



Kina Securities Ltd

Half year results – 30 June 2016

August 2016



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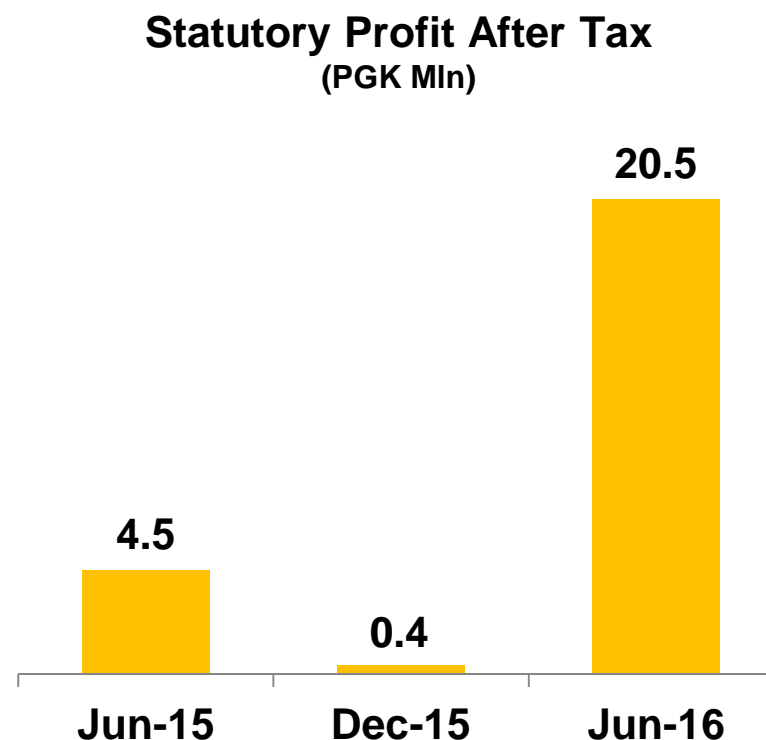
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Kina achieves solid earnings growth

- **Statutory profit of PGK20.5 million for the six months to June, compared with PGK4.5 million in the prior corresponding half**
- **Loan growth of 17% from December 2015, taking total lending to PGK437 million**
- **Net interest margin maintained at 9.4%**
- **Cost to Income ratio competitive at 48%**
- **Credit quality remains sound. Bad debt expense of PGK2.5 million, equal to 0.6% of gross loans and advances.**
- **Capital adequacy ratio of 31%, compared with minimum requirement of 12%**
- **Interim dividend of A4.09 cents per share**



Corporate Highlights

- **Maybank amalgamation completed**
- **Management team strengthened**
- **Cost management initiatives being implemented**
- **Correspondent banking arrangements being negotiated for USD**
- **Key Fund Administration customer (NSL) retained for 3 years**
- **NSL Fund Management extended**





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Opportunity for this generation and the next to prosper. Opportunity to build the life you choose for you and your family.

together it's possible

Ask us about how we can help you unlock opportunity. Visit us at www.kina.com.pg

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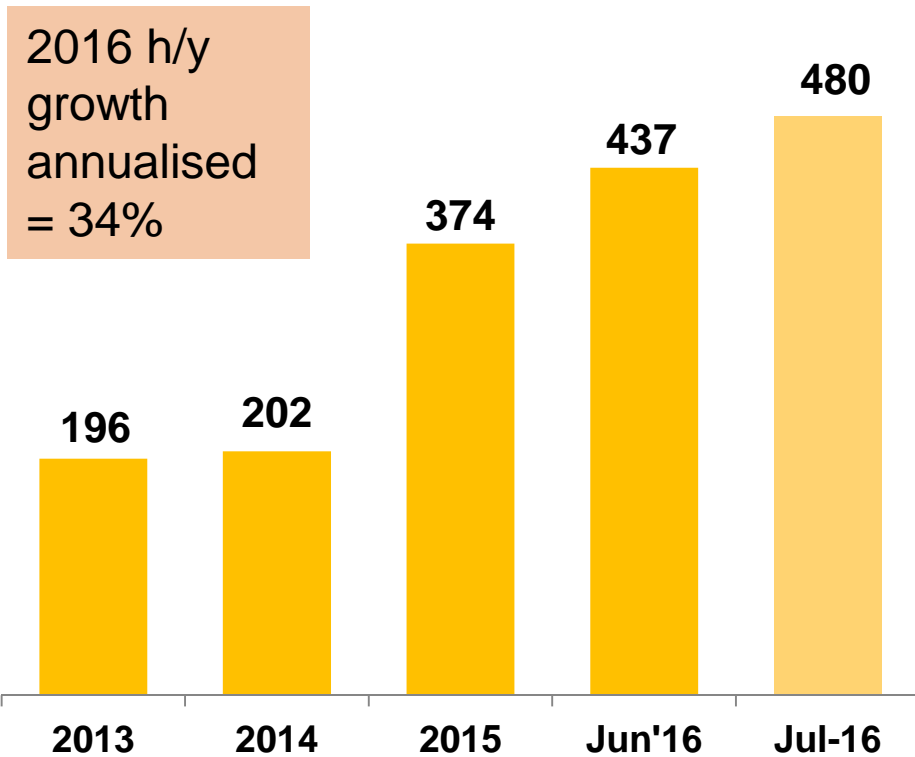
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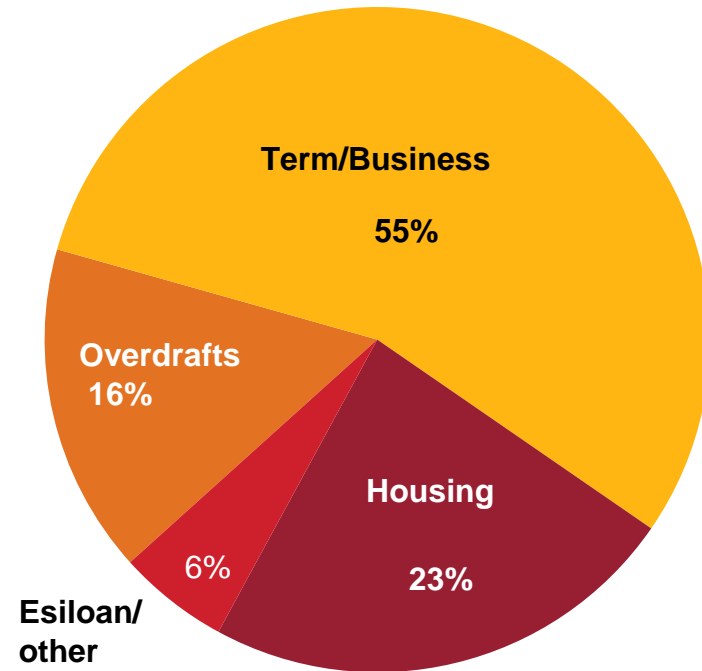
Kina Bank - Lending gaining momentum

Kina Lending Book

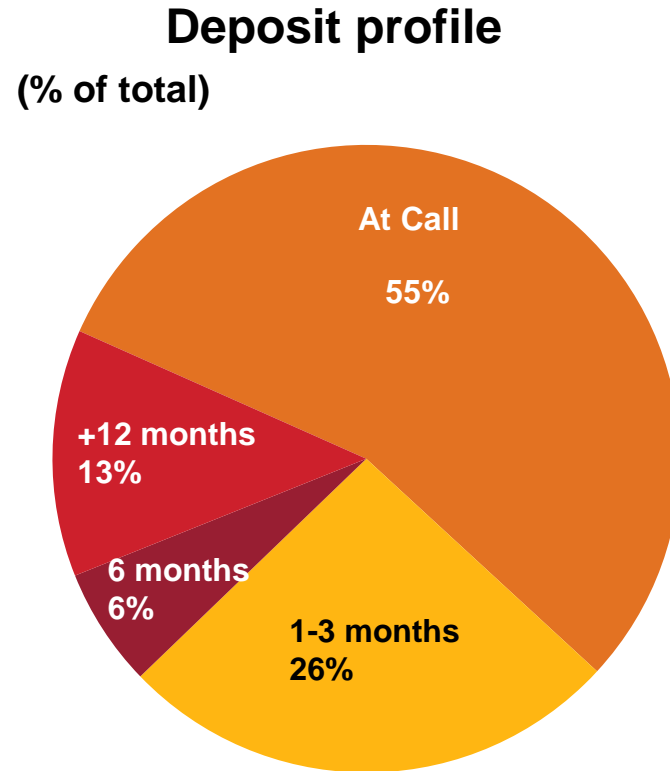
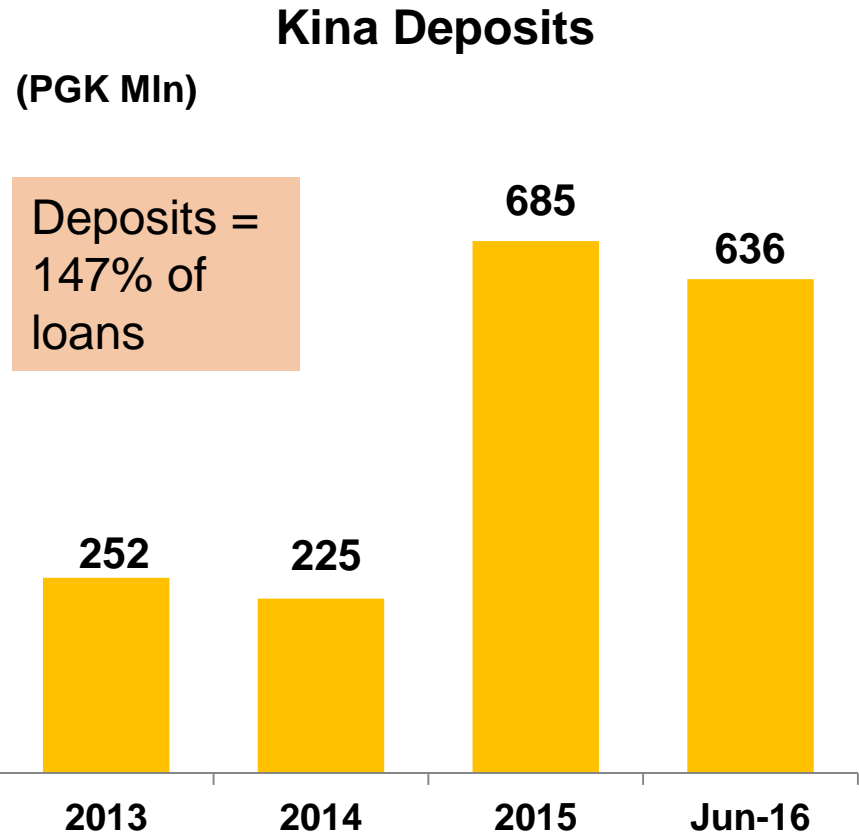
(PGK MIn)



Lending breakdown



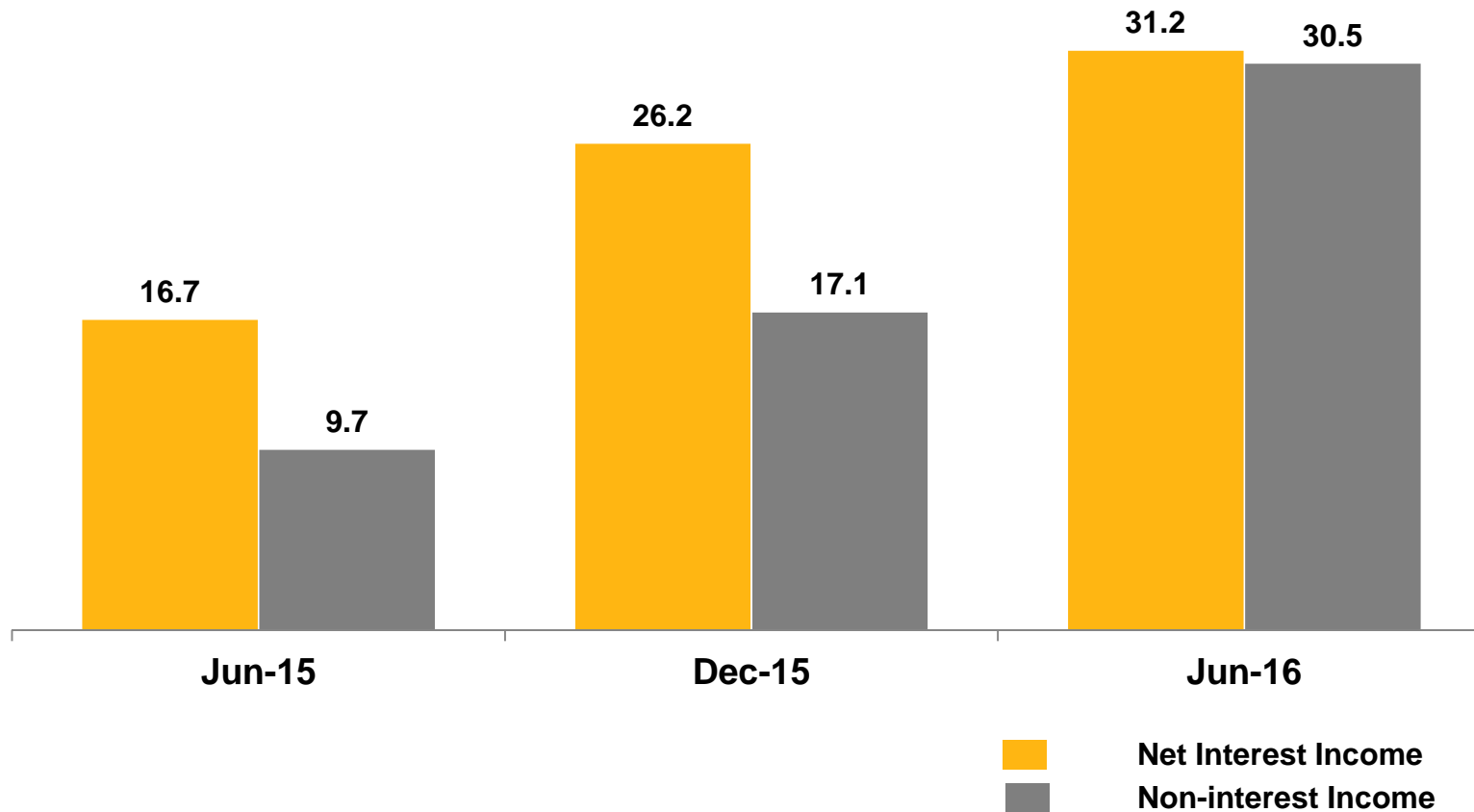
Large low cost deposit base



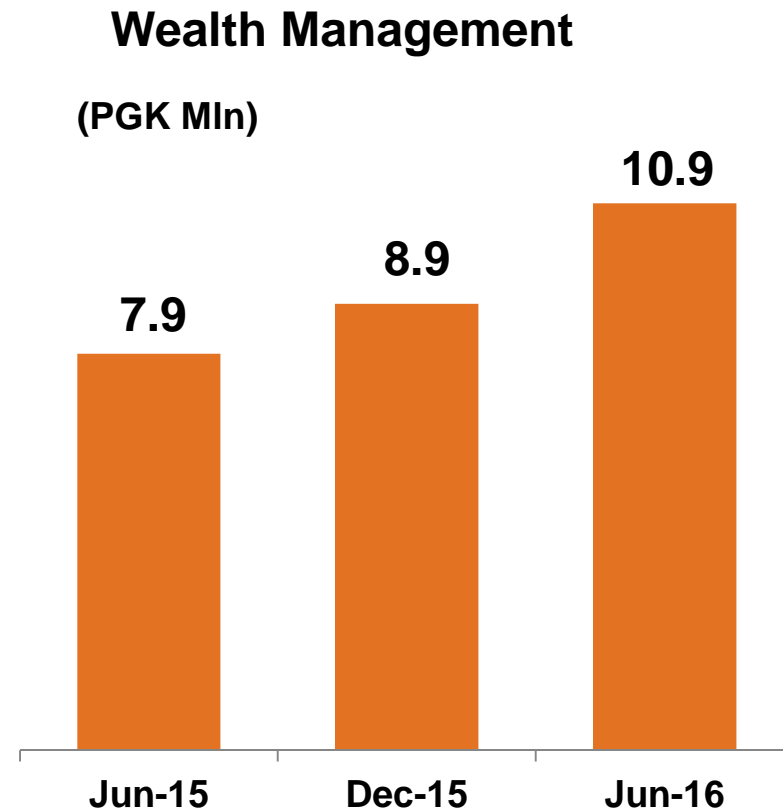
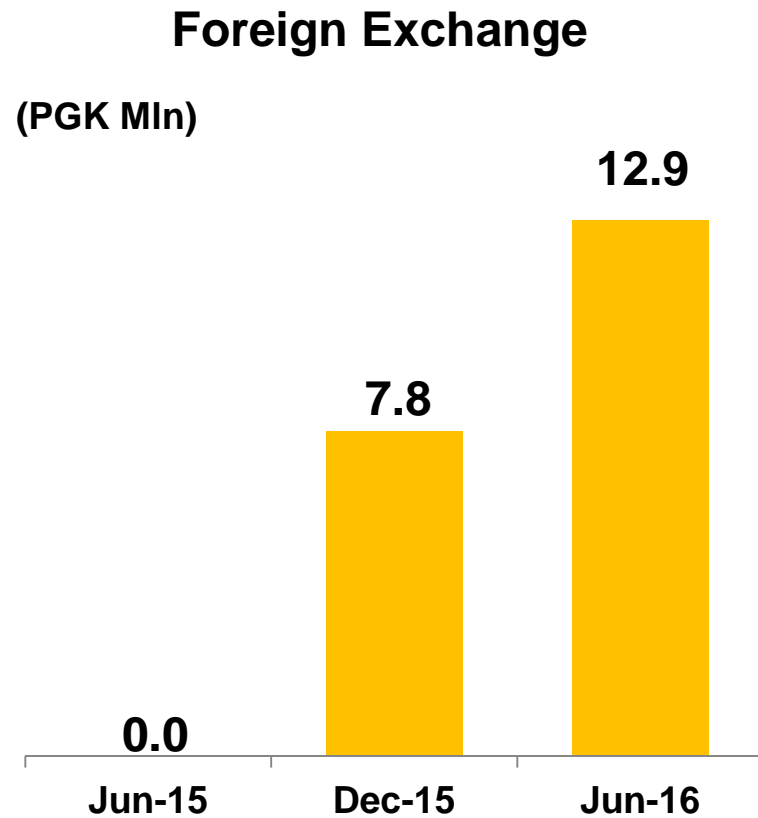
Deposits reduced by a single major maturity

Income growing steadily

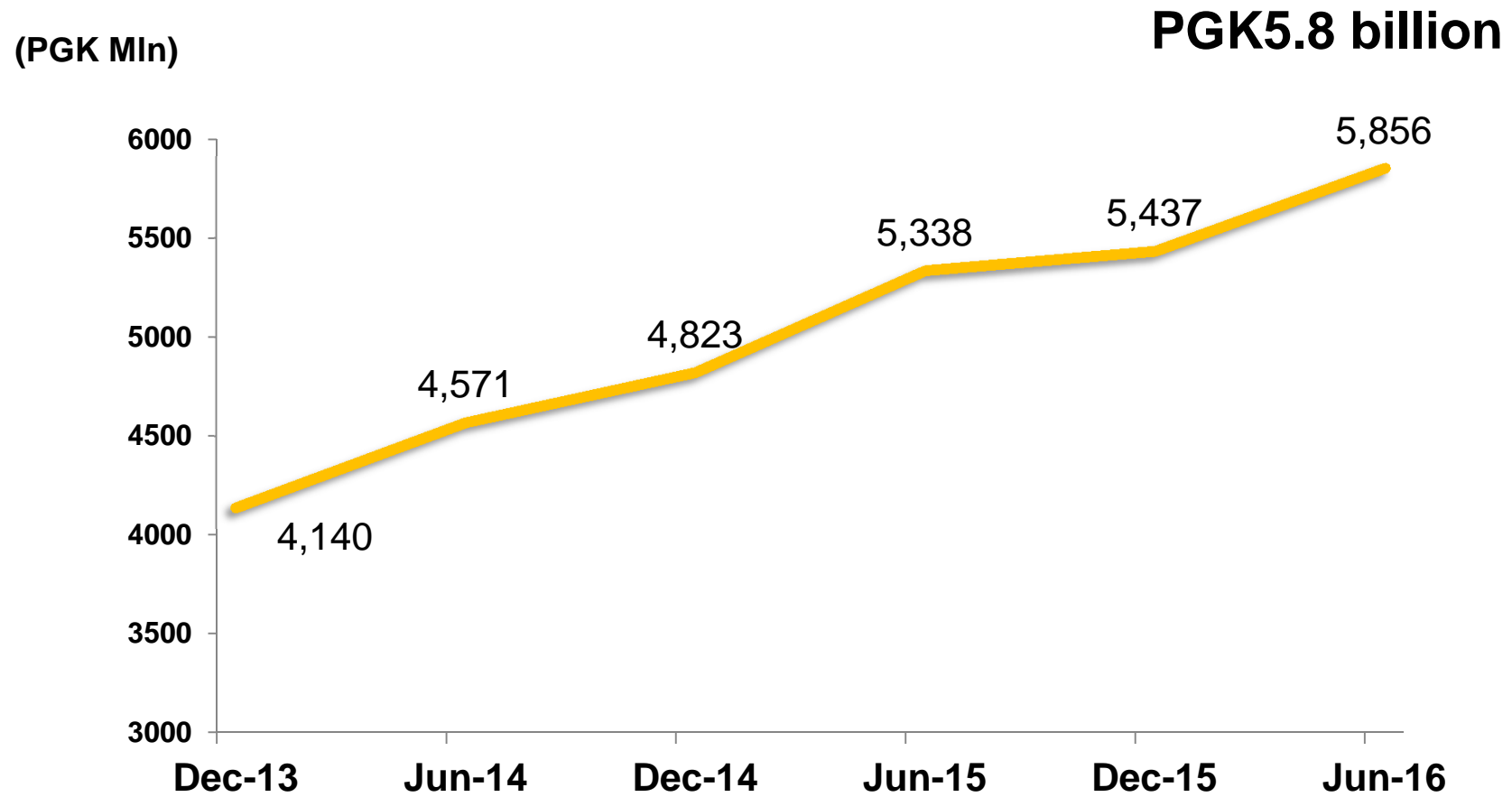
Interest and non-interest income
(PGK Mln)



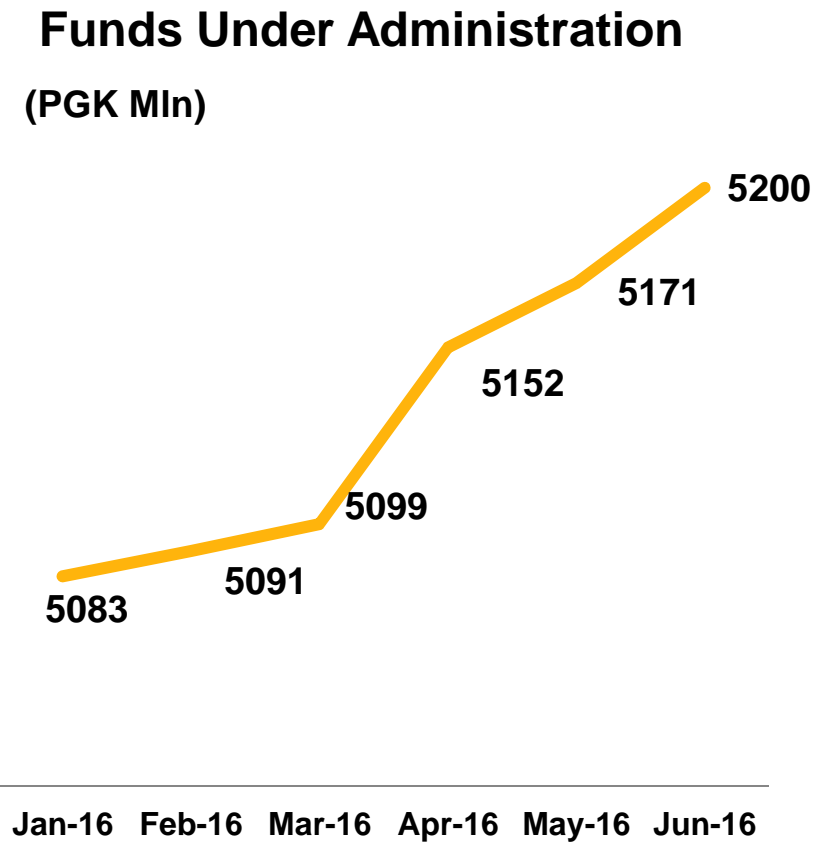
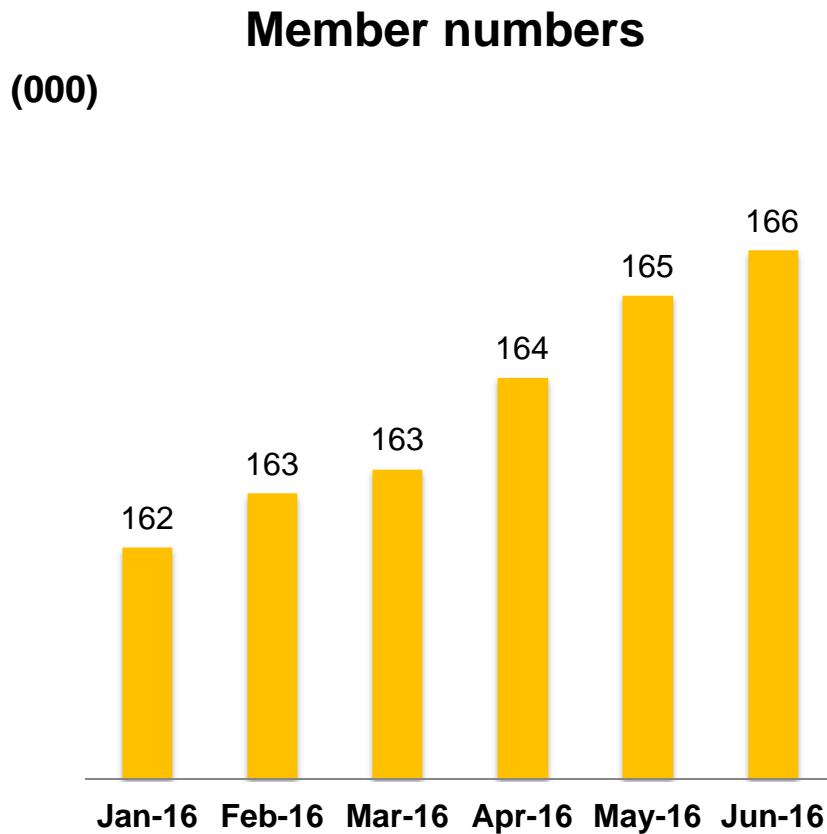
Other Income rising



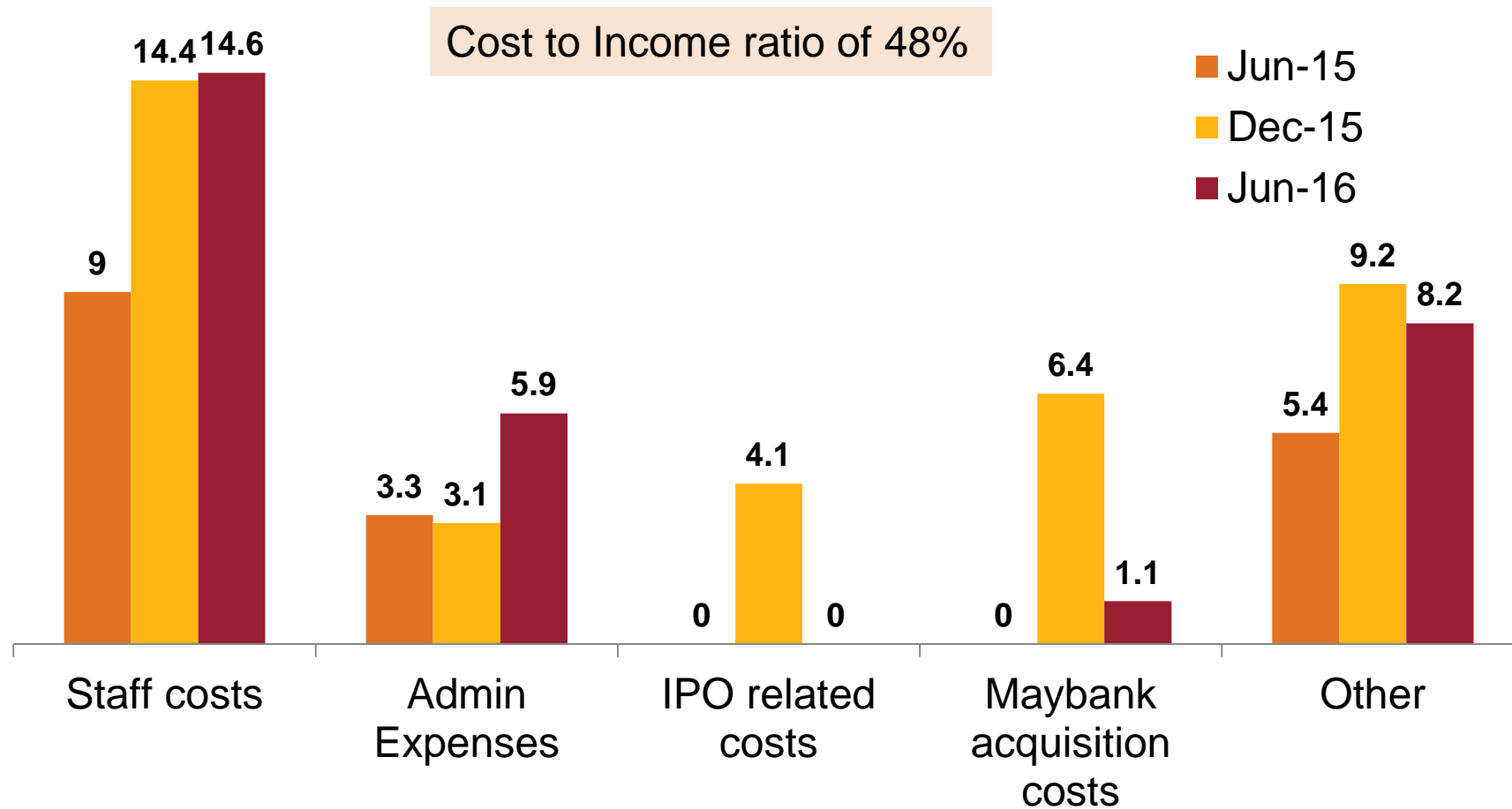
Funds Under Management growing



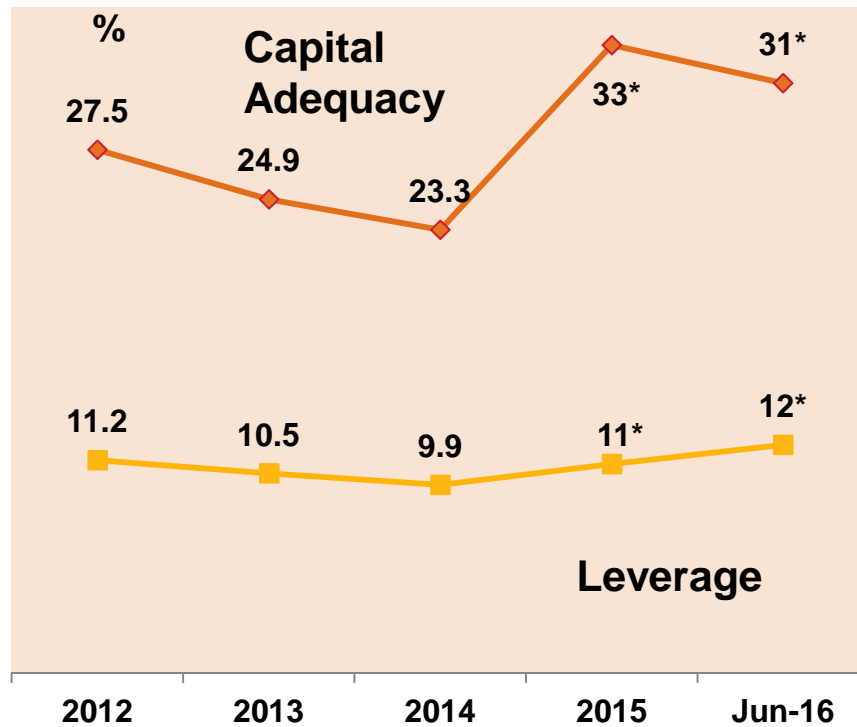
Funds Under Administration growing



Expenses reflect investment phase



Strong capital adequacy, low bad debts

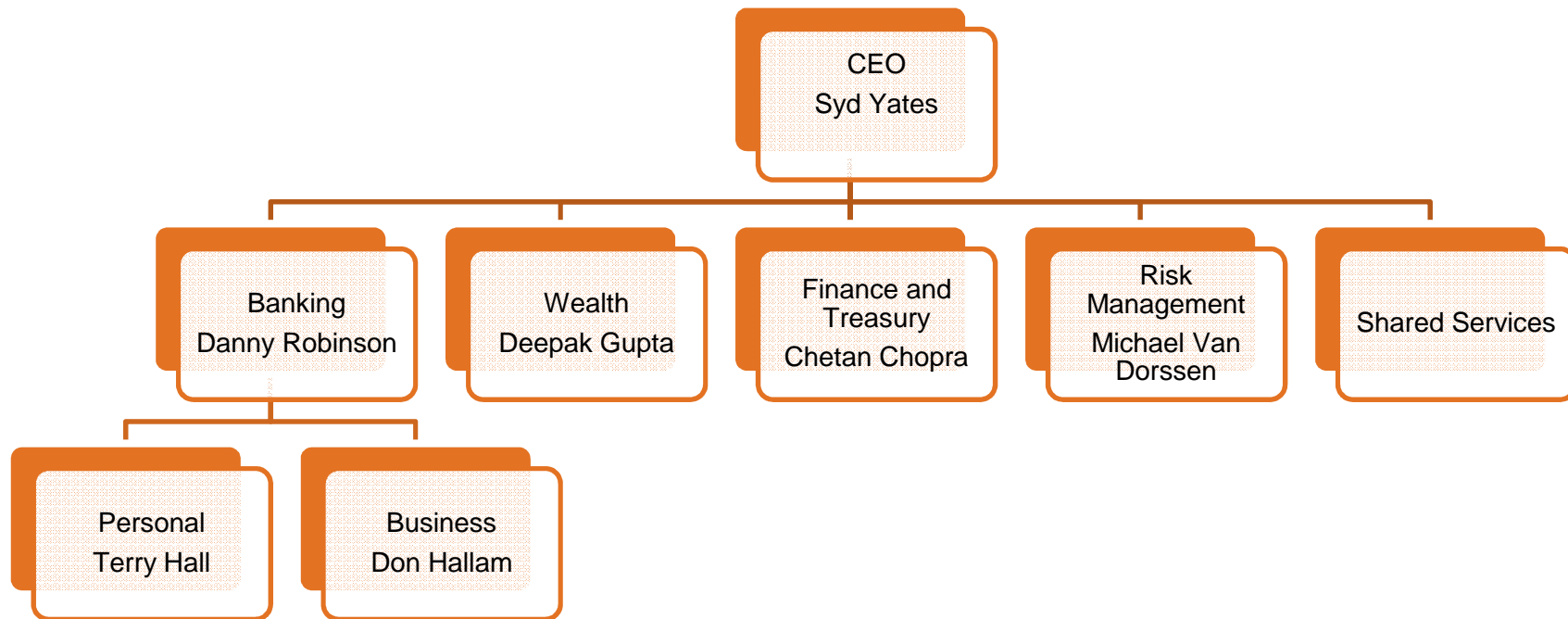


*Post dividend





	PGK millions	% of Gross Loans
Loan impairment expense	2.5	0.6
Gross non-performing loans	6.0	1.3
Total provision*	13.6	3.0

*Includes the fair value adjustment on acquisition of the Maybank PNG loans.

Management team strengthened



Synergies from the Maybank acquisition

		PROGRESS
INVESTMENT PORTFOLIO OPTIMISATION¹	Reallocating investment portfolio into assets with higher returns and longer maturities	
COST OF FUNDING OPTIMISATION¹	Reduction in cost of funding due to enhanced scale and capital position	
EXPENSE SYNERGIES²	Expense synergies from the elimination of identified duplicated functions, consolidation of back-office operations and branches	
REVENUE SYNERGIES	Increase in revenue from the cross sell of products across the combined customer base, including FX services to Kina's existing banking customers, and Kina insourcing its wealth management and operating cost FX requirements – estimated K7.0-K10.0m profit before tax improvement	

Note: 1. Incorporated in the FY15 prospectus forecast financials

Note 2. Excluding non-cash impact of amortisation of one-off integration costs

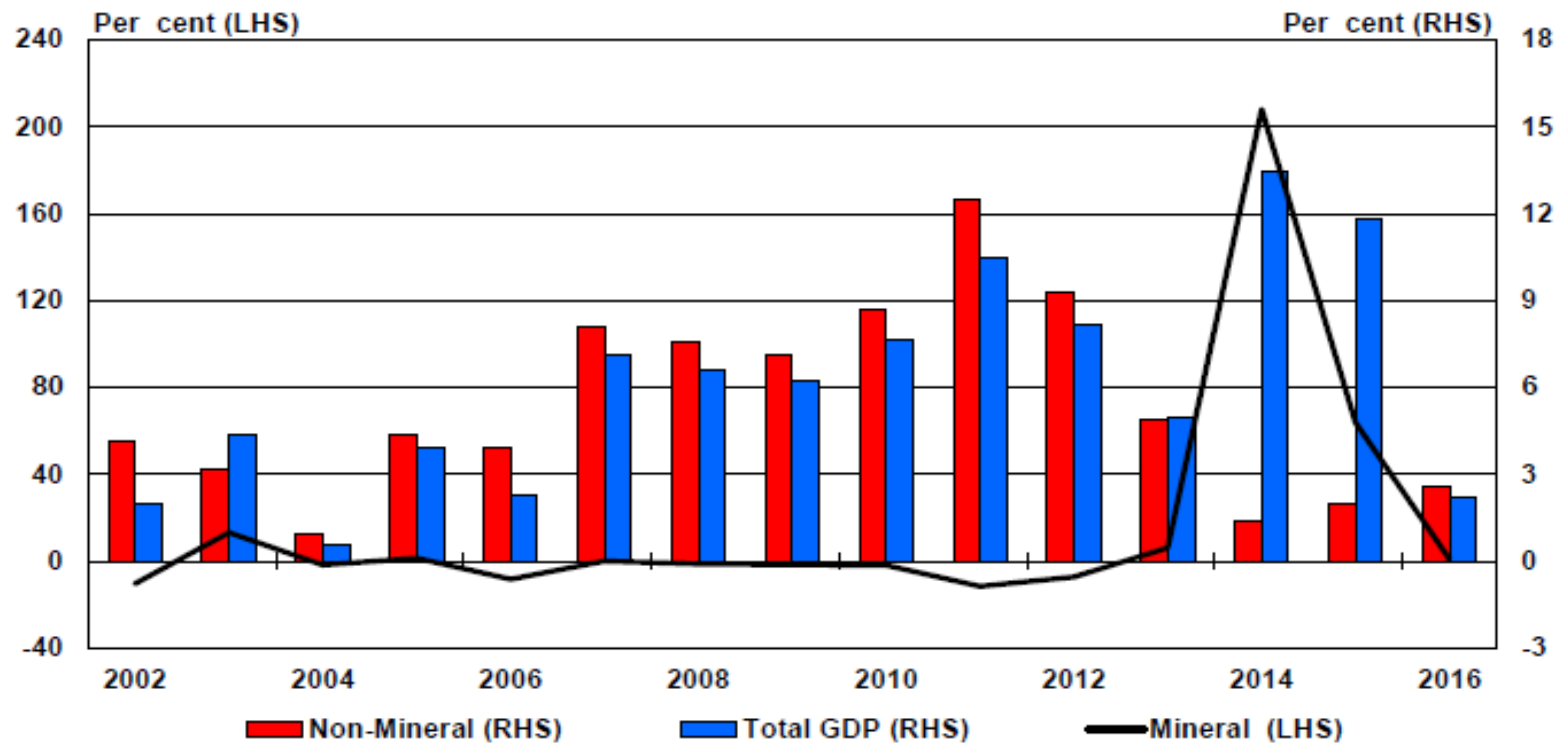
Our Strategy puts the customer at the centre of everything we do...



...Delivering Shareholder Value

PNG – 2.2% growth forecast in 2016

Economic Growth 2002-2016



Source: Department of Treasury

Positive outlook maintained



opportunity
awaits

At Kina, we believe in opportunity.
Opportunity for this generation and the next to prosper.
Opportunity to build the life you choose for you and your family.

together it's possible

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16.06.16.2015

2016 guidance

- Net interest margin 8-10%
- Cost to income ratio 45-50%
- Lending market share growth
- Deposit / loan ratio > 150%
- Conservative provisions
- Strong capital position
- Strong EPS growth

