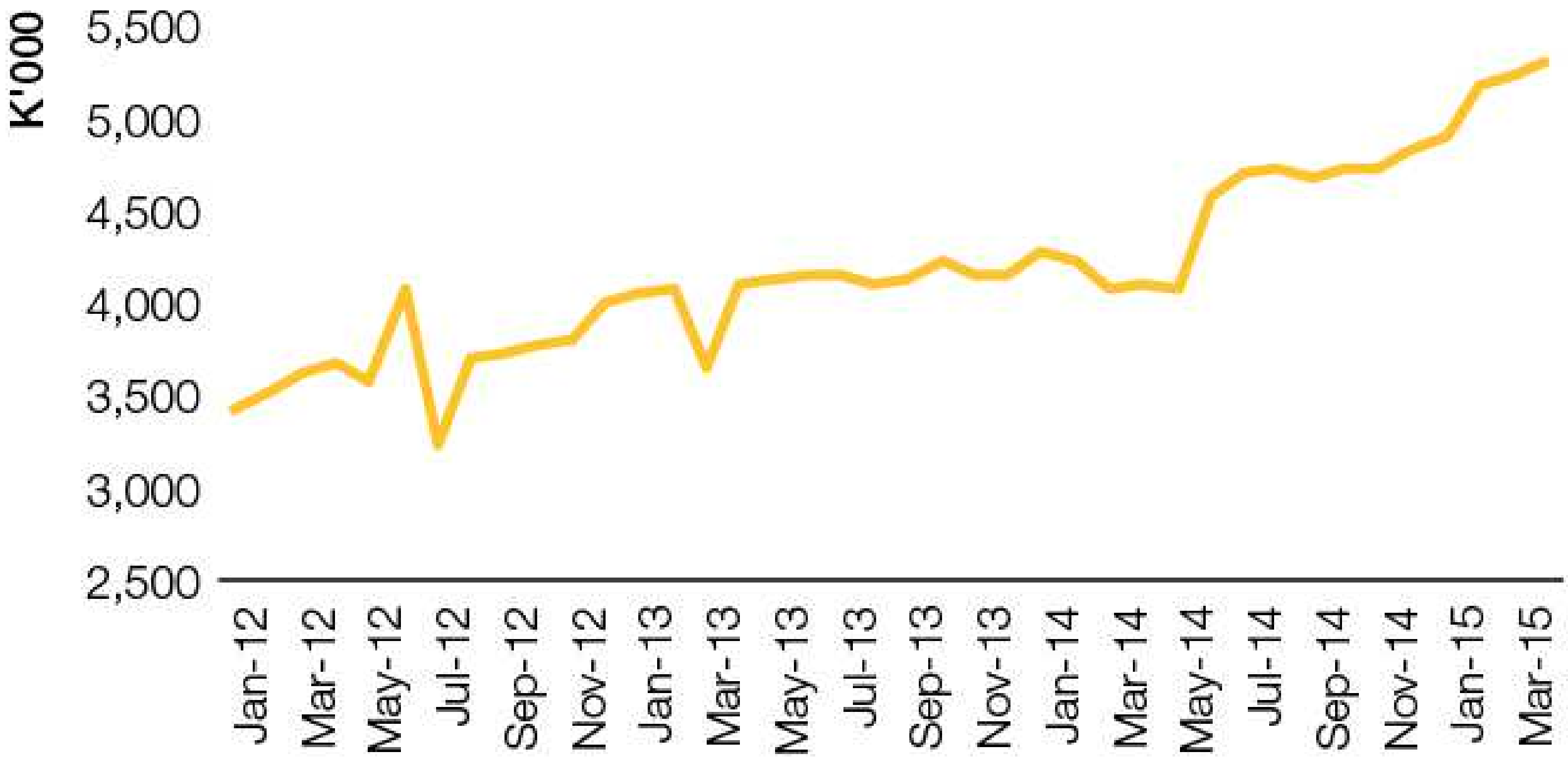


Superannuation system growing strongly

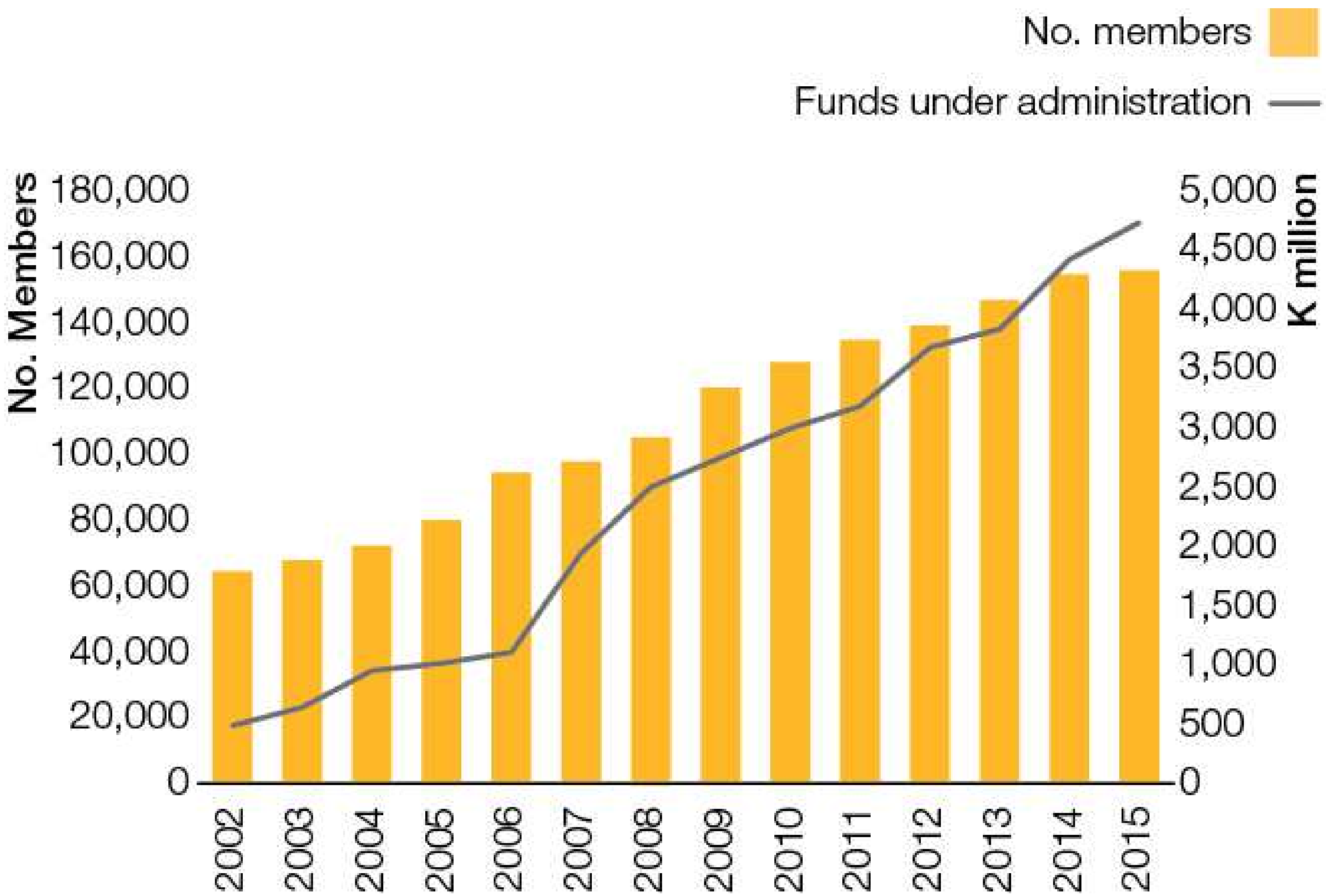


Source: Bank of Papua New Guinea: Annual Reports - 2012 and 2013

Kina Funds Under Management



Kina Funds Under Administration

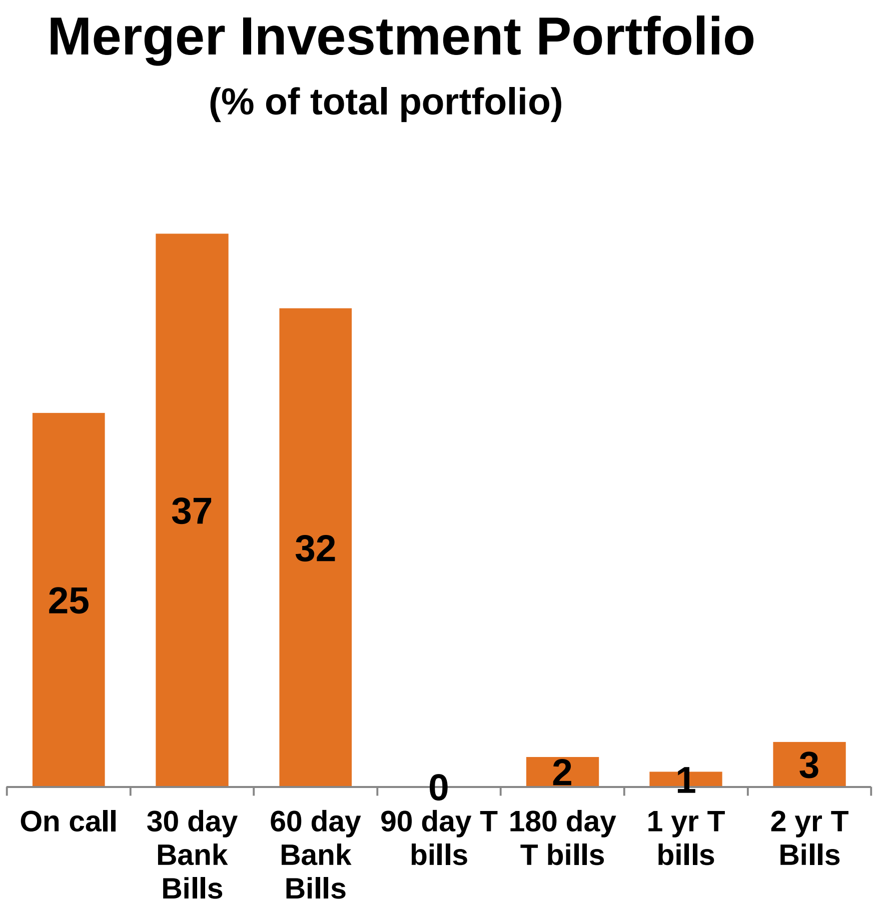


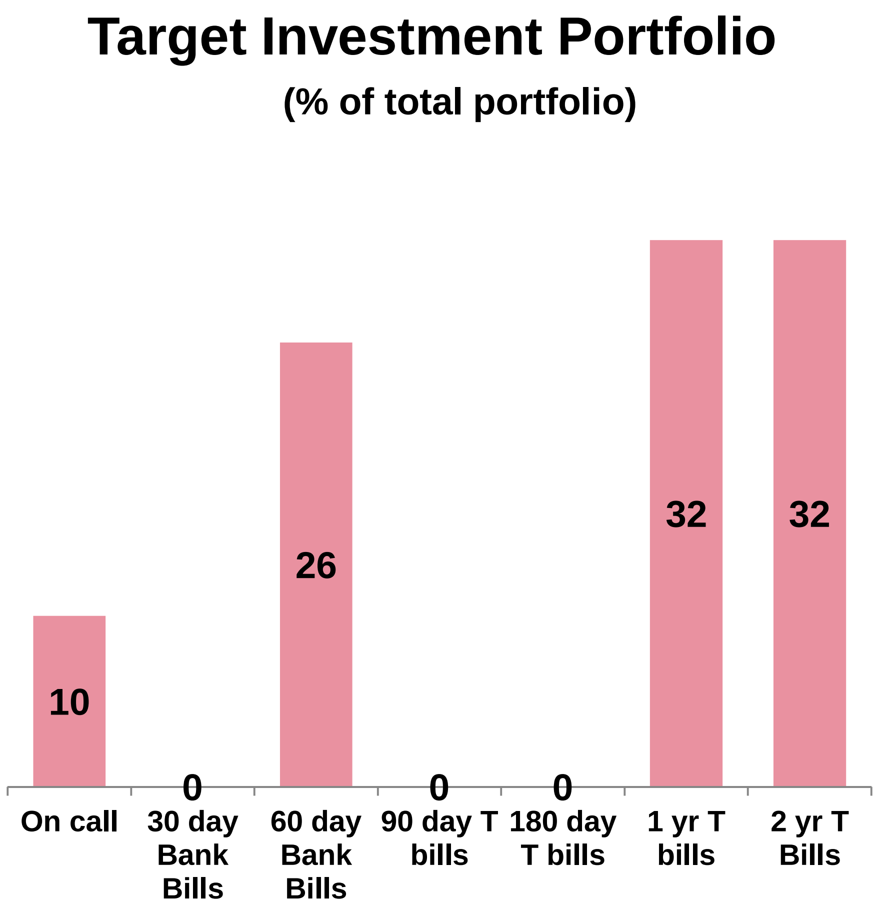
Synergies from the Maybank acquisition

		EXPECTED TIMING
INVESTMENT PORTFOLIO OPTIMISATION[1]	Reallocating investment portfolio into assets with higher returns and longer maturities	FY15
COST OF FUNDING OPTIMISATION[1]	Reduction in cost of funding due to enhanced scale and capital position	FY15
EXPENSE SYNERGIES[2]	Expense synergies from the elimination of identified duplicated functions, consolidation of back-office operations and Lae branches – estimated at K3.0m-K4.0m profit before tax improvement	FY16 and beyond
REVENUE SYNERGIES	Increase in revenue from the cross sell of products across the combined customer base, including FX services to Kina's existing banking customers, and Kina insourcing its wealth management and operating cost FX requirements – estimated K7.0-K10.0m profit before tax improvement	FY16 and beyond

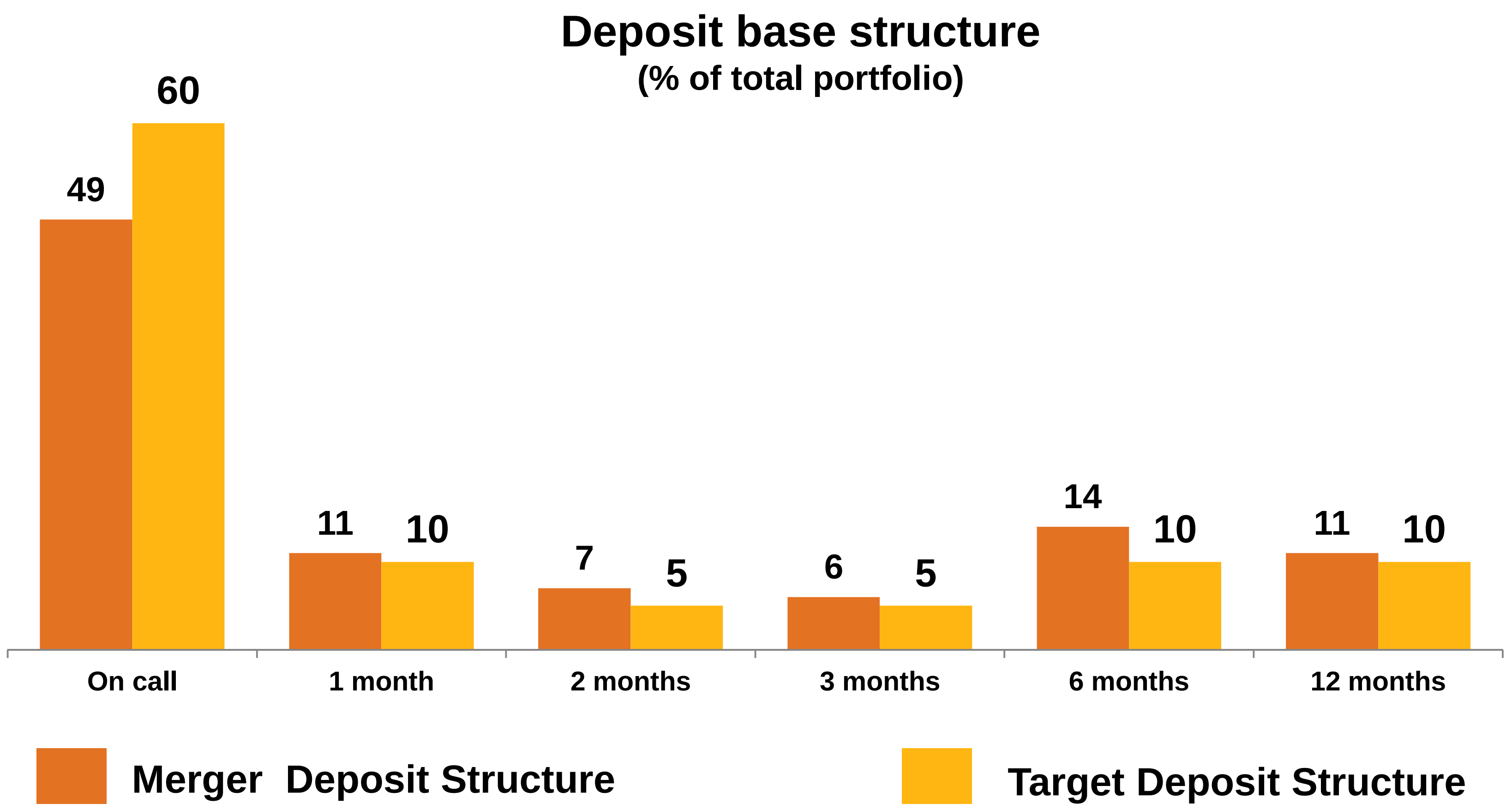
Note: 1. Incorporated in the FY15 prospectus forecast financials
Note 2. Excluding non-cash impact of amortisation of one-off integration costs

Optimising Investment Portfolio





Restructuring Deposit Base

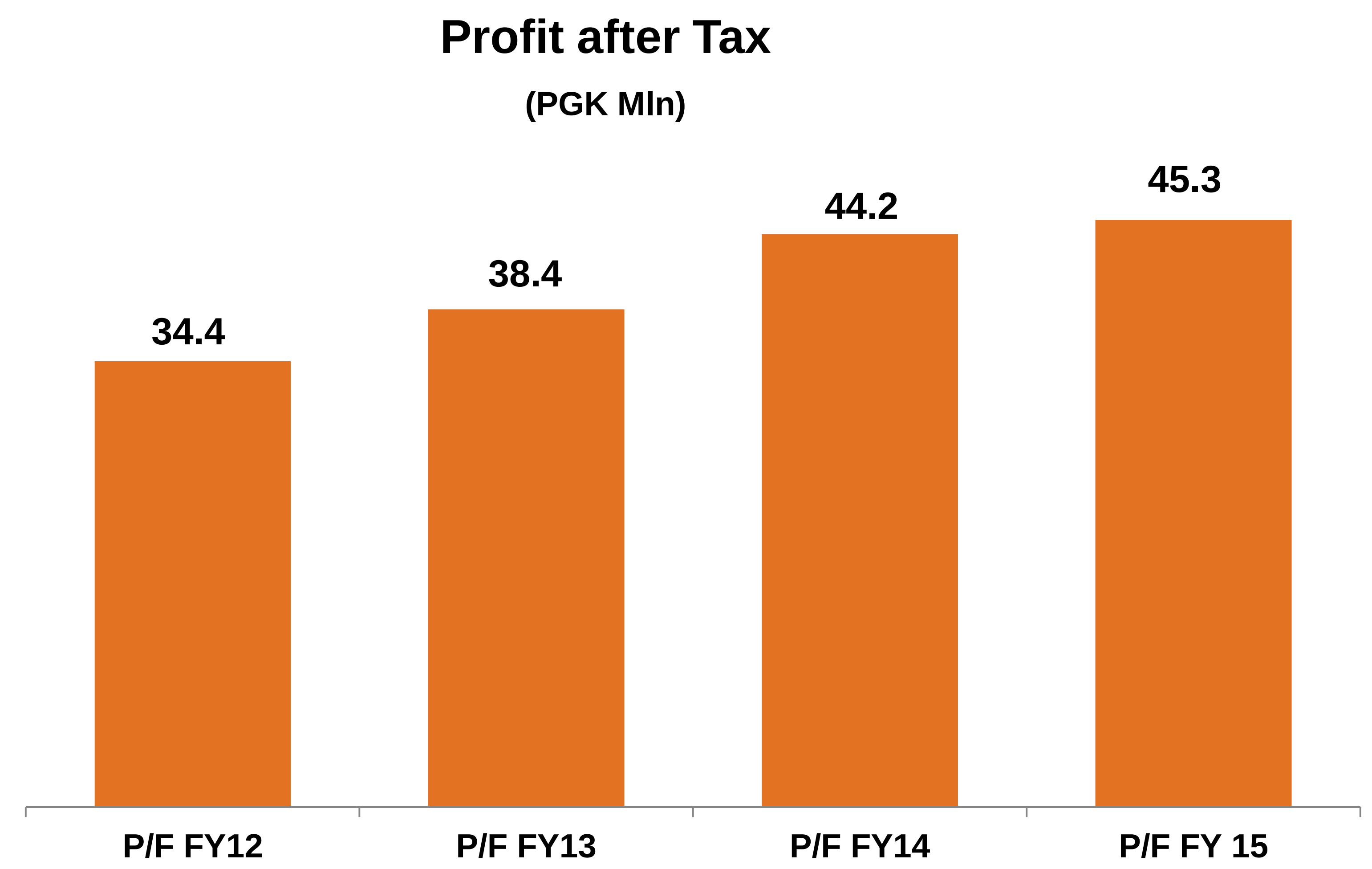


Integration and rebranding well advanced

Before

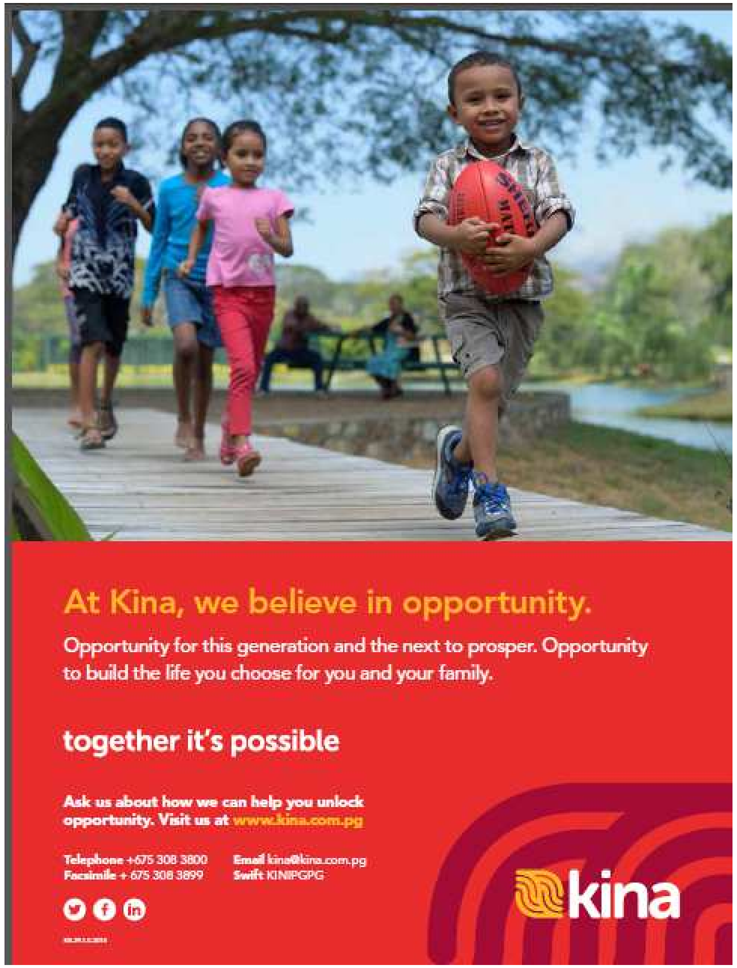
After

Steady profit growth forecast



Kina Securities – a real opportunity

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



Kina Securities – the new force in PNG financial services