



# Kina Securities Ltd

Half Year Results – 30 June 2017

24th August 2017

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Corporate  
Highlights





**CIMB** appointed as USD Correspondent Bank



**Transaction** accounts increased by 10%

**Opened** new Vision City outlet



**Loan growth** – up 13% from 2H 16

**Loan market share growth** - from 3.7% (1H 16) to 5.6%



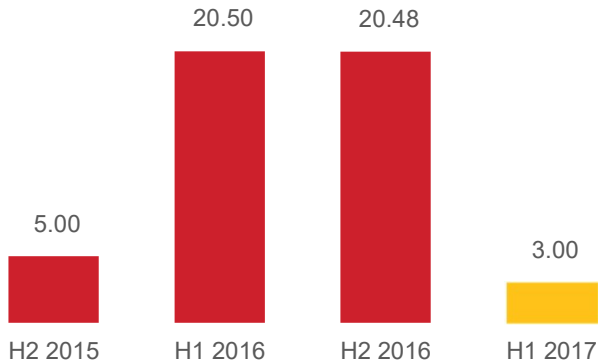
**Trade finance agreement** with ADB to facilitate trade finance



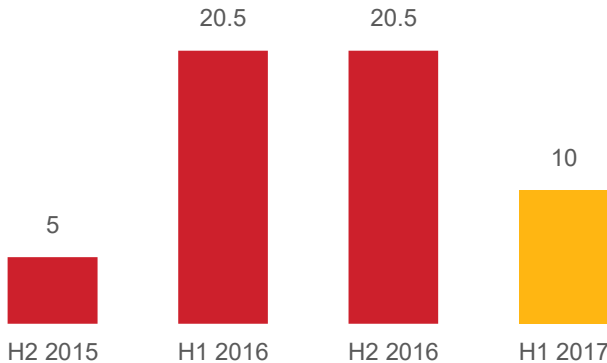
**Realignment** Of deposit based from high cost to low cost

# Financial highlights – H1 2017

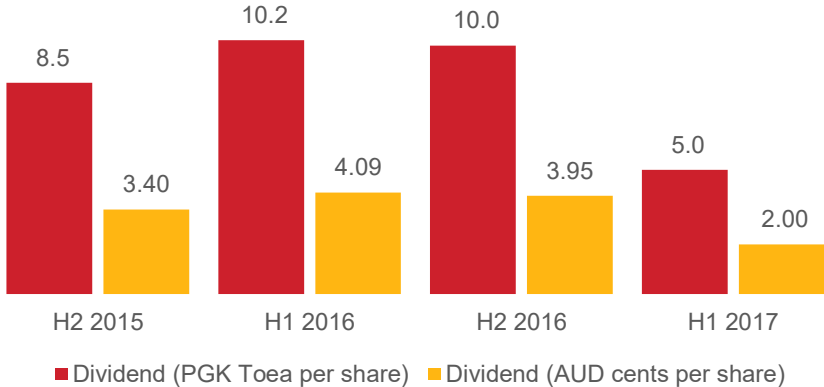
Statutory NPAT (PGK\$m)



Underlying Profit (PGK\$m)

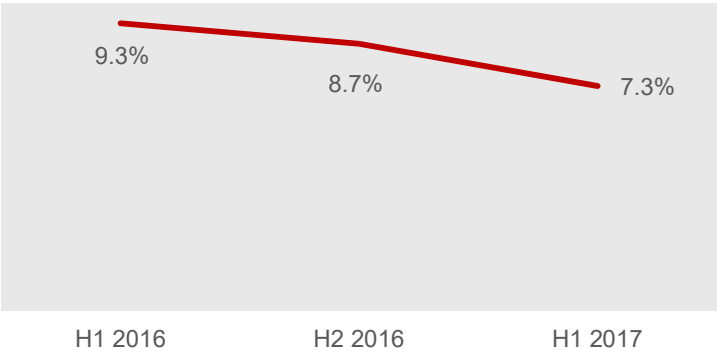


Dividend per share

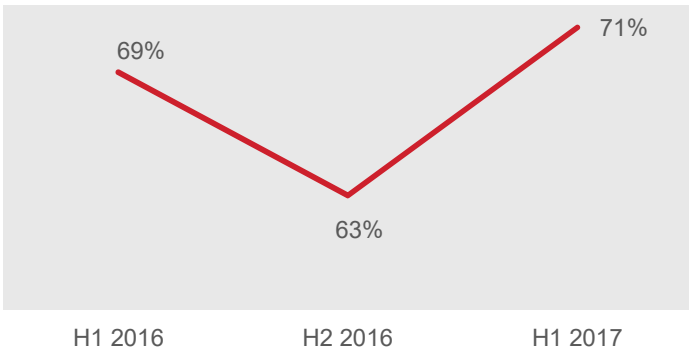


# Financial ratios

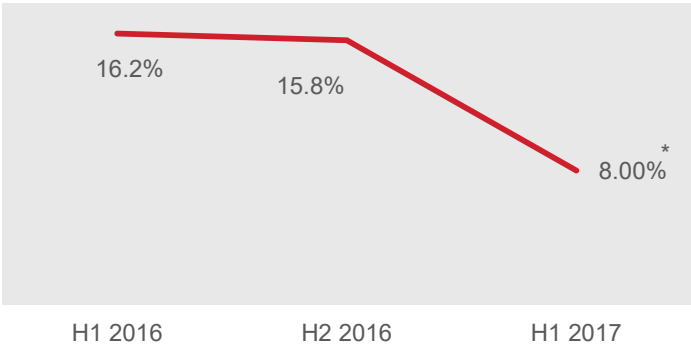
Net interest margin



Loans to deposit ratio

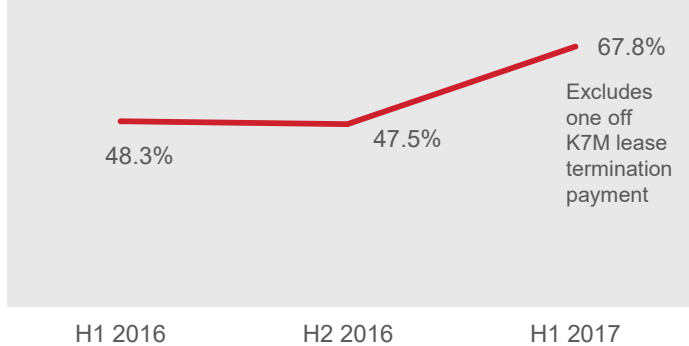


Return on Equity (Annualised) (%)



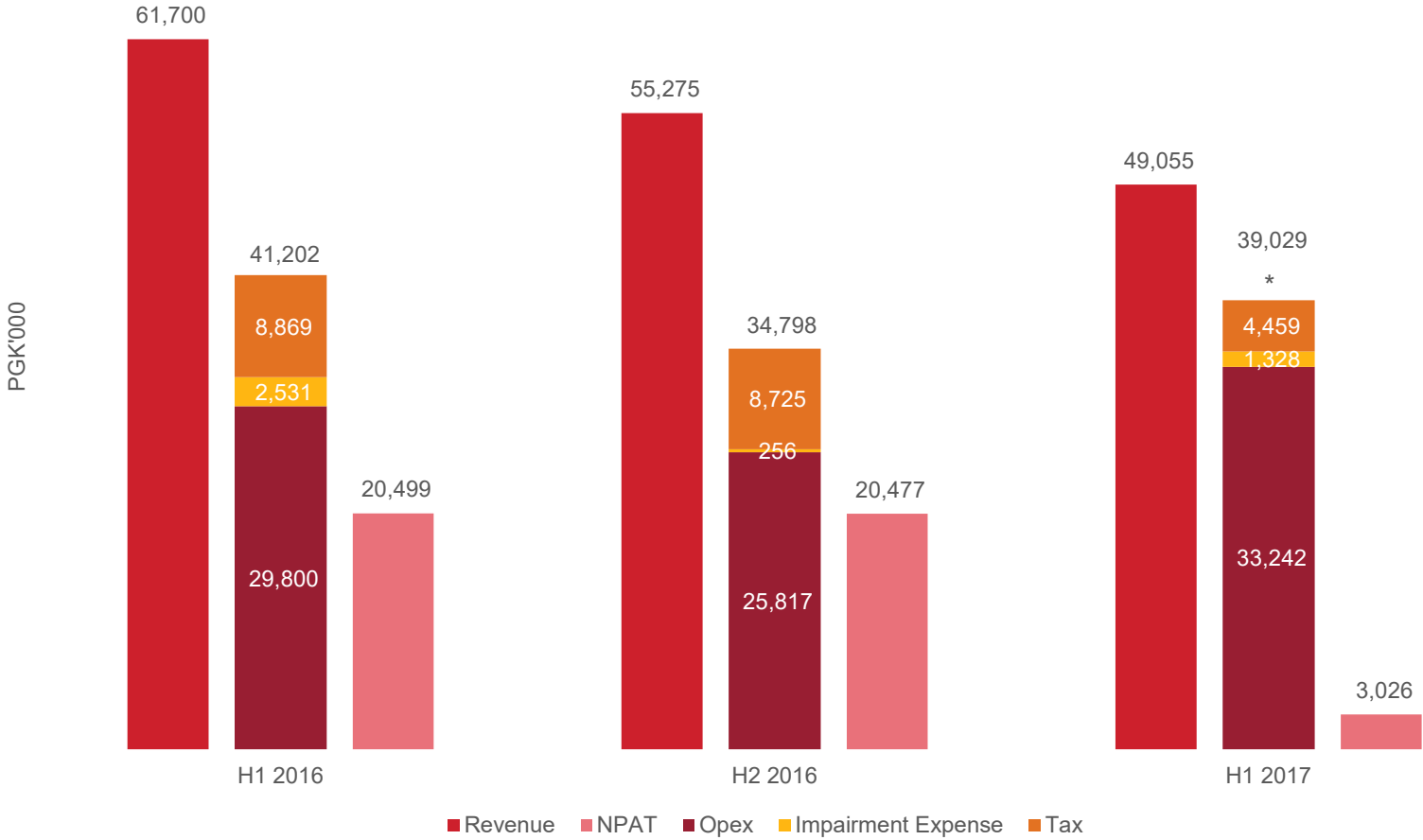
\*Based on underlying profit

Cost to income ratio%



\*\*Cost to income ratio was calculated as total revenue divided by total expenses (excluding impairment and income tax expenses)

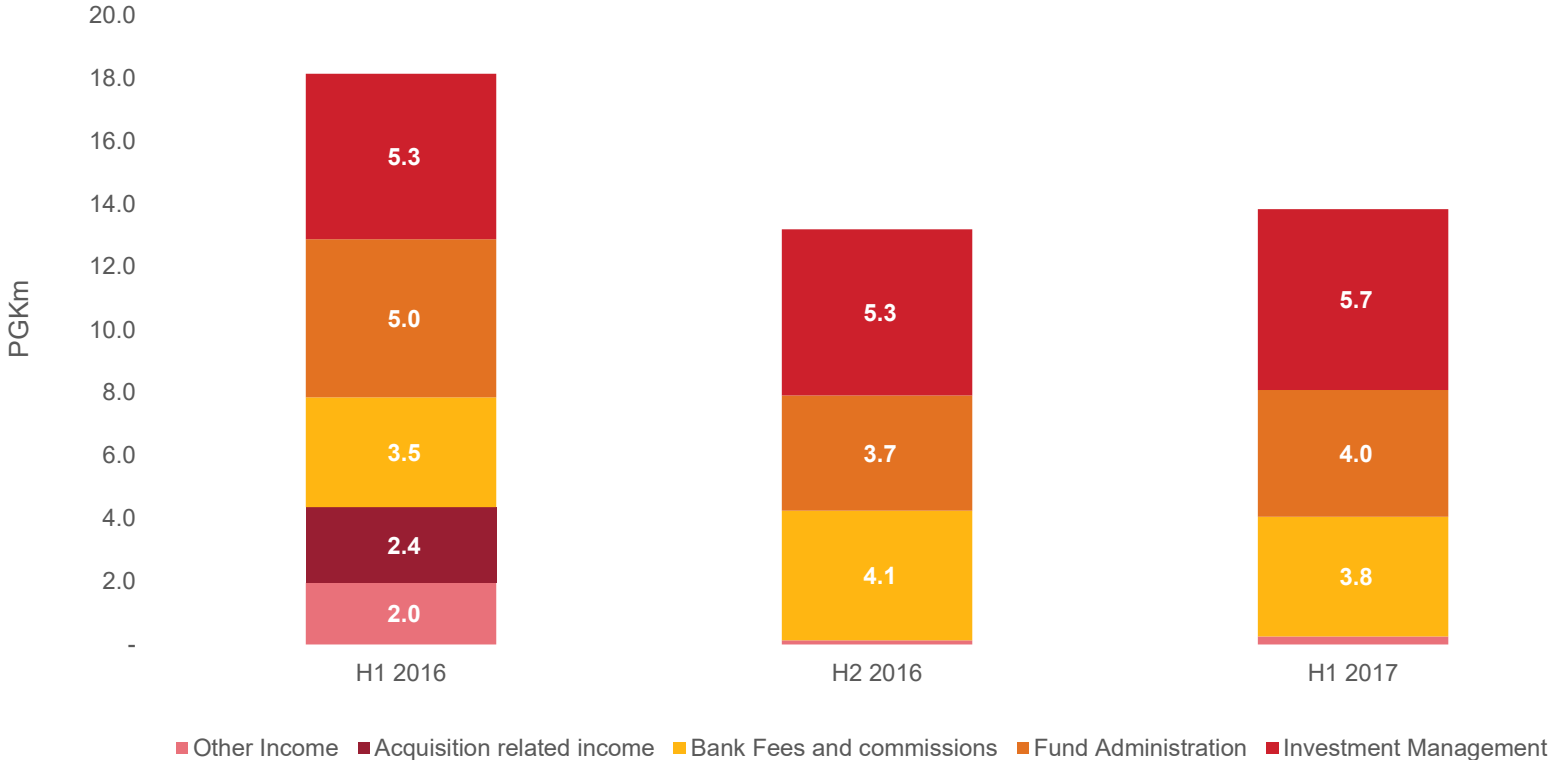
# Profitability



\*Does not include K7m loan termination expense

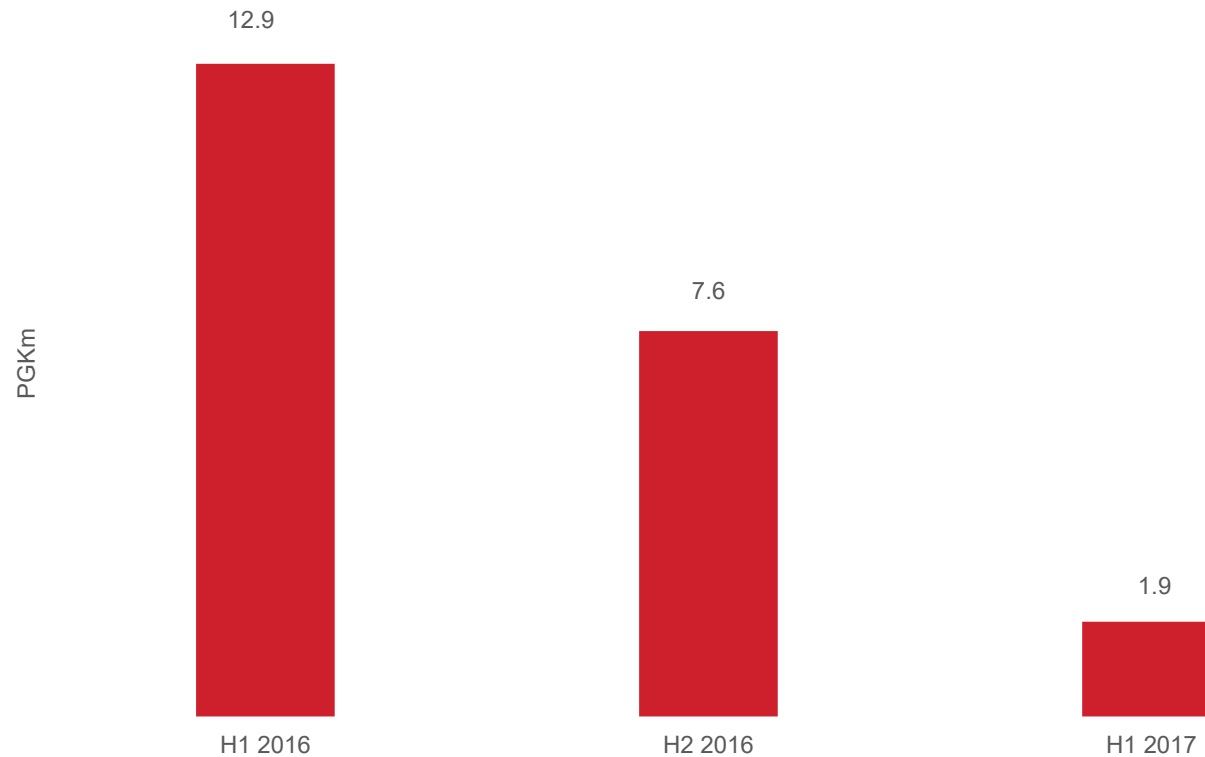
# Non-interest income

Non-interest income excluding FX Income





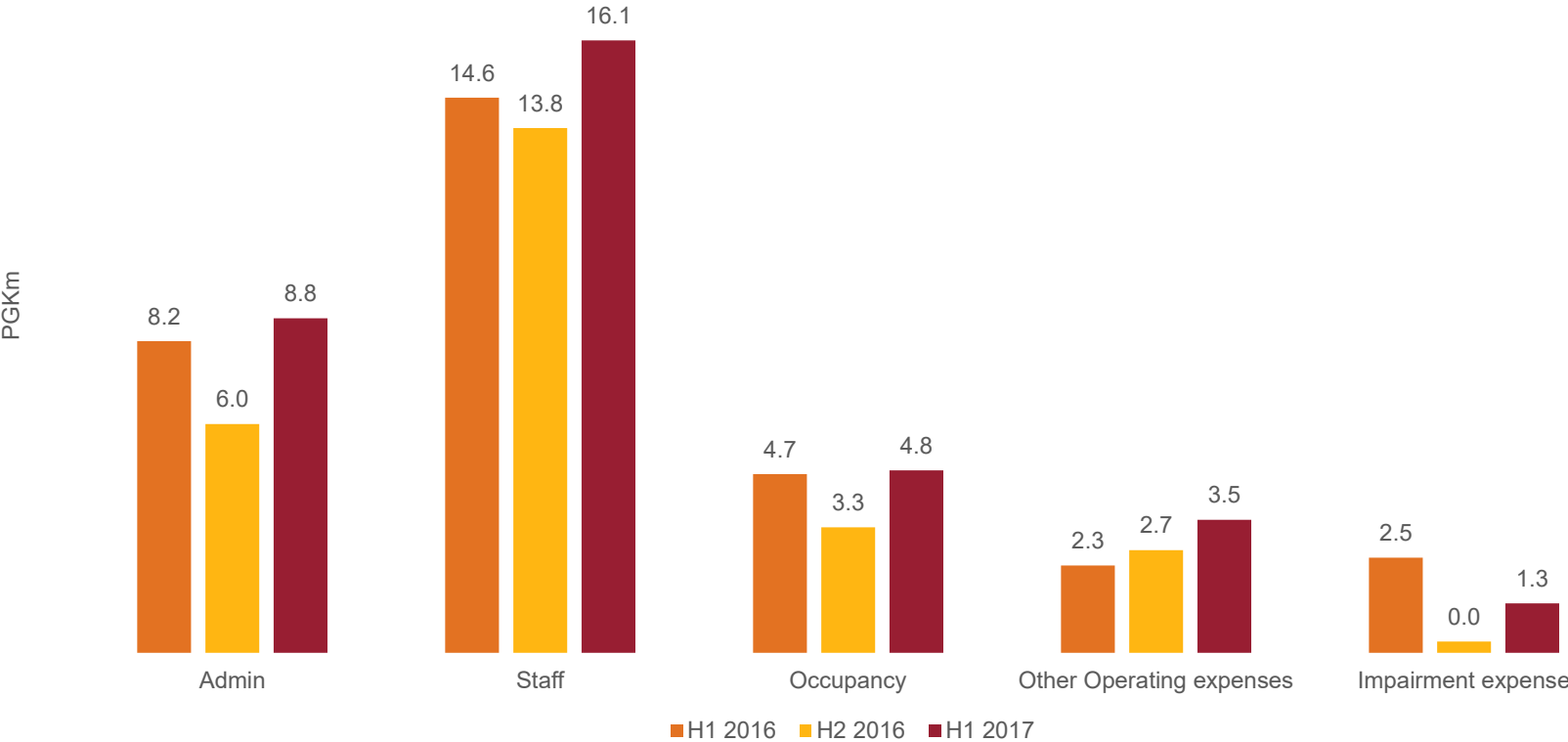
# Foreign exchange income



H1 2017 reflects the K10m shortfall compared to H1 2016 due to lack of USD correspondent bank

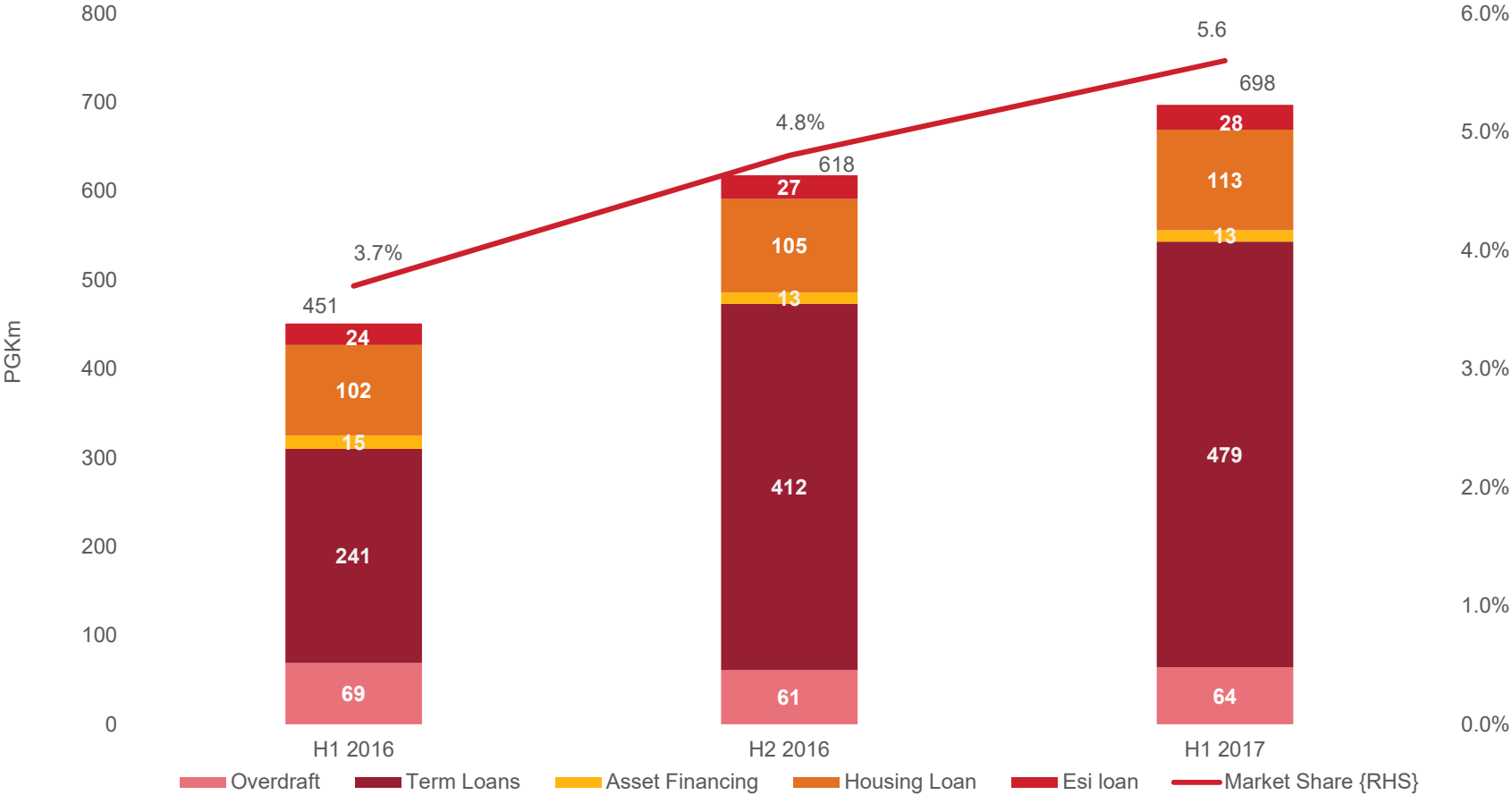
H2 2016 represents a three month shortfall compared to H1 2016 due to closure of USD correspondent bank

# Expense management



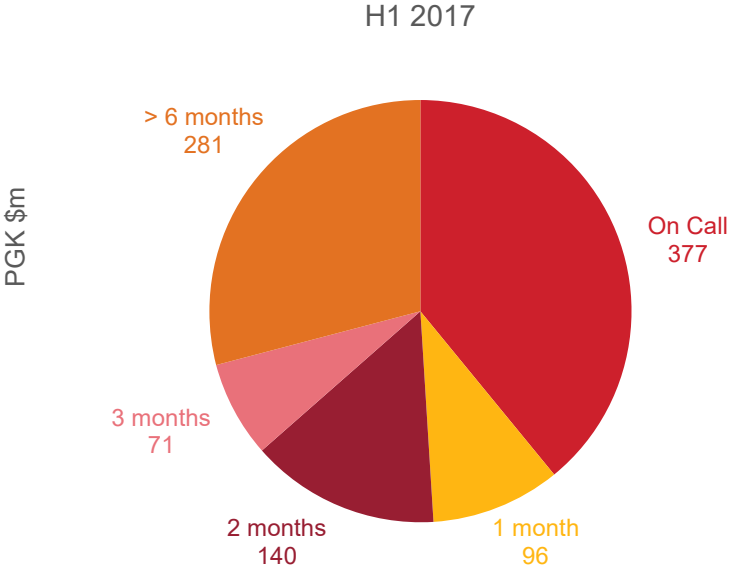
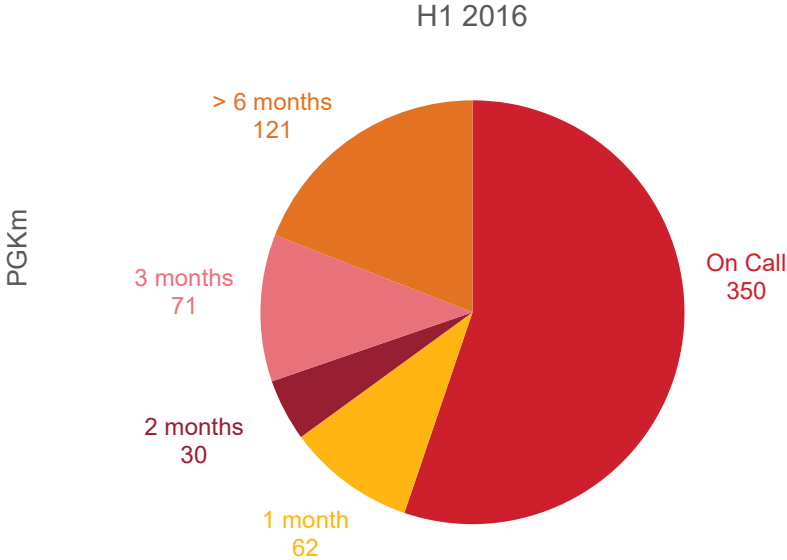
Expense excludes one off lease termination of PGK 7m

# Loan book growing



Figures are gross loans excluding provisions

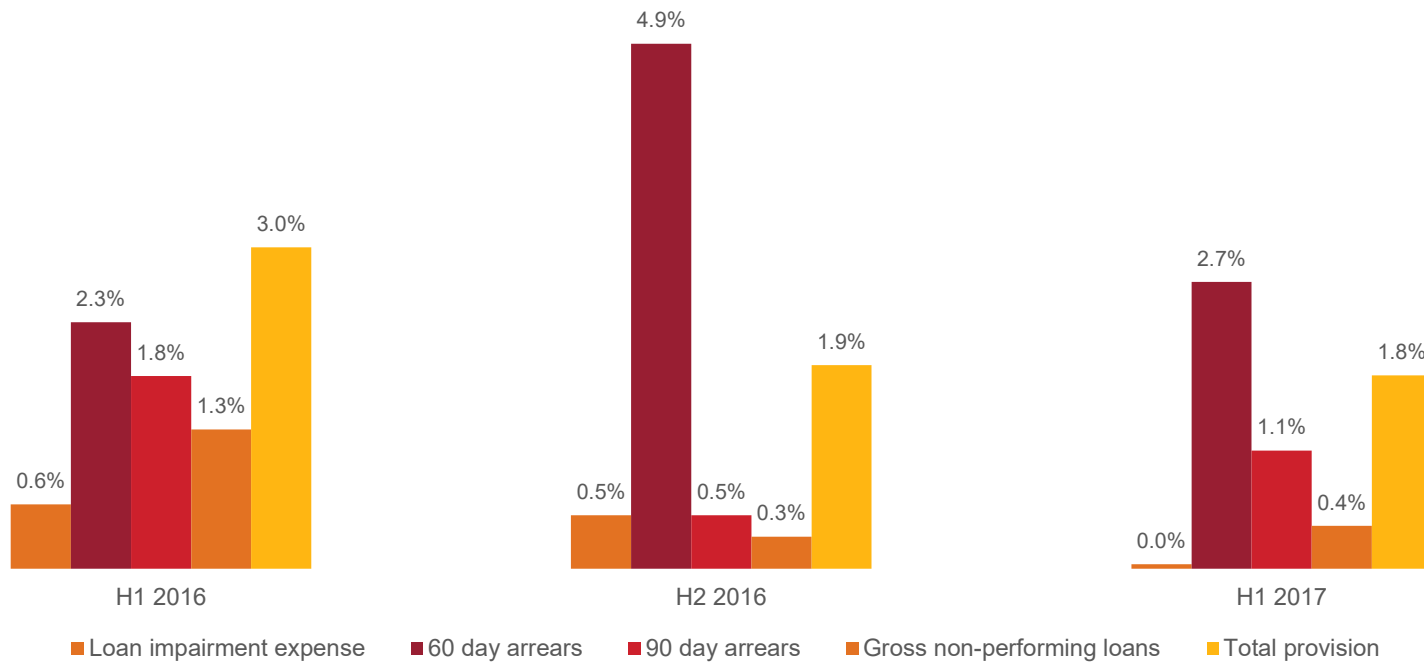
# Funding and liquidity profile



\*Reducing reliance on on-call money

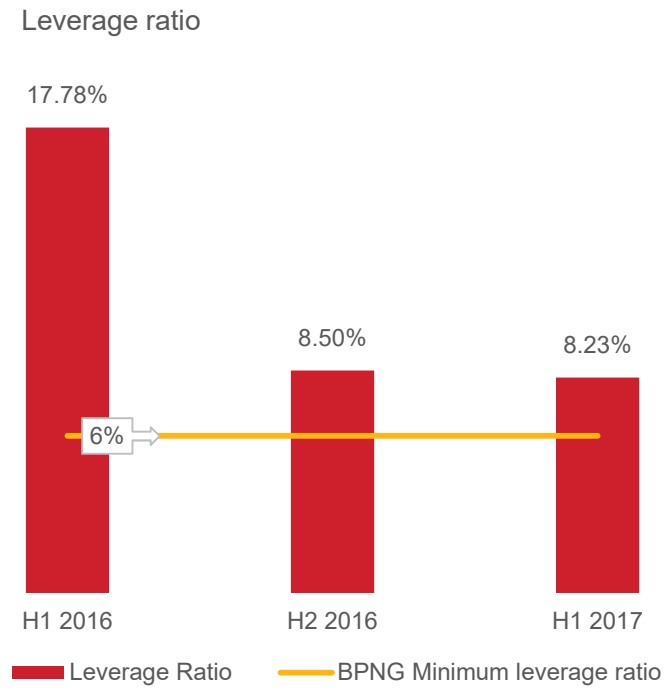
# Asset quality management

% of Gross Loans

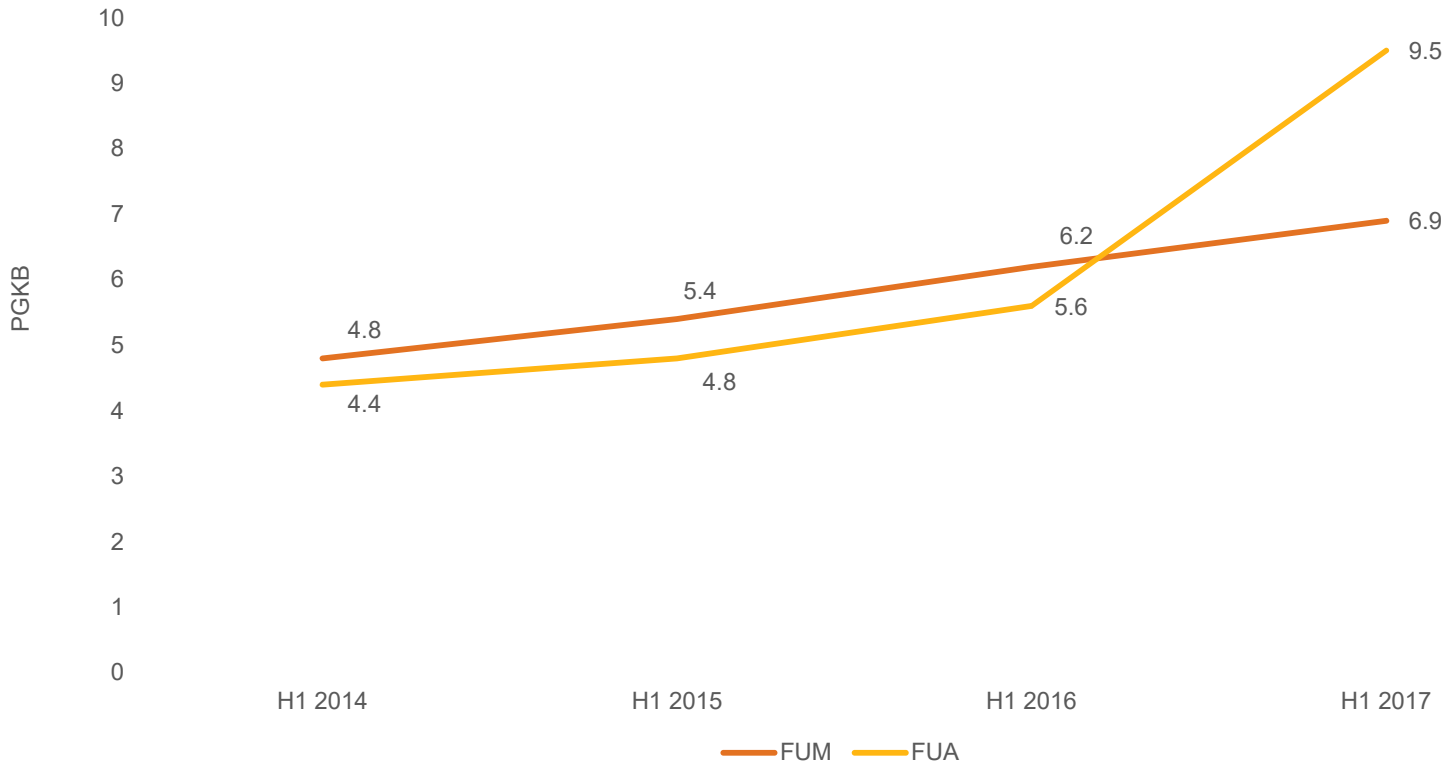




# Capital adequacy



# Funds Under Administration (FUA) and Funds Under Management (FUM)



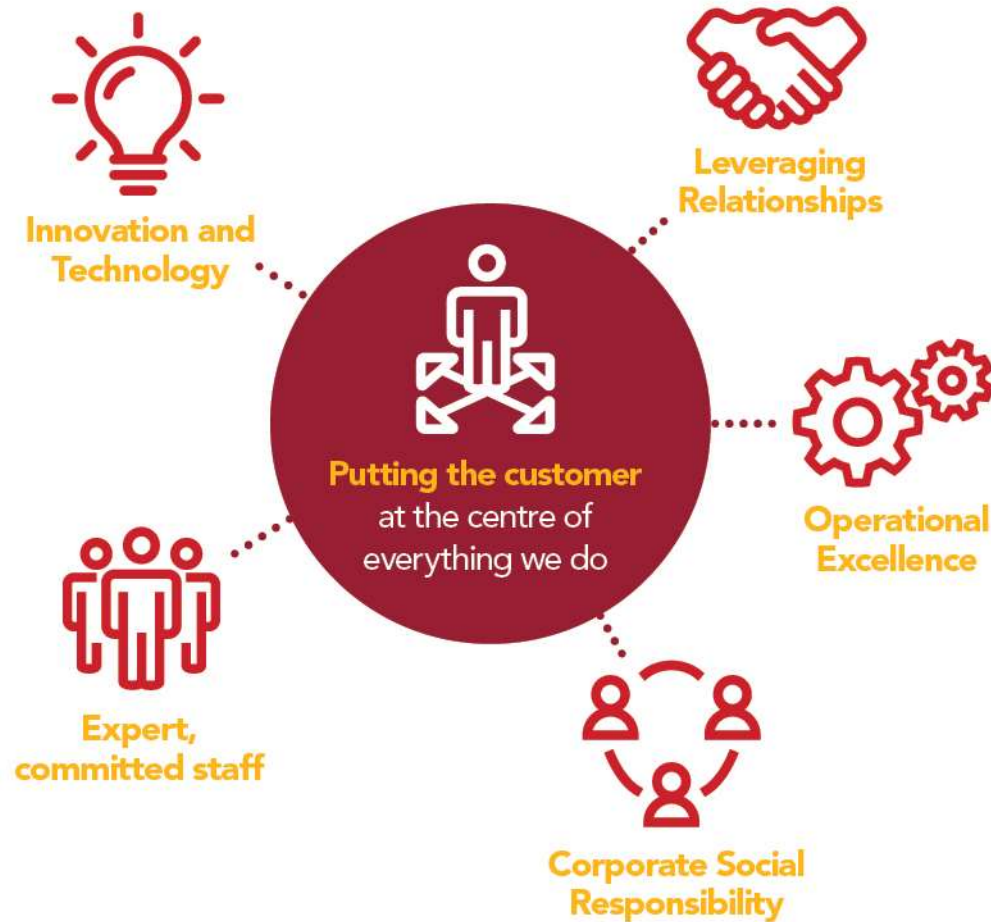
- FUA boosted by Nasfund transaction (Nasfund onboarded at 1/7/2017)
- FUM maintains year-on-year growth



Our  
Strategy

# Our strategy for growth.

We will deliver shareholder value and proactively move to lift market share by:



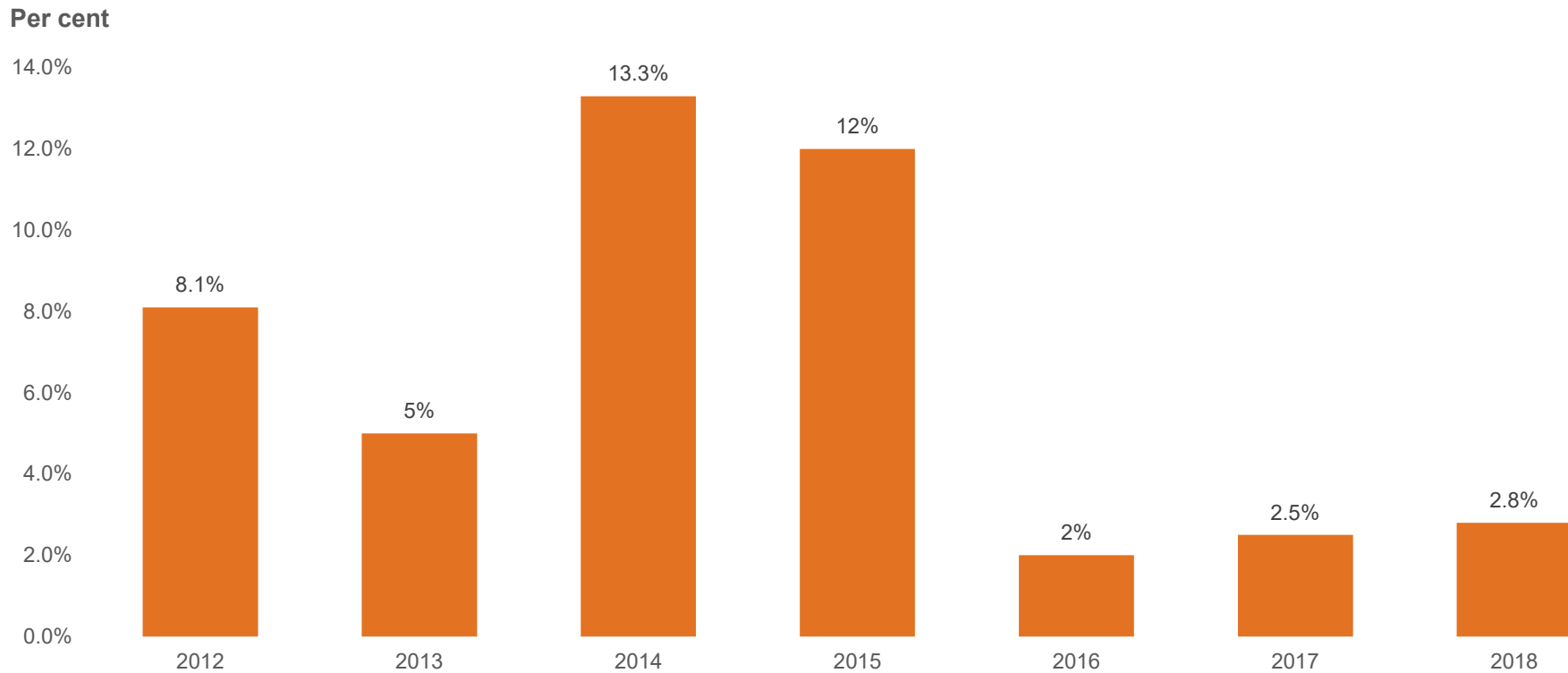




Economy



# PNG – GDP Growth (% per year)



Source: Asian Development Bank

# PNG – economic outlook

**The PNG economy is projected to grow** at 2.5% in 2017 and by 2.8% in 2018 (Asian Development Bank)

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Prices for PNG's **key mineral exports** are still trending at low levels, but better than in 2016

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**FX conditions** slightly improving

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**2017 national elections** impacted business growth

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**Business sentiment** improving i.e. Oxford Business Group CEO survey

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In 2018, more than **15,000 overseas visitors** will come to PNG over the coming year for APEC, spending an estimated K100 million plus

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**APEC** will provide further investment in infrastructure and services



Priorities

# Operational priorities

Kina remains focused on delivering its key operational priorities for 2017. These include:



**Continued growth** of the low cost deposit base.



**Leveraging our relationships** with key superannuation funds to facilitate cross-selling opportunities.



Completing our **technology transformation** including expanding our suite of personal and business banking products and services e.g. mobile applications and internet banking for retail and corporate customers.



**Profitable**, quality lending growth.



# Financial priorities

Net interest margin **7- 9%**

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Cost to income ratio **< 50%**

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Loans to deposit ratio **< 70%**

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**Strong** capital position

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**Conservative** provisions

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**Good** EPS growth

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The background consists of a series of overlapping, wavy, vertical bands in two shades of red: a vibrant, bright red and a darker, more muted red. These bands create a sense of depth and movement, resembling a stylized, abstract pattern. The text "The end" is centered horizontally and vertically within the image.

**The end**