

23 August 2019

Kina Securities Limited maintains growth in 2019 Half Year Results

Kina Financial Highlights

- Statutory NPAT of PGK 23.6m up 14% on pcp (30 June 2018)
- FX income increased by 33% on pcp to PGK 18.7m
- Net interest Income grew 10% on pcp to PGK 45.7m
- Earnings per share up 14% to PGK 14.4 toea
- Interim dividend of AUD 4 cents per share / PGK 10 toea per share

Kina Securities Limited (**ASX: KSL**) (**Kina** or the **Company**) has today reported a strong performance for the half year to 30 June 2019.

Kina achieved a statutory net profit after tax of PGK 23.6m, up 14% from the previous corresponding period (**pcp**) of 30 June 2018.

Directors declared an interim dividend of AUD 4 cents per share / PGK 10 toea per share.

The Company's organic growth strategy continues to gain momentum, and the transformative program of integrating ANZ PNG's Retail, SME and Commercial business is on track for completion in late September 2019.

The underlying financial performance was largely driven by an uplift in foreign exchange (**FX**) earnings from an increase in market share. The business continued to deliver an uplift in net interest income from continued growth in overall customer footings. The Group's cost to income ratio continues to be managed with a disciplined approach to both operating and capital expenditure in alignment with the organic growth strategy and the capability build for the ANZ acquisition.

Key features of the result

Kina delivered growth across all of its businesses and delivered several important strategic initiatives in 1H 2019 that included:

- Foreign Exchange (**FX**) growth increased by 33% to PGK 18.7m compared to 1H 2018. This was underpinned by an increase in overall market volumes of 22% (primarily due to Bank of PNG interventions) and an improved market share position
- An improvement in the Group cost to income ratio to 57% compared to 58% in the same period last year

ASX/PNGX announcement



- Continued momentum in new customer growth up 15% to 23,788 boosted by an enhanced digital online offer and service differentiation
- Achieving a 30% growth in customer online transactions
- Implementing Digital by Design which is at the centre of the Group's strategy and involves the delivery of several key e-commerce programs that will transform the organisation and improve cost efficiency
- The continued significant technology build over 1H 2019 will enable a market leading and differentiated service proposition for the target customer segments of Retail, SME and Commercial
- Creating a Transformation Function which is responsible for the development and ownership of the Group's 5 year strategic plan. This includes the appointment of a Chief Digital Officer to lead the growth and future development of the Group's digital channels
- Overall the acquisition of ANZ's Retail, Commercial and SME business continues to track well and according to plan. Completion is scheduled for late September 2019
- Two new data centres have received certification, Visa scheme certification for issuing and acquiring has been completed, and EMV chip debit and credit cards are now in production

Kina Chief Executive Officer Greg Pawson said: "We have delivered an exceptional result whilst continuing to deliver the transformative program of integrating ANZ PNG's Retail, Commercial and SME business. They are a strong vote of confidence in our strategy to deliver great customer service through new digital products, services and capabilities. They also demonstrate the strength and commitment of the leadership team. The foundational work we have completed in 1H 2019 has set us up for a successful second half, to improve our market position and emerge as a leading participant in the Retail, SME and Commercial sectors."

Refer to ASX Appendix 4D for further details.

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