

16 May 2017

Kina Securities Ltd Chair's Speech for AGM – 16th May 2017

Good morning ladies and gentlemen and welcome to the 2016 Annual General Meeting of Kina Securities Limited (ASX: KSL).

My name is Sir Rabbie Namaliu and I will chair today's meeting. Thank you for taking the time to join us.

Before we officially begin the meeting, I would like to introduce you to the directors of the company. I will ask them to stand as I introduce them:

Isikeli Taureka, Wayne Golding, Jim Yap, David Foster and Karen Smith-Pomeroy

As well as Syd, we also have members of the executive team with us today including:

Danny Robinson (EGM Banking), Deepak Gupta (EGM Wealth) and Tony de la Fosse (EGM Shared Services)

To my right, we also have Company Secretary and CFO Chetan Chopra.

Also joining us for our meeting today are representatives from our external auditor PwC.

As advised to the market earlier, Wayne Golding is retiring as a Director at the conclusion of this meeting. I would like to thank Wayne for his outstanding contribution to the Board over 19 years. Wayne has also previously served as Chairman of Kina.

Before I go further I would like to provide you with a brief overview of what we will cover in today's meeting.

The Bank of PNG implemented new governance standards and prudential requirements in January 2017 and the Board and Kina are fully compliant with these standards.

I will be talking about Board renewal and give you an overview of the results. I will then ask Syd to speak to you about our operations and then we will move to the items of business we have to cover.

Board renewal

Today is the last Annual General Meeting I will have the honor of chairing. After 9 years as a Director, 7 of which were as Chairman, I will be retiring from my position. It has been an honour and privilege to work with you all.

My successor is Isikeli Taureka, who joined the Kina Board as Non-Executive Director in 2016.

Keli was the Executive Director at InterOil Corporation and previously held a number of senior roles with the Chevron Corporation in China, Thailand and Indonesia. His experience also includes being Managing Director of the PNG-owned Post and Telecommunication Corporation, and senior management roles at Bank of South Pacific Limited. Keli has also held the role of Deputy Managing Director at Resources Investment Finance Limited.

He has already made an outstanding contribution to the Board and we are confident he will be an outstanding Chairman. Keli, on behalf of the shareholders, we welcome you, and wish you the very best.

Through Board renewal over the past 12 months, we have achieved an excellent balance of Directors, some with a longer tenure and a deep understanding of Kina and its business, and others who have a shorter tenure to assist in bringing fresh ideas and perspective to the Company.

The Kina Board members have a diverse range of skills and experience that reflect the breadth of Kina's operations and its future strategy. They have a high level of public market and PNG experience, coupled with financial and corporate governance capabilities.

Future evolution

Kina is a company that always looks to the future.

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

This diversification and evolution has helped us grow consistently throughout the economic cycles.

We are now the fourth largest bank in Papua New Guinea, with more than 14,000 clients and seven branches and offices.

We are the largest wealth management business in Papua New Guinea, with over K6.2 billion of FUM as at March 2015.

We are the largest fund administrators in Papua New Guinea, with the new NASFUND mandate administering accounts on behalf of 700,000 members.

Technology

We are strongly dedicated to our vision for prosperous customers and communities, underpinned by progressive accessible financial services.

Technology is having an all-encompassing impact on our business - fundamentally changing the way we operate and also how we interact with our customers.

Technology has played a critical role in fuelling growth through the creation of new products and increasing the availability of our product and services.

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We are currently working on plans for Kina's future which include investing in technology, initiatives and products that will drive our future growth.

While the Board and management have their sights firmly set on the mid to long-term, delivering in the short-term is also important and there is considerable work focused on the 2017 financial year, despite some challenges in relation to foreign exchange income that will affect our results in the first half in particular.

We have previously outlined the challenges we have faced in relation to securing a correspondent banking partner and the management team are presently working hard to develop a solution.

Syd will provide further context regarding the foreign exchange situation shortly.

Outlook

Looking forward to 2017 and beyond, Kina is well placed to meet the challenges and opportunities which are certain to arise as we focus on growing a strong and profitable future.

The key positives for our business are:

- we have a strong balance sheet
- we have a diverse stable of financial services businesses that continue to attract new customers
- we have a clear strategic direction for the future
- we have a highly experienced Board and management team.

While we continue to achieve solid domestic growth and gain market share, due to difficulties securing a correspondent banking partner, our results for 2017 to date have not met our expectations.

We are achieving good growth in lending volumes in a challenging environment, and implementing strategies to address the internal and external factors that are impeding growth and profitability in the short term.

Thank you again for your support of Kina.