

ASX/PNGX announcement



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BY ELECTRONIC LODGEMENT

Update on Acquisition of Westpac PNG PNG ICCC Pre-Determination Conference

Further to the ASX and PNGX Announcement issued on 26 July 2021, Kina Securities Limited (Company No. 1-10989) (ARBN 606 168 594) (**ASX:KSL | PNGX:KSL**) (**Kina** or the **Company**), is pleased to provide an update on Kina's proposed acquisition of 89.91% of the shares in Westpac Bank PNG Limited, for Westpac Banking Corporation's (**Westpac**) banking business in Papua New Guinea (**Acquisition**).

On Wednesday, 11 August 2021, Kina presented a vigorous strategy for the Acquisition to a Pre-Determination Conference (**Conference**) hosted by the PNG Independent Consumer and Competition Commission (**ICCC**).

Attached is a copy of a Media Release issued today by Kina.

Final written submissions to the ICCC are due by Friday, 20 August 2021.

Kina will update the market when further information comes to hand.

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

More competition, more innovation and more customer choice, Kina Chairman

Kina Securities Limited presented a vigorous strategy to PNG's Independent Consumer and Competition Commission ("ICCC") on Wednesday in support of its acquisition of Westpac PNG.

Represented by Chairman, Isikeli Taureka, and Managing Director and Chief Executive Officer, Greg Pawson, Kina outlined a powerful vision for more competition in the banking sector, more innovation and more customer choice for Papua New Guinea if the acquisition is approved by the ICCC.

"Our mission is to constantly improve the prosperity of the people, communities and markets that we serve," said Mr. Taureka in his opening statement. "We strongly believe that this transaction should be approved by the ICCC."

Mr Greg Pawson committed to a PGK25 million investment in technology and digital innovation, expanding the current Westpac PNG branch and instore network by 50% in the first three years after the acquisition, and to creating a pan-Pacific bank domiciled in PNG.

"We will expand the distribution footprint of banking services across PNG to reach more Papua New Guineans," said Mr. Pawson. "We will retain the existing Westpac corporate structure, banking licence, operations and technology – and simply rebrand as East West Commercial Bank. This exciting new bank brand will also be used for Westpac Fiji and positioned as PNG's international bank brand."

This multi-brand strategy, common in many countries, will see East West Commercial Bank compete directly with Kina Bank, and will provide customers with a full range of competitive, innovative financial services.

"Expanding the distribution footprint will ensure more competition in locations across PNG which are currently only served by one bank or not at all. It's a huge commitment to reinvigorate financial inclusion," said Mr Pawson. Kina also sees a medium-term prospect of securing banking licences in Australia and Singapore to improve PNG's access and reach across the region.

These commitments were part of seven major and significant public benefits Mr. Pawson outlined to increase competition, improve access and provide more jobs for Papua New Guineans.

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"Kina will prevent job losses and retain all existing Kina Bank and Westpac employees. We will create 50 new PNG based jobs within the first 12 months following the acquisition. All of Westpac PNG's existing senior management and executive positions will be nationalised and given to PNG local talent, including the Country Head position."

Mr. Pawson continued to explain that Kina's proposition was a game-changer for PNG as they aim to help smaller banks, savings and loan societies, and non-bank financial institutions compete.

"We will give them access to our infrastructure. We will facilitate fee free access to our ATM and POS networks; extend our USSD services to give them a white label mobile presence in the market; and allow them to operate from our branch network where they are unrepresented," he said.

Mr. Taureka also took the opportunity to address head-on the contention by the ICCC that the acquisition would lead to tacit collusion and reduce competition: "While the concepts of a duopoly and tacit collusion will be addressed in detail in our final economic and legal submissions, the significant disparity in market positions between Bank South Pacific and Kina indicate that such a result is impossible."

In his closing remarks, Mr. Taureka confirmed Kina's commitment to improving banking services in PNG for the benefit of all Papua New Guineans.

"This transaction is in the best interests of the people of PNG, and the banking and financial services industry more broadly. The significant public benefits to PNG will be entrenched in the binding commitments by Kina Securities Limited, and enable increased competition with the current dominant force."

For further information

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