

ASX/PNGX announcement



10 September 2020

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

PNGX Markets
Harbourside West Building
Unit 1B.02, Level 1, Stanley Esplanade
Down Town, Port Moresby 121
Papua New Guinea

BY ELECTRONIC LODGEMENT

Equity Raising Investor Presentation

Please find attached for release to the market, Kina Securities Limited's *Equity Raising Investor Presentation*.

-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



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

Important Notice and Disclaimer



The following notice and disclaimer applies to this investor presentation ("Presentation") and you are therefore advised to read this carefully before reading or making any other use of this Presentation or any information contained in this Presentation. By accepting this Presentation, you represent and warrant that you are entitled to receive this Presentation in accordance with the restrictions, and agree to be bound by the limitations, contained within it.

This Presentation has been prepared by Kina Securities Limited (ARBN 606 168 594) (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 708A 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 708AA 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 to 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.

Not for release or distribution in the United States: This Presentation does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or any other jurisdiction in which such an offer would be illegal. The securities referred to in this Presentation have not been, and will not be, registered under the US Securities Act of 1933, as amended (the **US Securities Act**) or the securities laws of any state or other jurisdiction of the United States, and 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 the securities have been registered under the US Securities Act (which Kina has no obligation to do or procure) or are offered or sold pursuant to an exemption from, or in a transaction 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 distribution of this Presentation in jurisdictions outside Australia may also be restricted by law and any such restrictions should be observed. Any failure to comply with such restrictions may constitute a violation of applicable securities laws (see "Selling Restrictions" section of this Presentation). By accepting this Presentation you represent and warrant that you are entitled to receive such presentation in accordance with the above restrictions and agree to be bound by the limitations contained therein.

Important Notice and Disclaimer



Not financial product advice: This Presentation does not constitute financial product or investment advice or any recommendation to acquire New Shares or accounting, legal or tax advice.

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 S X 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.

The distribution of this Presentation in jurisdictions outside Australia may also be restricted by law and any such restrictions should be observed. Any failure to comply with such restrictions may constitute a violation of applicable securities laws (see "Selling Restrictions" section of this Presentation). By accepting this Presentation, you represent and warrant that you are entitled to receive such presentation in accordance with the above restrictions and agree to be bound by the limitations contained therein.

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

Important Notice and Disclaimer



Forward looking statements and forecasts: This Presentation 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 Offer and the use of proceeds thereof, statements about the plans, objectives and strategies of the management of Kina, statements about the banking 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 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 11 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.

Important Notice and Disclaimer



Disclaimer: Neither Morgans Corporate Limited as the underwriter ("Underwriter"), nor any of their or Kina's respective advisers nor any of their respective affiliates, related bodies corporate or shareholders, nor any of their respective directors, officers, partners, employees, representatives, consultants, advisers or agents (together, the Beneficiaries), have authorised, permitted or caused the issue, submission, dispatch or provision of this Presentation and, except to the extent referred to in this Presentation, none of them makes or purports to make any statement in this Presentation and there is no statement in this Presentation which is based on any statement by any of them.

To the maximum extent permitted by law, Kina, the Underwriter and their advisers, and each of their respective Beneficiaries exclude and disclaim all responsibility and liability, including, without limitation, for any expenses, losses, damages or costs incurred by you as a result of the information in this Presentation being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise.

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.

No liability: The Company has prepared this Presentation based on information available to it at the time of preparation, from sources believed to be reliable and subject to the qualifications in this Presentation. To the maximum extent permitted by law, each of the Company, the Underwriter, their advisers and their respective Beneficiaries accept no responsibility or liability for the contents of this Presentation and make no recommendation or warranties. No representation or warranty, express or implied, is made as to the fairness, currency, accuracy, reliability, adequacy, validity, correctness or completeness of the information, opinions and conclusions contained in this Presentation. To the maximum extent permitted by law, none of the Underwriter nor their respective Beneficiaries accept any responsibility or liability including, without limitation, any liability arising from fault or negligence on the part of any person, for any loss whatsoever arising from the use of the information in this presentation or its contents or otherwise arising in connection with it.

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.

Acknowledgement and representation and warranty: By attending or receiving this Presentation you acknowledge and agree that you understand the contents of this notice and that you agree to abide by its terms and conditions. By attending or receiving this Presentation you further agree, irrevocably and unconditionally, to submit to the non-exclusive jurisdiction of the courts of New South Wales, in respect of any disputes, actions, suits or proceedings arising out of, or relating to, this Presentation.

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.

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.

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.

Overview of Equity Raising

Offer Size and Structure

- Equity Raising up to approximately A\$ 91 million / K 224 million¹ comprising:
 - A\$ 10.5 million underwritten institutional placement ("Placement");
 - A\$ 70 million underwritten 1 for 2 accelerated pro rata non-renounceable Entitlement Offer ("Entitlement Offer"), comprising:
 - An underwritten accelerated institutional component ("Institutional Entitlement Offer"); and
 - An underwritten retail component ("Retail Entitlement Offer"²); and
 - A non-underwritten PNG offer to eligible PNG shareholders ("PNG Retail Offer"³) to raise approximately A\$ 10.5 million / K 26 million
- Approximately 113.5 million⁴ New Shares to be issued representing 65% of Kina existing shares on issue

Offer Price

All shares under the Placement and Entitlement Offer will be issued at \$0.80 per New Share (Offer Price)

- 14.4% discount to the last traded price of A\$ 0.935 on Wednesday 10 September 2020
- 9.30% discount to TERP⁵ of A\$ 0.882

Placement and Institutional Entitlement Offer

- 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 Offer²

- The Retail Entitlement Offer will open on 10.00am (AEST) Thursday 17 September 2020 and close on 5.00pm (AEST) Thursday 1 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

- The PNG Retail Offer will be made under a PNG registered prospectus, expected to be dispatched mid October 2020⁵
- 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 / 0.4055 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.

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	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

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

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.

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.

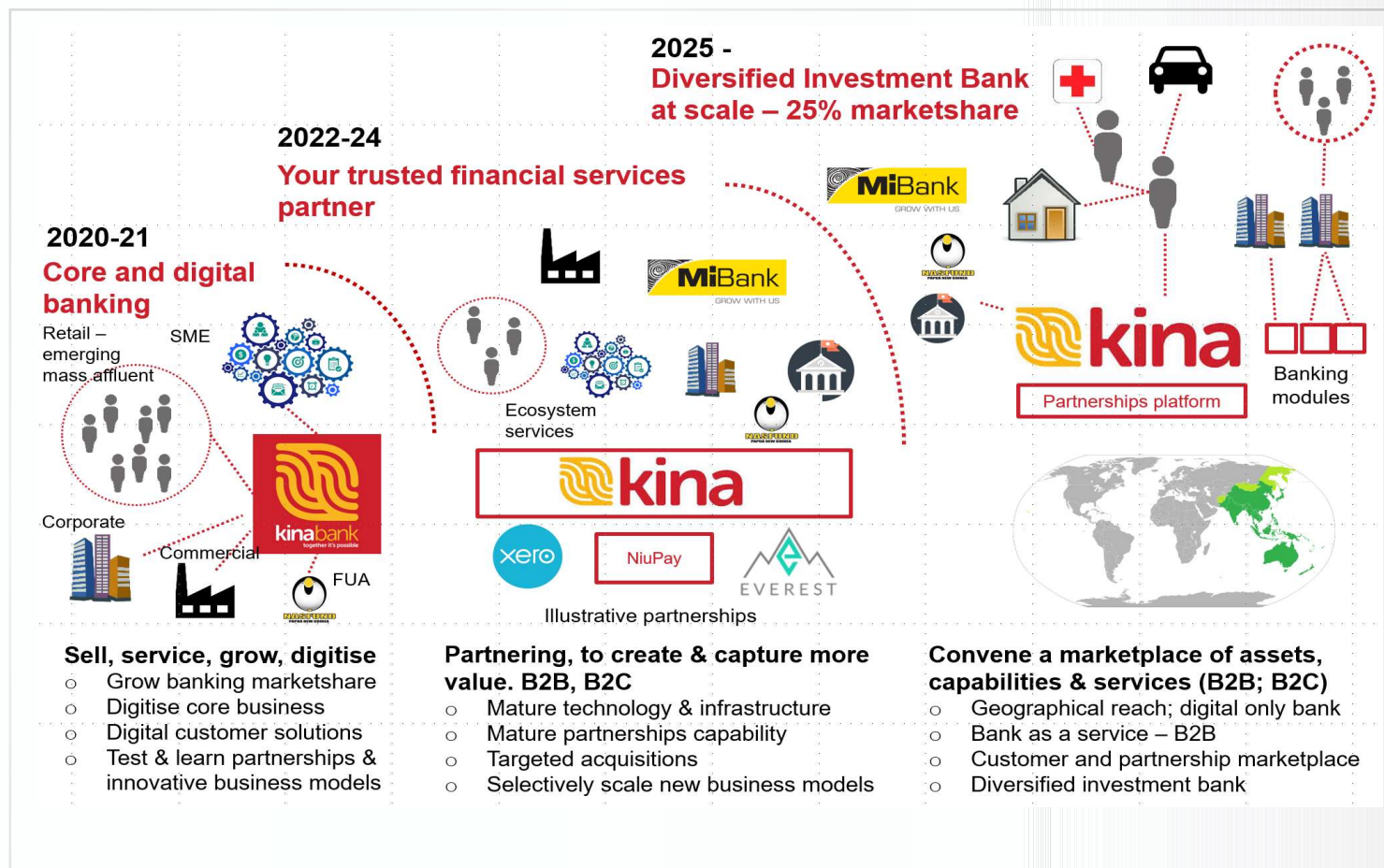
Sources	A\$(m)	Uses	A\$(m)
Underwritten Entitlement Offer	A\$ 70 m	Gross Loans and Assets through increased capital	A\$ 75 m
Underwritten Placement	A\$ 10.5 m	Strategic projects enhancing Digital leadership	A\$ 10 m
Non Underwritten PNG Offer	A\$ 10.5 m	Costs of the Offer	A\$ 6 m
Total	A\$ 91 m		A\$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

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.



together it's possible

Proforma Financials

All figures in PGK Millions		Pre - Issue Balance Sheet		Post Capital Raise
Assets	30/06/2020	Amalgamated Business 31/07/2020	Capital Raise	Balance Sheet
Cash and equivalents	304.7	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	3,005.2	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.

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.



Key Corporate and Transaction Risks

General economic and share market risk

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.

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.

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.

COVID-19

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.

Risk of major systematic shock to PNG or other financial system

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.

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.

Competition

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.

Key Corporate and Transaction Risks

Compliance with laws, regulation and regulatory policy

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).

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 practices 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.

Credit Risk and decline in assets market

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.

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.

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.

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.

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.

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.

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

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.

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.

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.

Operational

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.

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.

Credit rating risk

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.

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.

Key Corporate and Transaction Risks

Investment performance

Kina has a significant investment portfolio, which consists of:

- 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.

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.

Litigation and regulatory proceeding risk

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.

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.

Risk management strategy

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.

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.

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.

Capital base and capital ratios

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.

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.

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).

Key Corporate and Transaction Risks

Reputational damage

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.

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.

Retention of key management personnel

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.

Taxation

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.

Key Corporate and Transaction Risks

PNG liquidity and realisation	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.
Environmental risk	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.
Insurance	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.
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>

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

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.

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.

Key terms of Underwriting Agreement

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.

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:

- 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 projected 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)

Key Corporate and Transaction Risks

[Continued...]

- 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 issue 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/S&P 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 10.0% 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

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.

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 1, 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 PHILLIPINES SECURITIES AND EXCHANGE COMMISSION UNDER THE PHILLIPINE 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.

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

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.

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.

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.

United States

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."

Australia

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.

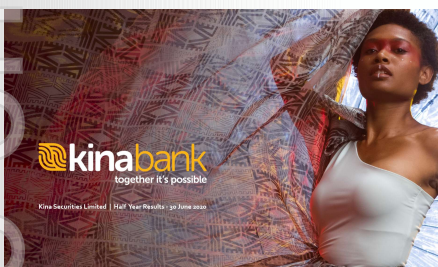
New Zealand

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:

- 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 | HalfYear Results 30 June 2020.



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

together it's possible



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.



together it's possible