



Kina Securities Limited

Half Year Results - 30 June 2019

23 August 2019

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Financial results

Organic business remains steady while ensuring strategic acquisition of ANZ business continues on plan and on budget

Interim dividend AUD 4.0 cents per share or PGK 10.0 toea

Net profit after tax up 14% on PCP to PGK 23.6m

Revenue up by 7% on PCP to PGK 83.7m

Net interest income grew 10% on PCP to PGK 45.7m

Earnings per share up 14% to PGK 14.4 toea

Return on equity grew 9% to 17.5% on PCP

Highlights

Delivered several **key e-commerce outcomes** that will transform the business and improve cost efficiency

Refreshing transactional banking, cash management and home loan offers incorporating online origination

Customer **online transactions up by 30%**

First bank to connect to the Bank of PNG's new national payments system giving Kina the ability to accept full interchange with all PNG domestic banks

Created a **Transformation Function** responsible for the development and ownership of the Group's 5 year strategy

Appointed Chief Digital Officer to lead growth and future development of digital channels

Cost to income ratio continues to be closely managed

Business growth

FX income up 33% to PGK 18.7m on PCP

Deposit growth grew 29% compared to 1H 2018 and 8% compared to 2H 2018

Modest loan book growth, **confident of 2H acceleration**

Customer numbers grew to 23,788 up by 15%

Kina Funds Management grew to PGK 8.1bn up by PGK 600m from Dec 2018

Integration update

Program continues to track well and according to plan

Certified two new data centres

Visa scheme certification completed with EMV **chip debit and credit cards now in production**

Program to embed cultural change progressing well and incorporates transitioning ANZ staff

96% of impacted ANZ staff accepted Kina's employment offer

Economic update

New government appointed in May

Transition of power relatively smooth but led to some uncertainty

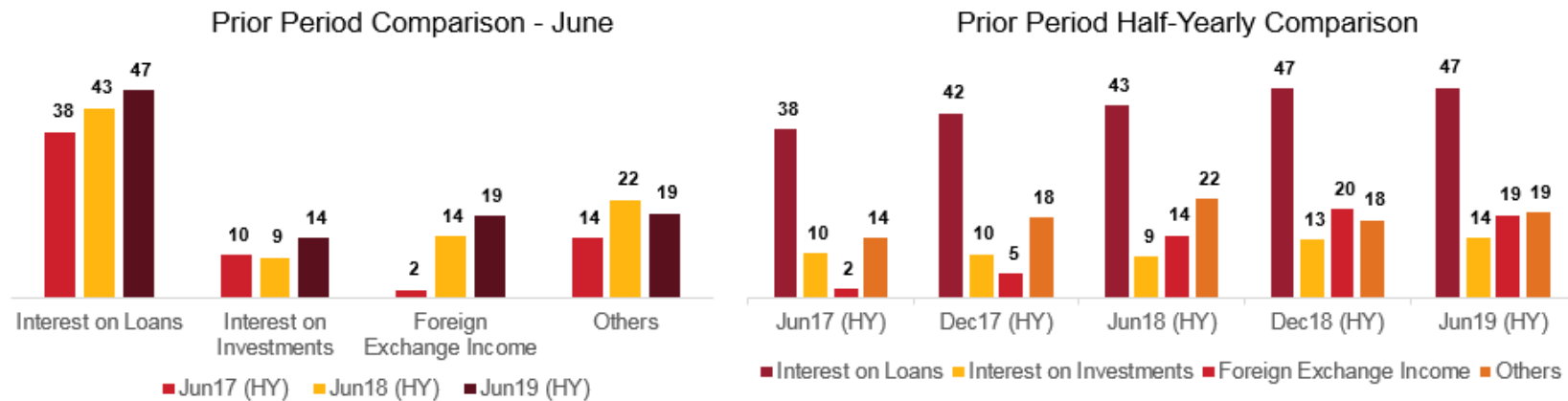
New government has announced it will honour Total agreement allaying uncertainty

IMF forecast GDP expanding 3.8% in 2019 and 3.1% in 2020

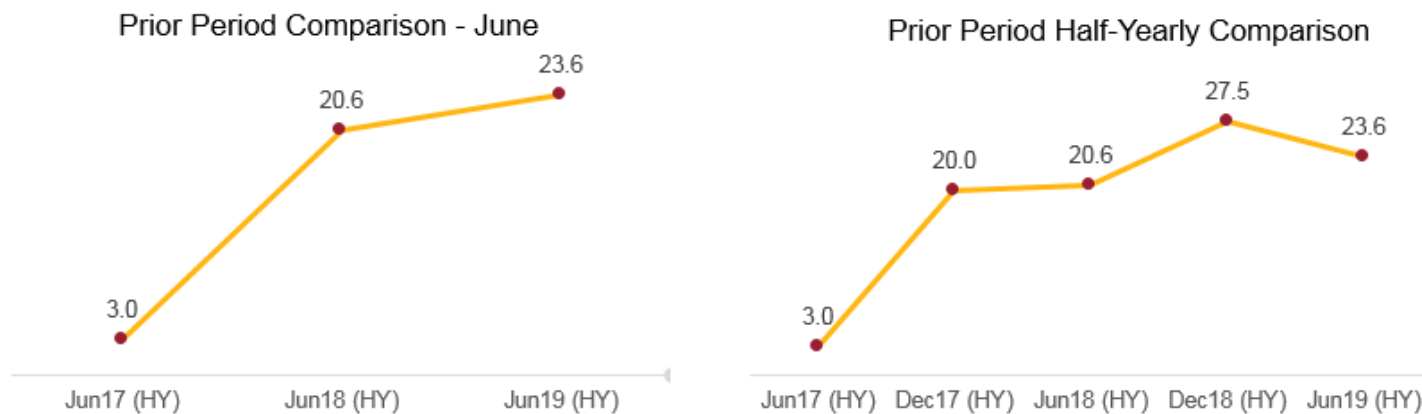
Foreign exchange situation has improved with some depletion of liquidity

Key revenue measures

Revenue (PGK'm)

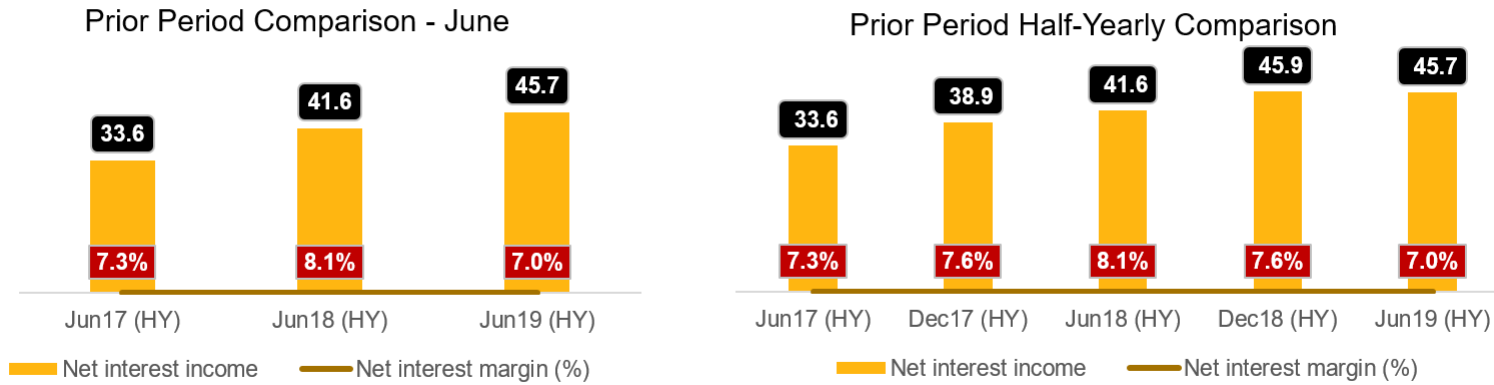


NPAT (PGK'm)

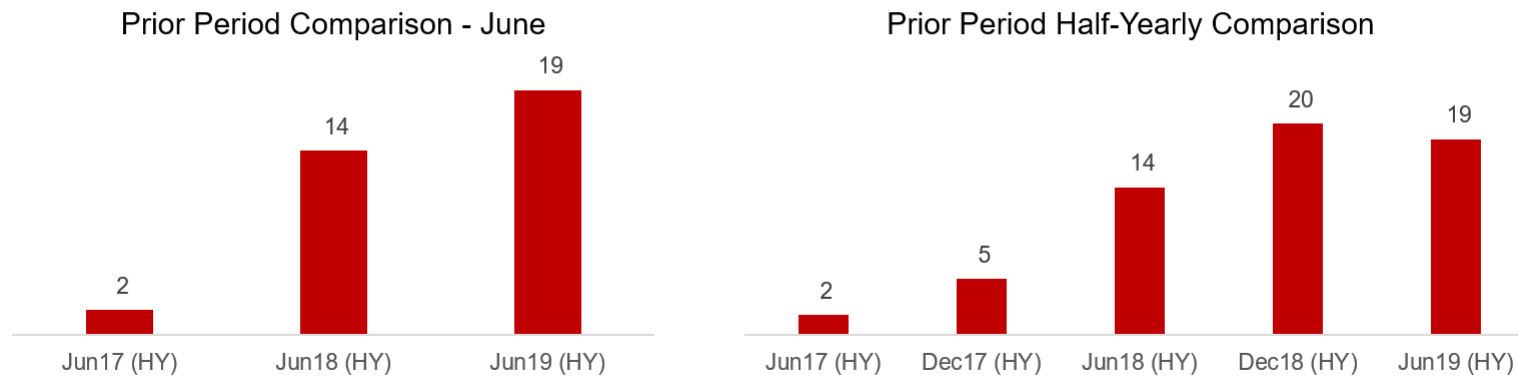


Key revenue measures

NIM (PGK'm)

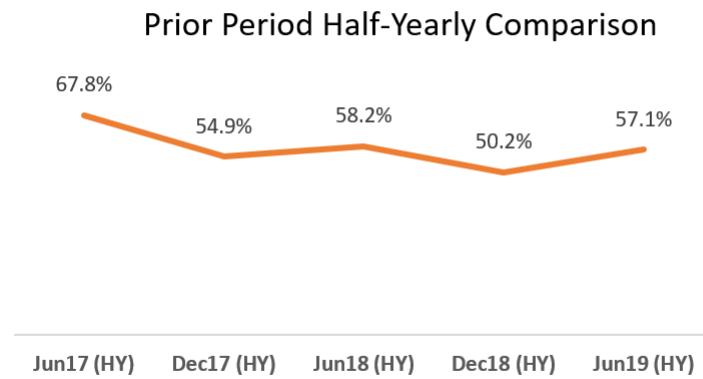
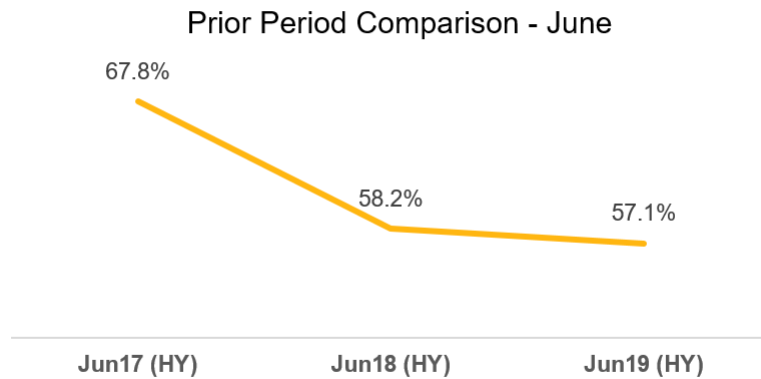


FX income (PGK'm)

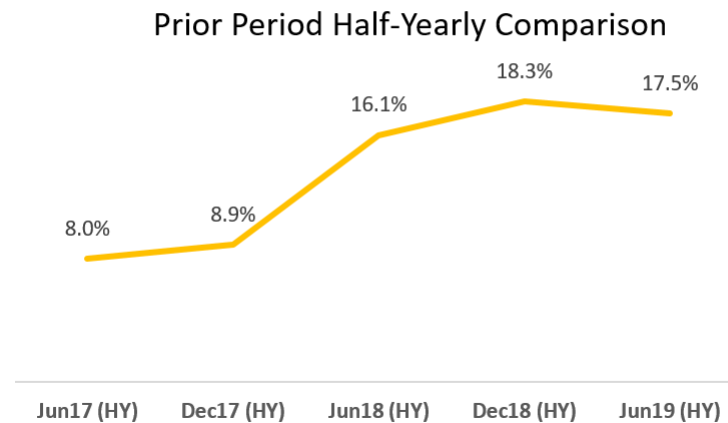
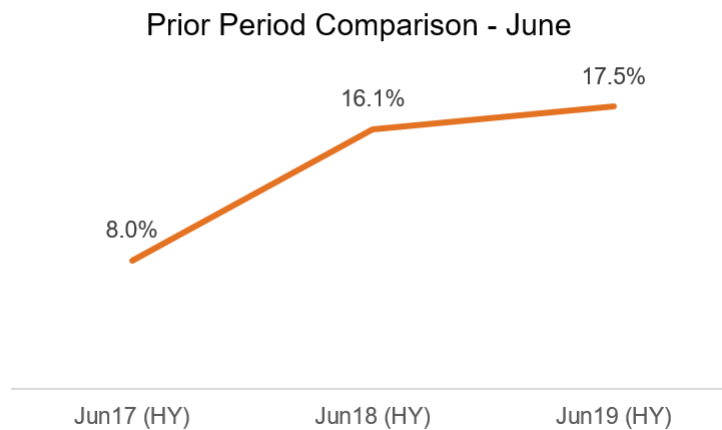


Productivity

Cost to income



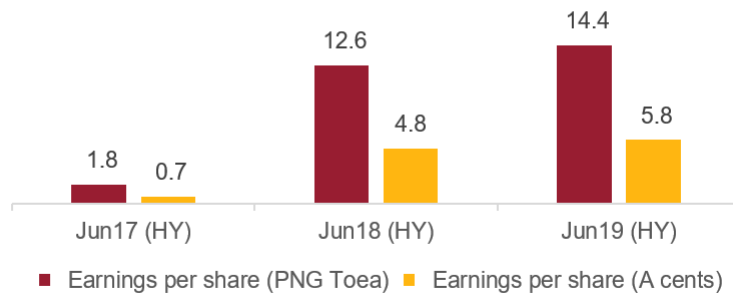
Return on equity



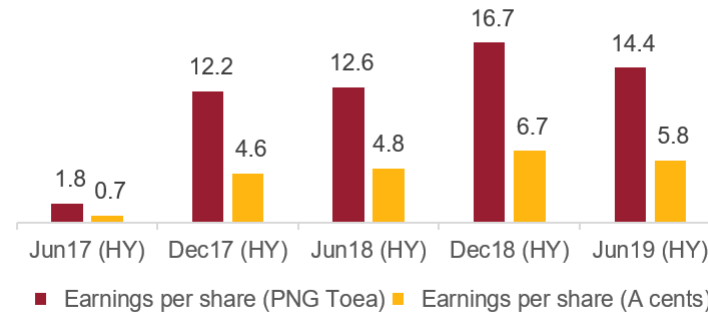
Shareholder returns

Earnings per share

Prior Period Comparison - June

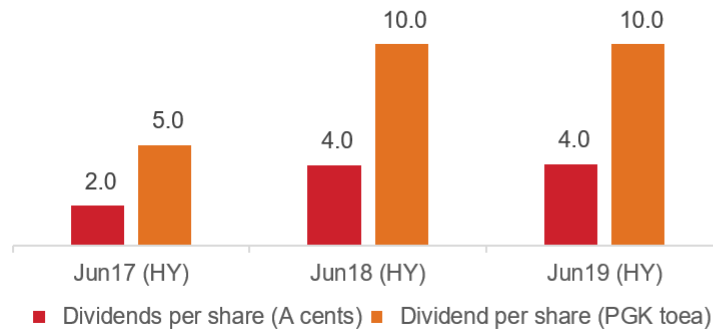


Prior Period Half-Yearly Comparison

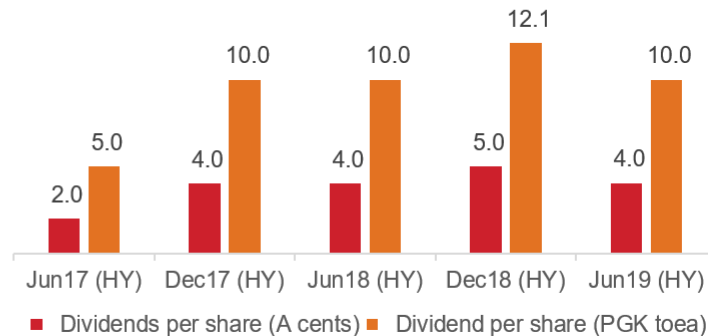


Dividends per Share

Prior Period Comparison - June

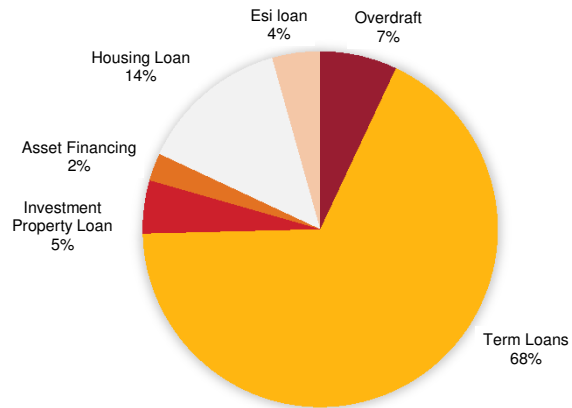


Prior Period Half-Yearly Comparison

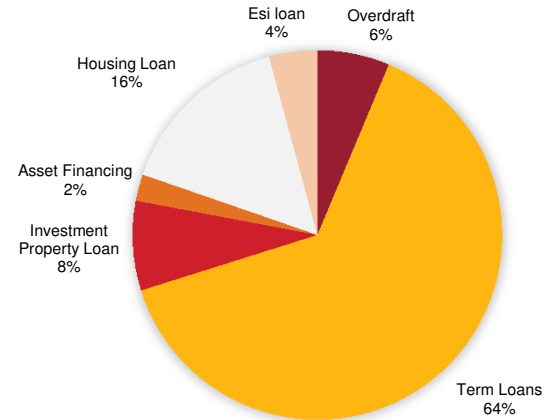


Balance sheet

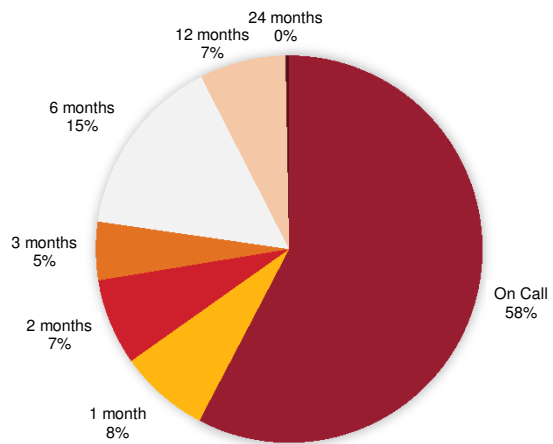
Loans FY18



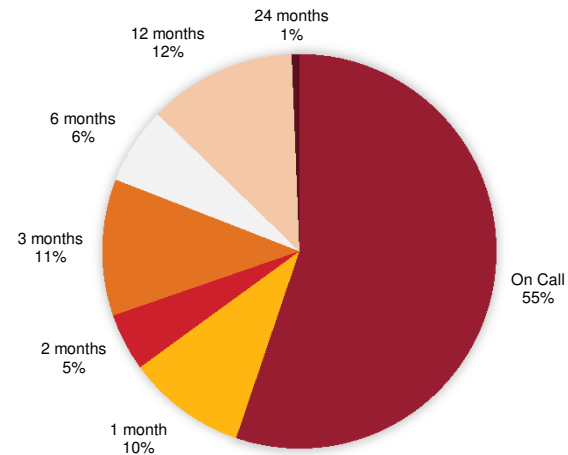
Loans HY19



Deposits FY18

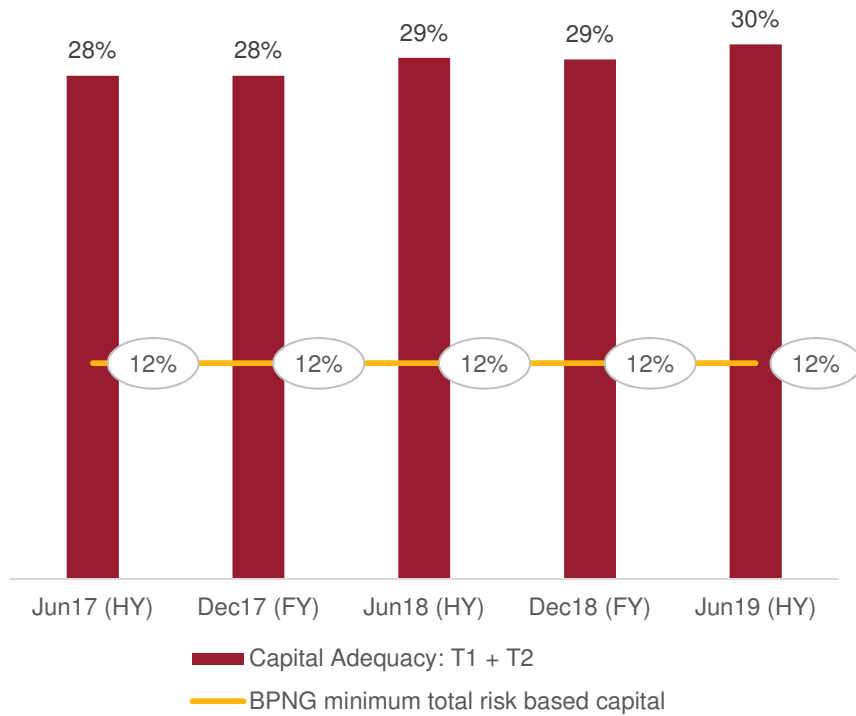


Deposits HY19

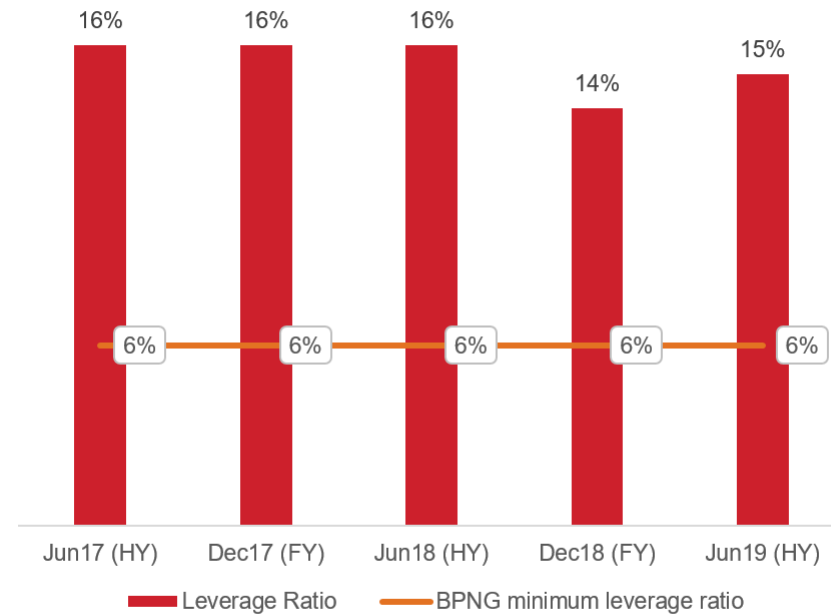


Capital management

Capital adequacy



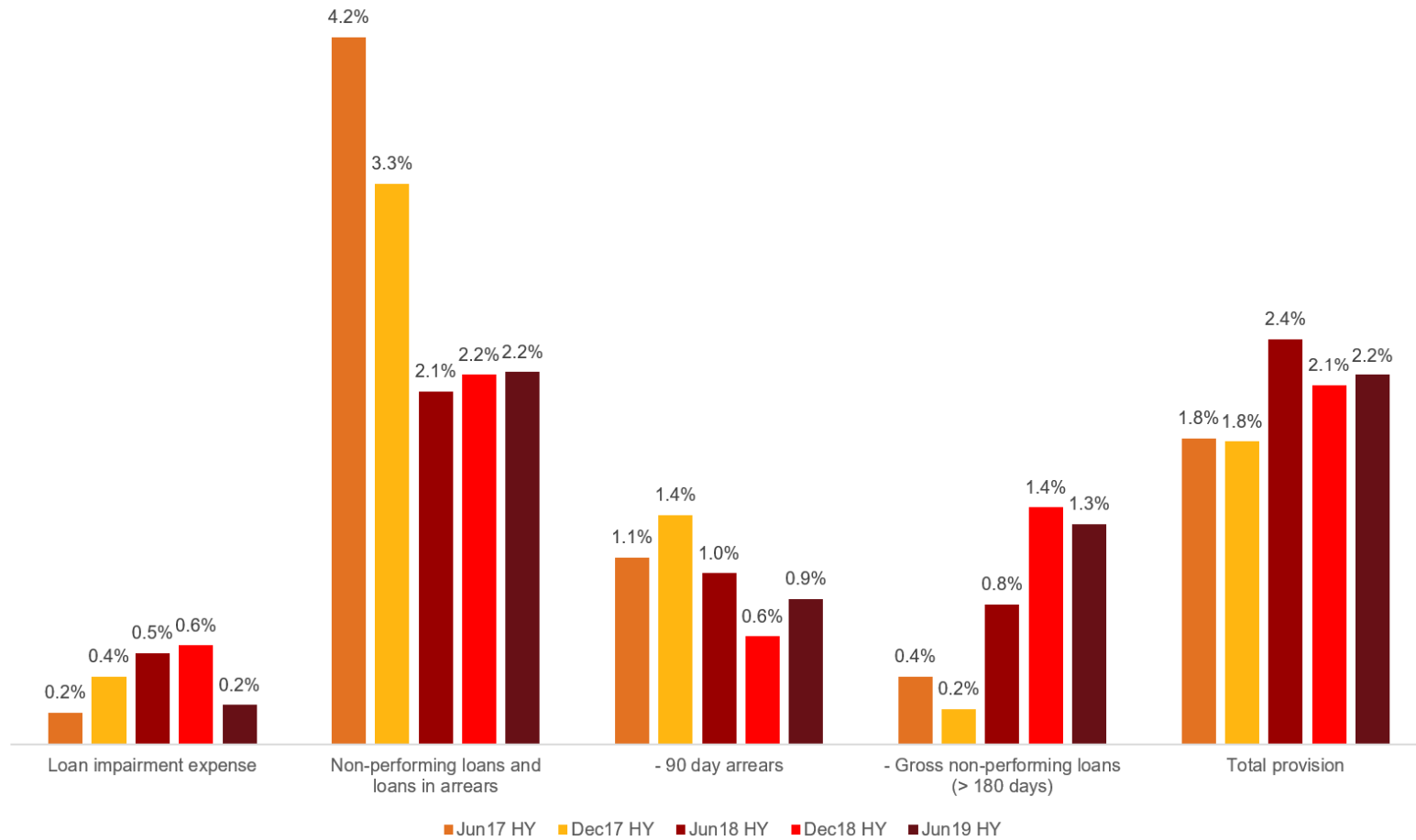
Leverage ratio



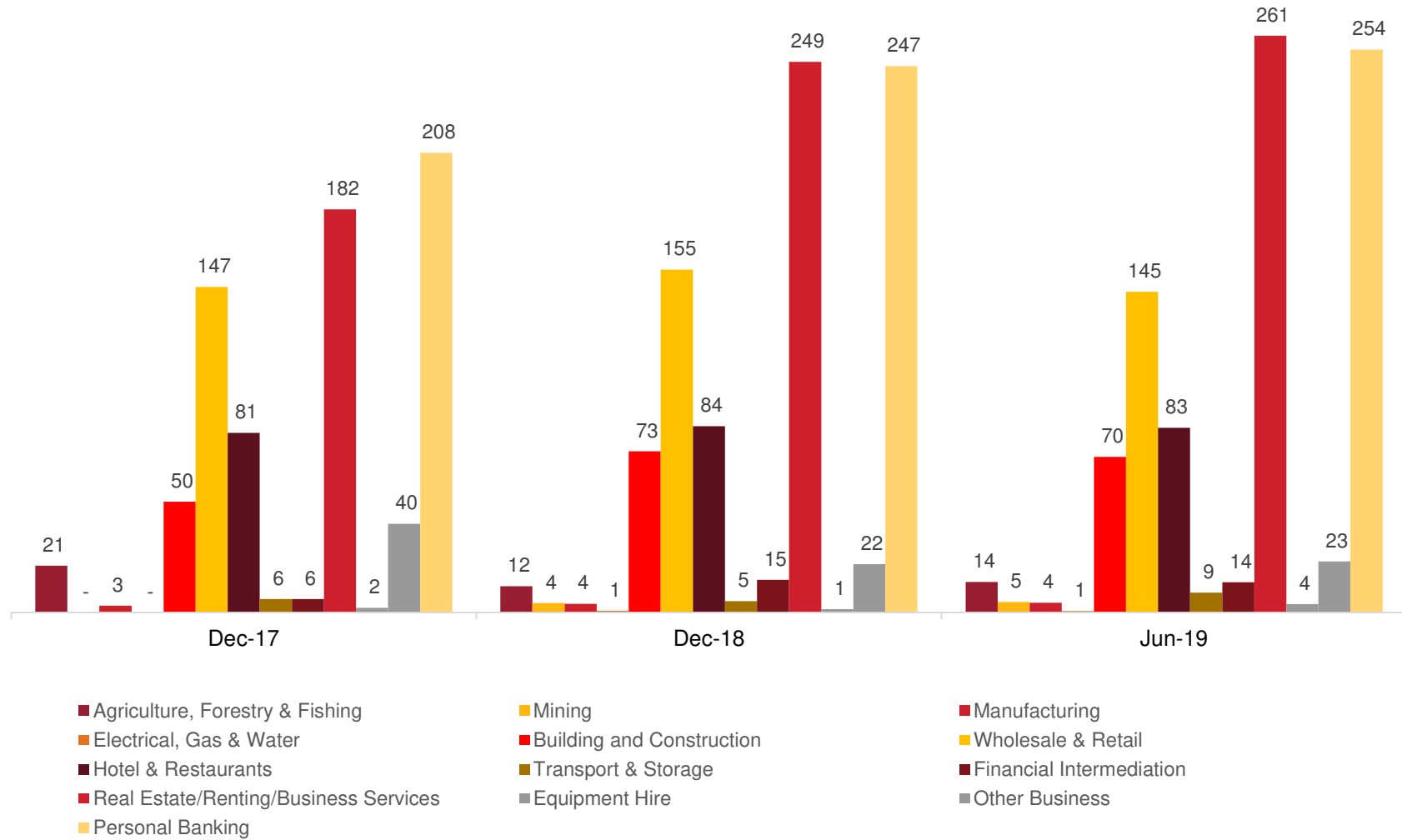
Asset quality

Structure of loan book

Asset Quality % of Gross Loans

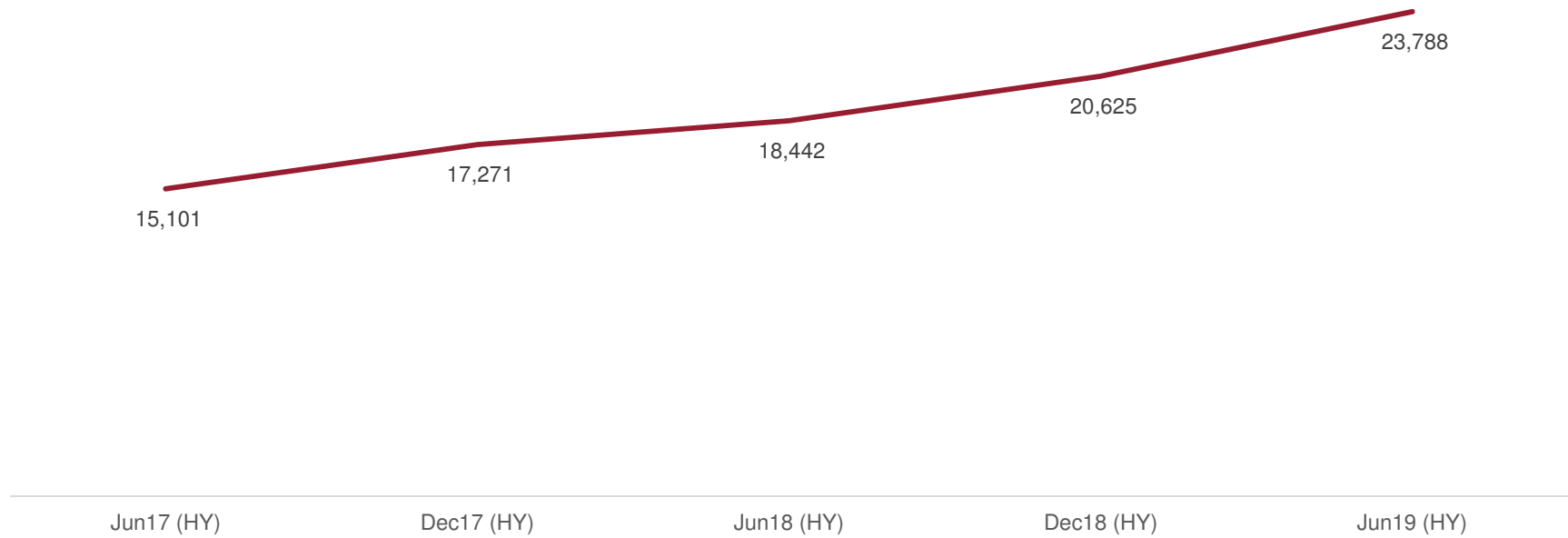


Portfolio



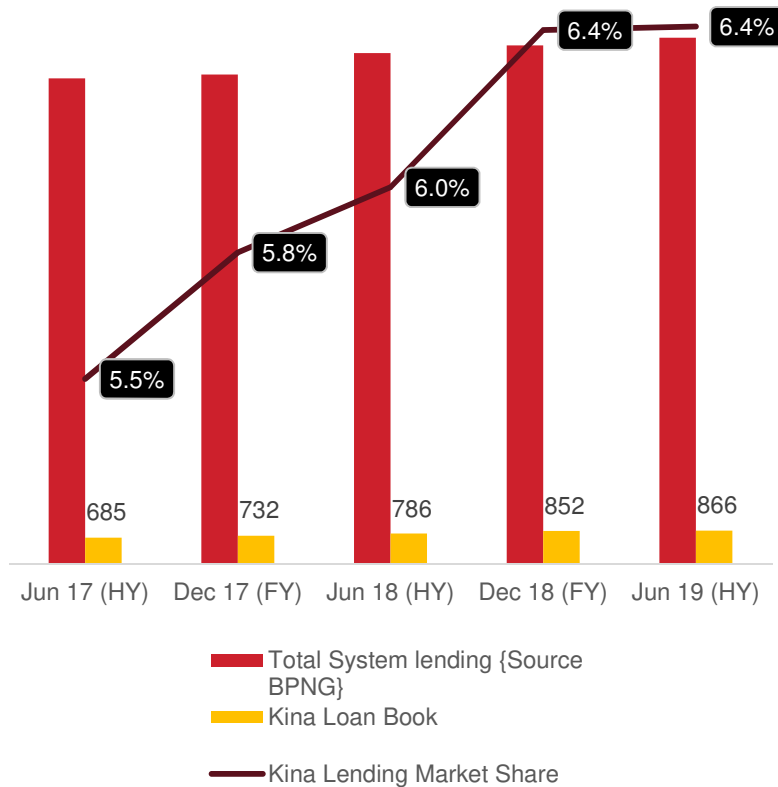
New growth with digital strategy

Customer Number Growth

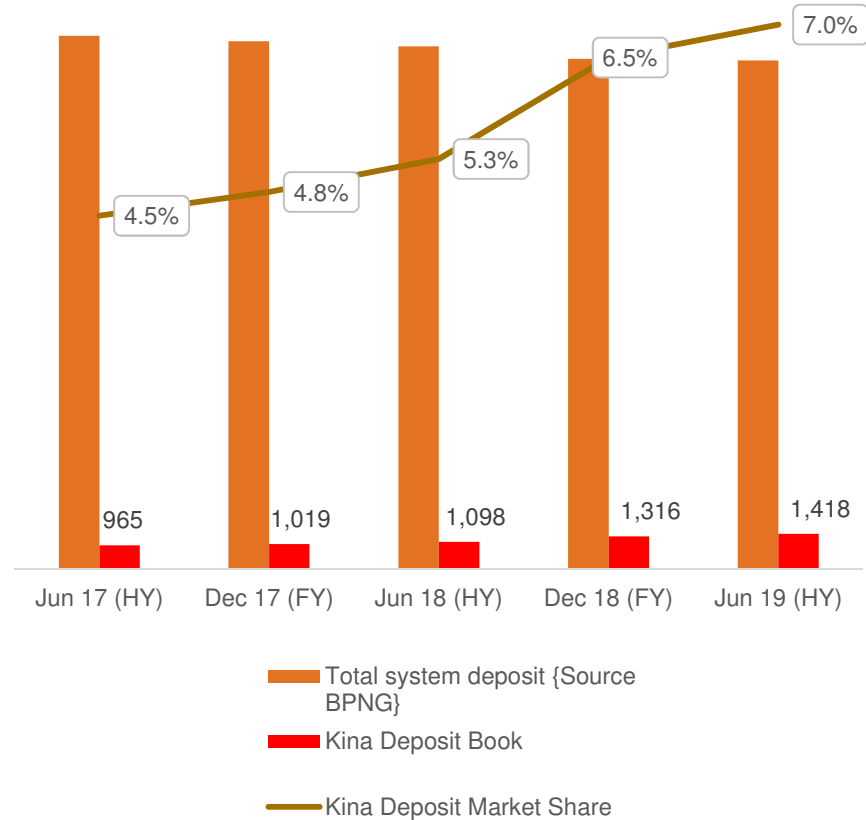


Market share gains

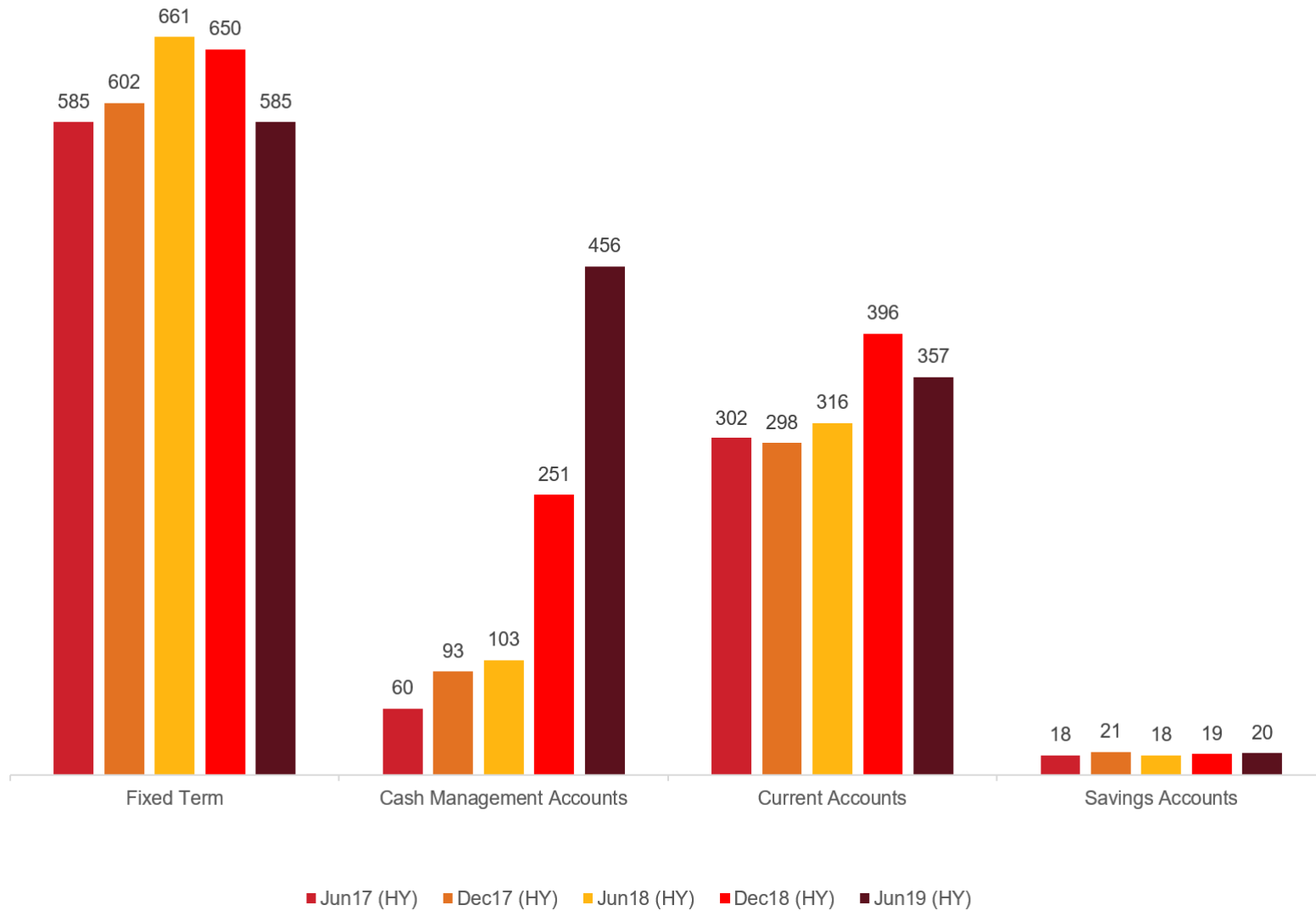
Market share percentage
– Lending (PGK'm)



Market share percentage
– Deposits (PGK'm)

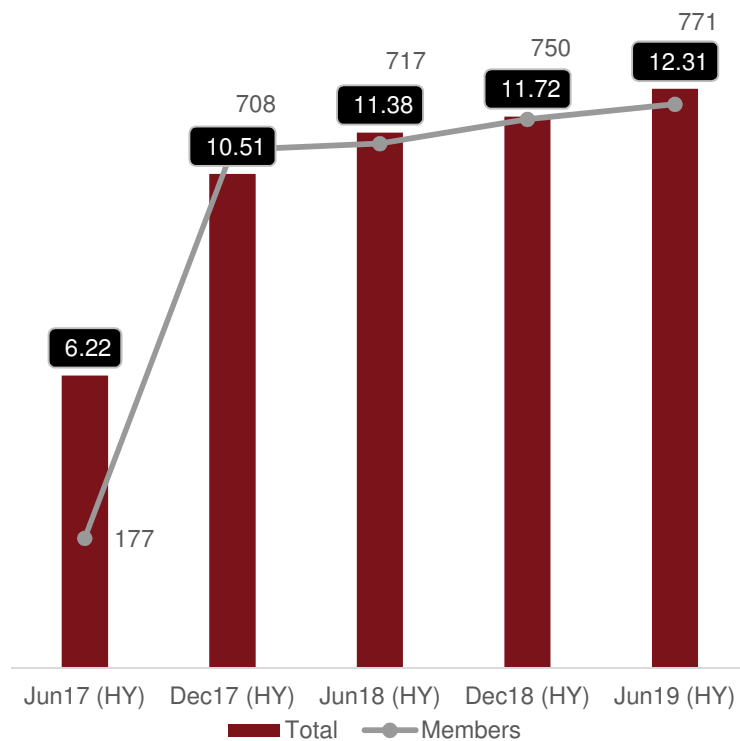


Rebalancing deposits (PGK'm)



Wealth management

Funds under Administration (PGK'b)
Member numbers in '000s



Funds under Management (PGK'b)

