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ASX Markets Announcement Office
Exchange Centre
20 Bridge Street
Sydney NSW 2000
Australia

PNGX Markets
Harbourside West Building
Unit 1B.02, Level 1, Stanley Esplanade
Down Town, Port Moresby 121
Papua New Guinea

BY ELECTRONIC LODGEMENT

2021 Half-Year Results Investor Presentation

Please find attached for release to the market, Kina Securities Limited's *2021 Half-Year Results Investor Presentation for the period ended 30 June 2021*.

-ENDS-

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

For further information:

Greg Pawson
Chief Executive Officer and Managing Director
Email: greg.pawson@kinabank.com.pg

Chetan Chopra
Chief Financial Officer and Company Secretary
Email: Chetan.chopra@kinabank.com.pg



Half Year Results June 2021

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Financial Results

- NPAT up 36% on previous corresponding period (pcp) to PGK 39.8m
- Revenue up 4% on pcp to PGK 155.7m
- Net interest income up 6% on pcp to PGK 85.4m
- Non-interest income up 2% on pcp to PGK 70.3m
- Capital adequacy at 23.3%
- Return on equity 13.9%
- Cost to income at 60.9%
- Net interest margin at 7%
- Earnings per share of PGK 13.9 toea or AUD 5.1 cents per share
- Interim dividend for 1H2021 of PGK 8.25 toea or AUD 3.00 cents per share per share



Highlights

- Continued to reshape the customer experience with digital upgrades and enhancements to mobile and online retail banking. This achieved a 20% uplift in customers using internet banking and 43% uplift in customers taking up mobile banking.
- Commenced delivery of a significant suite of upgrades to corporate online banking covering both user experience and transactional functionality.
- Ongoing expansion of our market leading eftpos fleet to meet significant demand.





Highlights Continued

- Developed and commenced rollout of a comprehensive banking package for SMEs, including transaction services, lending, digital banking, and digital partnerships.
- Imminent launch of new digital products and services including Pei Beta, an independent online payments platform; and X-Change, a forex payments platform.
- Continued growth from our internet payment gateway plugins for business, and through our strategic partnership with Niupay, Kina will soon be the largest local provider of internet payment gateway services in PNG.
- Developed a new service model that takes business advisory services to regional locations, supporting the SME and commercial segments.





Business Growth

- Digital channels revenue increased 66% on pcp
- FX income grew 3% against pcp
- Funds Management NPAT at PGK 2.3m, representing over 50% growth on pcp
- Uplift of 9% in gross loans and advances against Dec 2020 to PGK 1.8bn
- Uplift of 8% in Deposits against Dec 2020 to PGK 2.8bn





Economic Update

- The PNG Government's 2020 Final Budget Outcome reported a budget deficit of PGK 7.3 billion or 8.9% of GDP, 10% higher than forecast.
- IMF estimates that real GDP will grow in 2021 by 3.5%.
- This outlook is supported by the PNG Government's commitment to re-open operations at the Porgera Gold Mine, and signing of the fiscal stability agreement with France's Total to develop the Papua LNG project.
- The PNG Government continued its COVID stimulus package during 1H2021 with the issuance of a PGK 1.1bn bond in June.
- Foreign currency availability continues to decline with BPNG intervening in the market at a pace of around PGK 100m per month.
- In June, the Treasurer, Ian Ling-Stuckey announced there would be a review of the Central Banking Act.
- Major resource projects currently being negotiated will be the major economic drivers for capital investment in the medium term.
- Moody's PNG credit rating downgrade to B2- may delay financing of these projects.





Total Societal Impact

- **SME thought leadership:** Continued to deliver our series of thought leadership programs and presentations for the business community. Commencing with the keynote speech to the Prime Minister's Back to Business breakfast, Kina has also sponsored a week-long SME conference and a series of webinars and online presentations.
- **Workforce of the future:** Continued sponsorship of local charity the Kokoda Track Foundation, funding the operations of a new Flexible Open Distance Education (FODE) centre in Port Moresby, and offering a mentoring program with experienced Kina staff. The centre gives students a second chance at education and prepares them for future employment.
- **Promote enterprise and financial inclusion:** As the next phase in our partnership with financial inclusion partner MiBank, Kina is developing a digital customer pathway for financial inclusion customers, especially those in the informal sector, to be serviced in any branch across the combined Mibank-Kina Bank network.
- **Community engagement:** During the COVID pandemic, Kina has been working with health facilities across the country to provide frontline health workers with essential goods and supplies. Kina also provides funding and resources for local charity Links of Hope. The charity supports the health and education of children impacted by HIV.



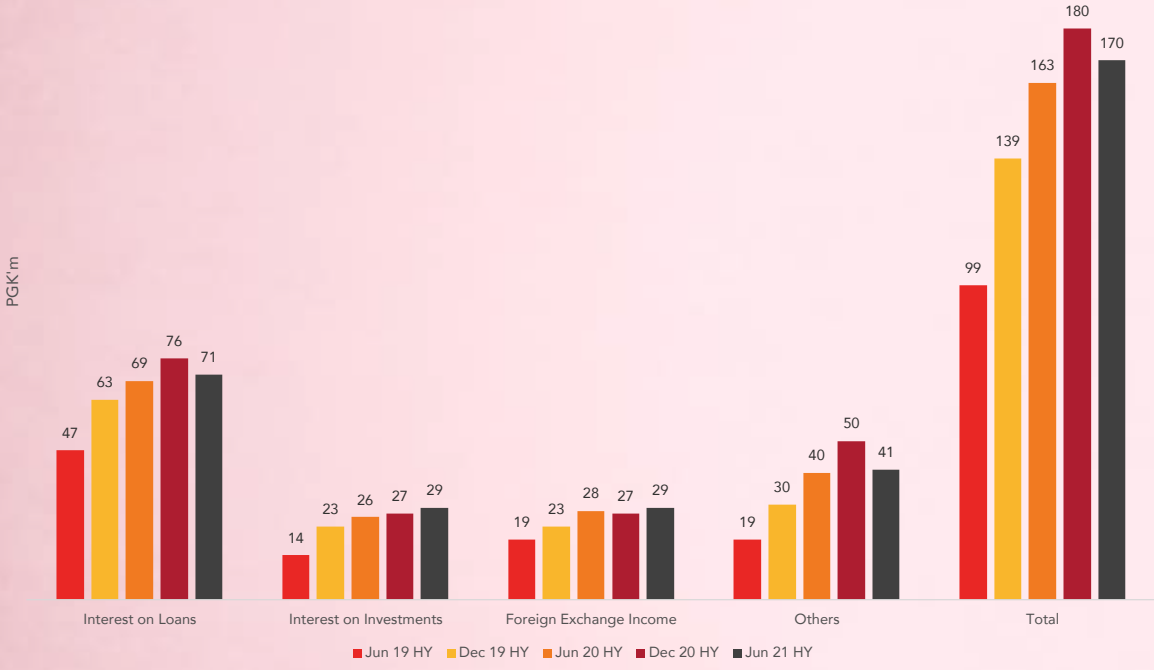


Financial and Business Performance Update

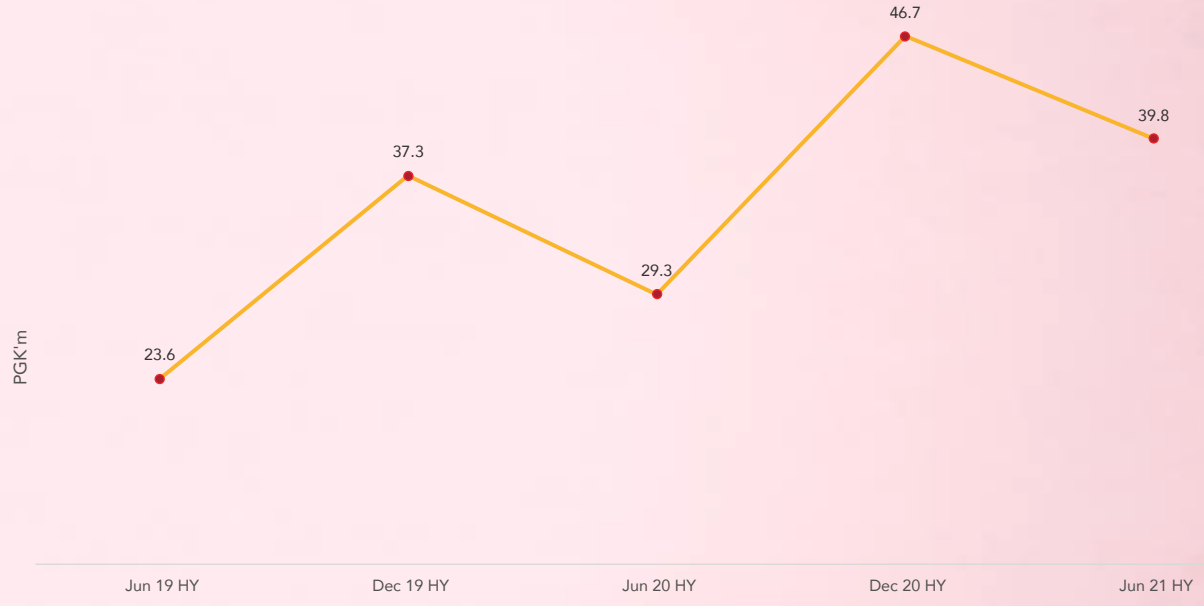
- Continued solid business and operational performance in a transformational year while managing COVID impacts.
- Solid Loan growth at 9% reflects business robustness in the first half with a significant number of approved loans and a strong pipeline.
- Further Digital channel enhancements and products and services leveraging the reach acquired through the ANZ business acquisition.
- Acquiring significant new business clients supporting growth in FX income particularly from the commodities trade business.
- Investing in and building the scale necessary to provide effective competition in the financial services market and better services to customers and the community.
- Responsible incurring of COVID related spend towards ensuring customer and employee safety in health and transport measures in line with PNG's COVID management governance.
- A conservative approach in DPS to retain capital flexibility to ensure the completion of the proposed Westpac acquisition.
- EPS is being managed in line with earlier estimates to return to pre-2020 capital issue levels within 18 months.



Key Revenue Measures



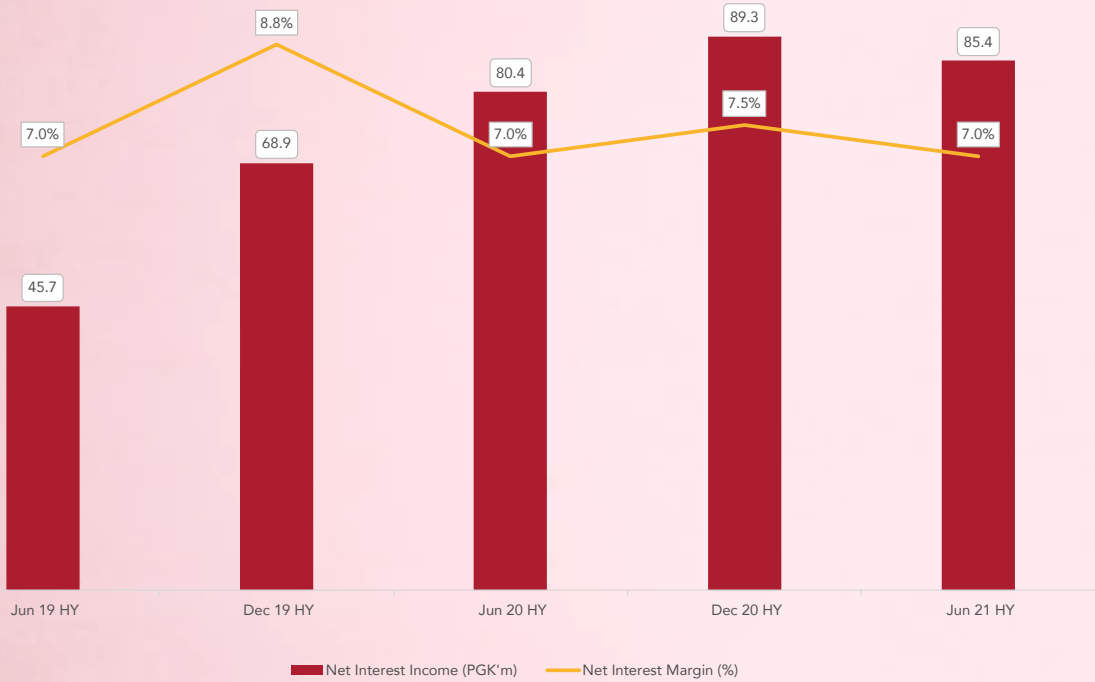
Revenue



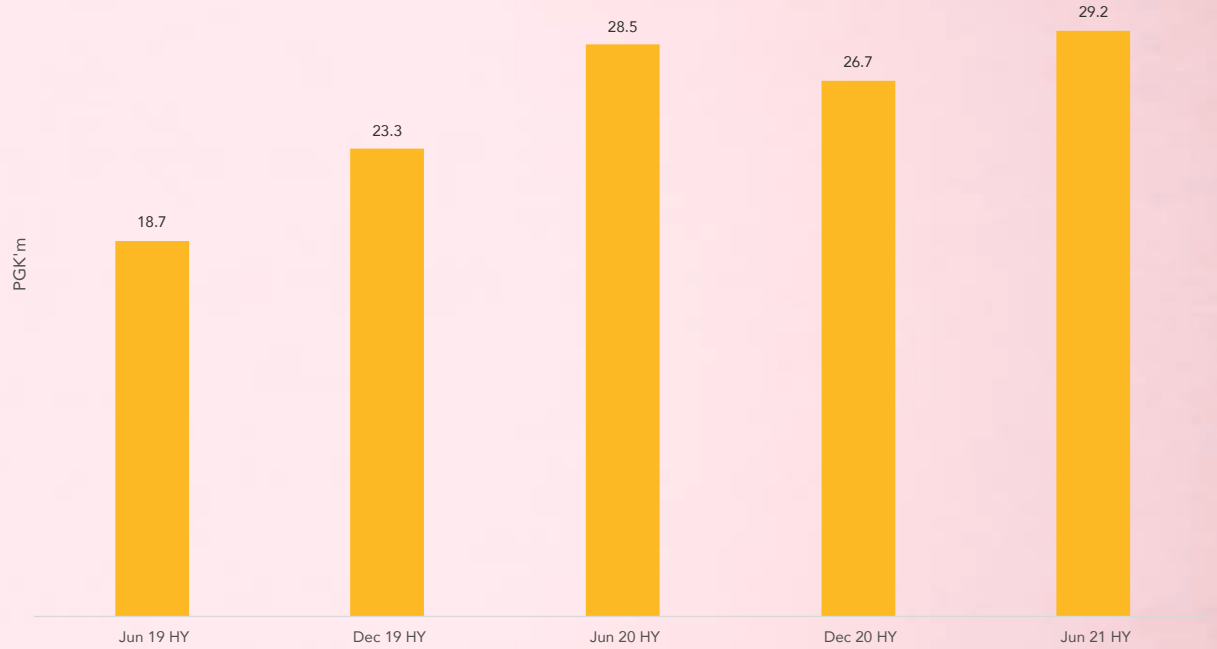
Statutory NPAT



Key Revenue Measures



Net Interest Margin

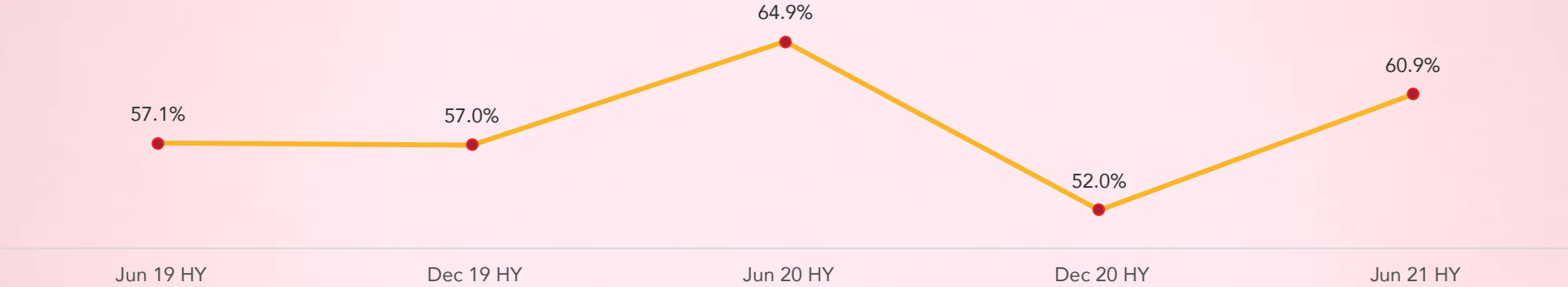


Foreign Exchange Income

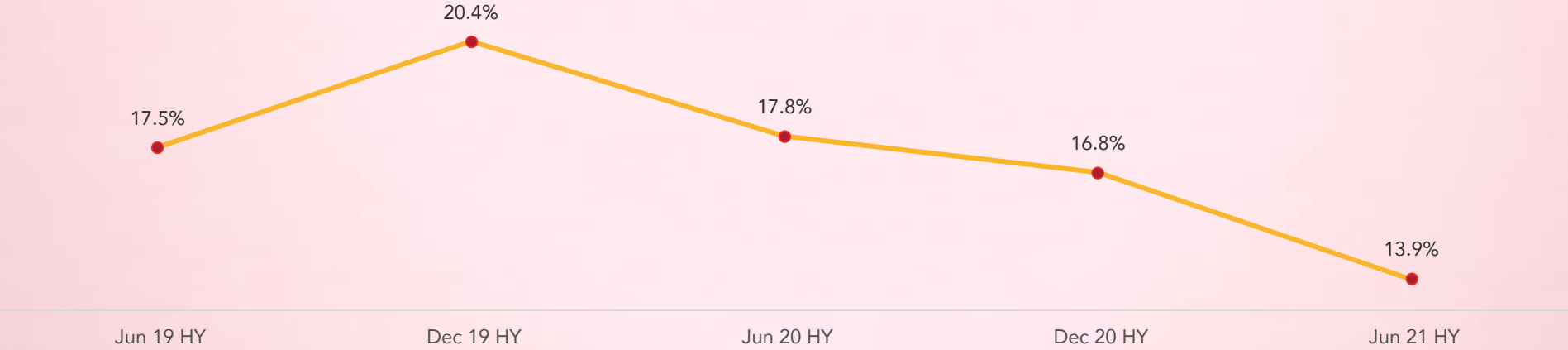


Productivity

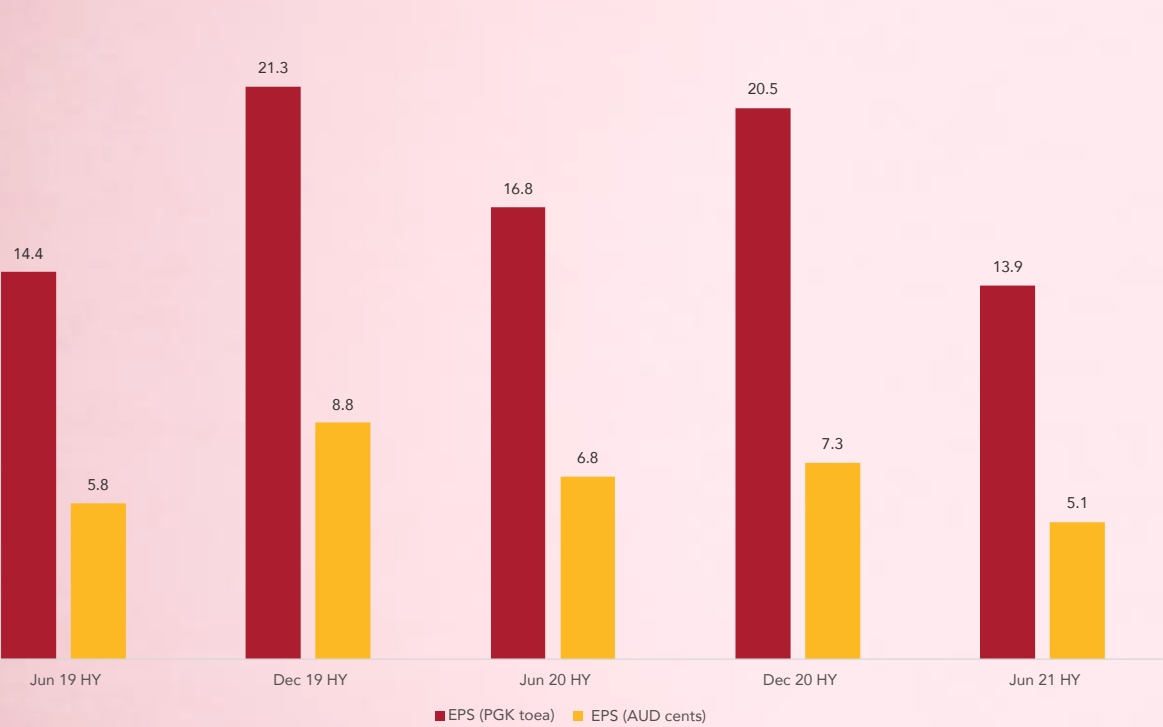
Cost to Income Ratio



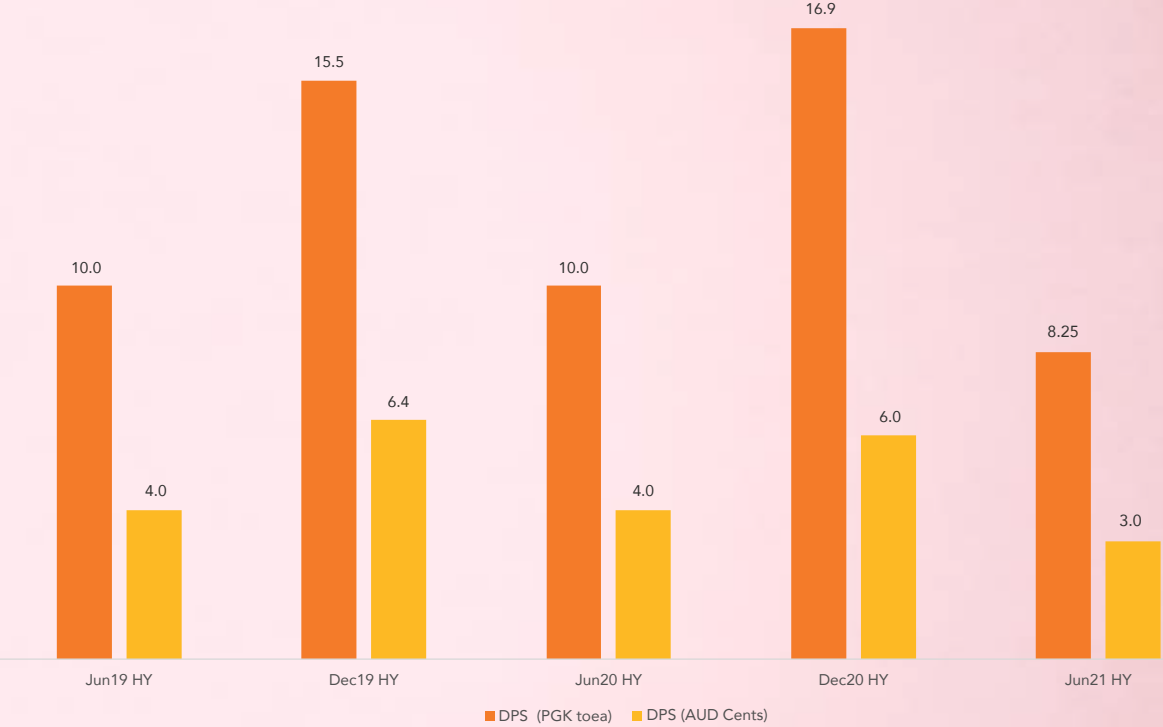
Return on Equity



Shareholder Returns



Earnings Per Share



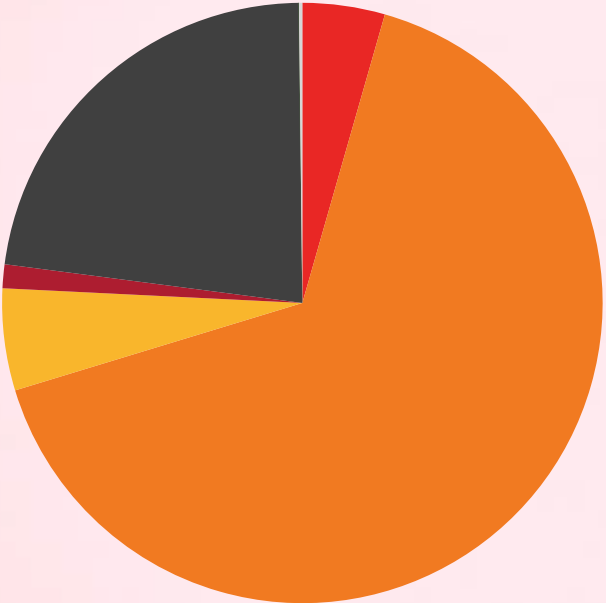
Dividend Per Share



Balance Sheet - Loans

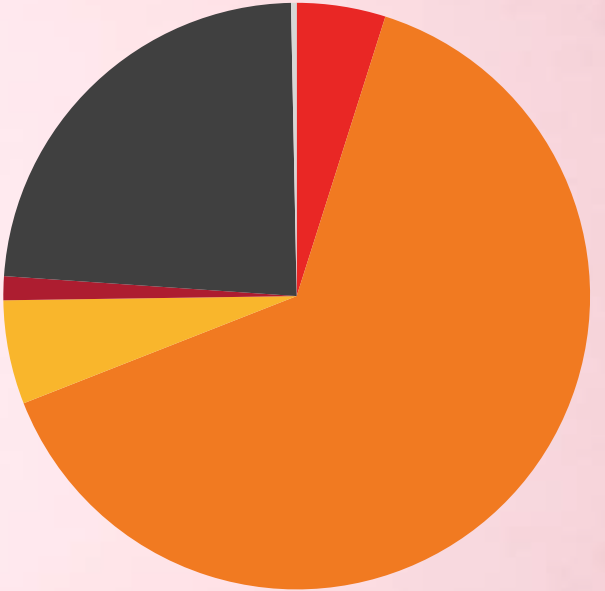
Loans 1H21

- Term Loans - 65.9%
- Investment Property Loan - 5.5%
- Asset Financing - 1.3%
- Housing Loan - 22.8%
- Credit Card - 0.2%
- Overdraft 4.4%



Loans FY20

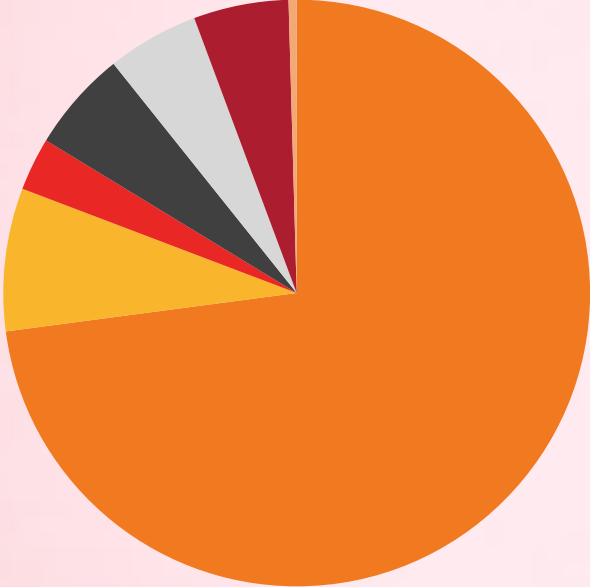
- Term Loans - 64.2%
- Investment Property Loan - 5.7%
- Asset Financing - 1.3%
- Housing Loan - 23.6%
- Credit Card - 0.3%
- Overdraft 4.9%



Balance Sheet - Deposits

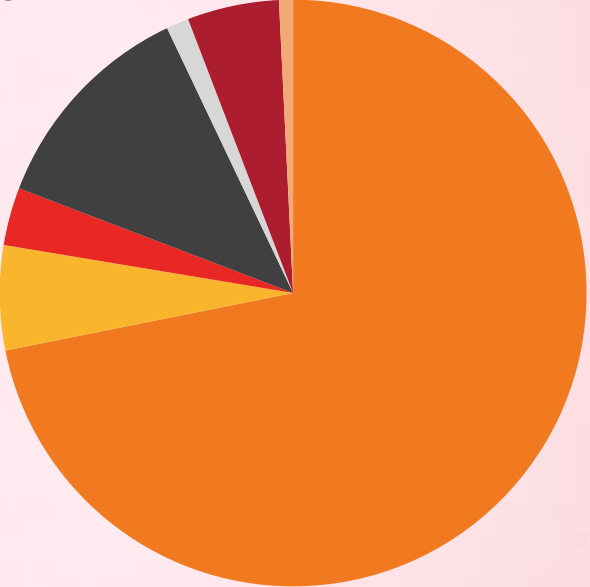
June 2021 HY

- On Call - 72.9%
- 1 Month - 7.9%
- 2 Months - 2.9%
- 3 Months - 5.6%
- 6 Months - 5.1%
- 12 Months - 5.2%
- 24 Months - 0.4%

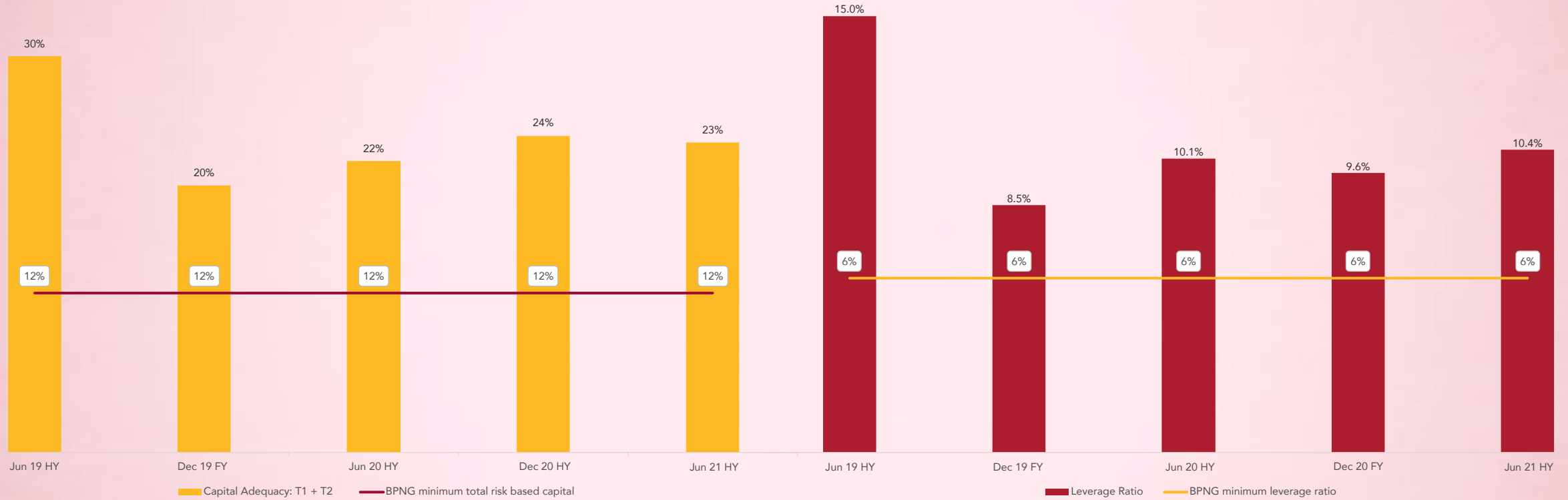


December 2020 FY

- On Call - 71.9%
- 1 Month - 5.8%
- 2 Months - 3.2%
- 3 Months - 12.1%
- 6 Months - 1.2%
- 12 Months - 5.1%
- 24 Months - 0.8%



Capital Management

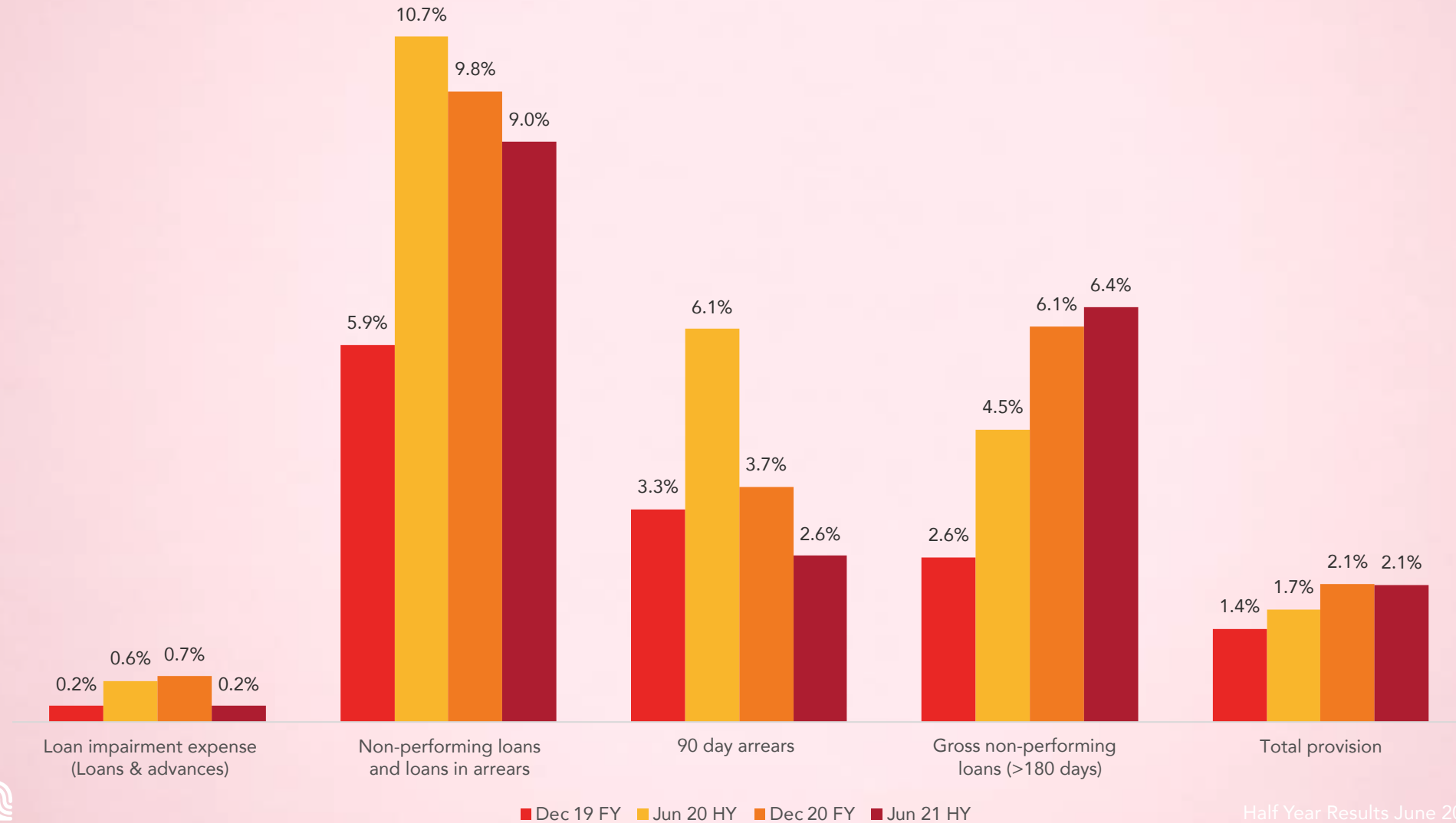


Capital Adequacy

Leverage Ratio



Asset Quality - Gross Loans and Advances



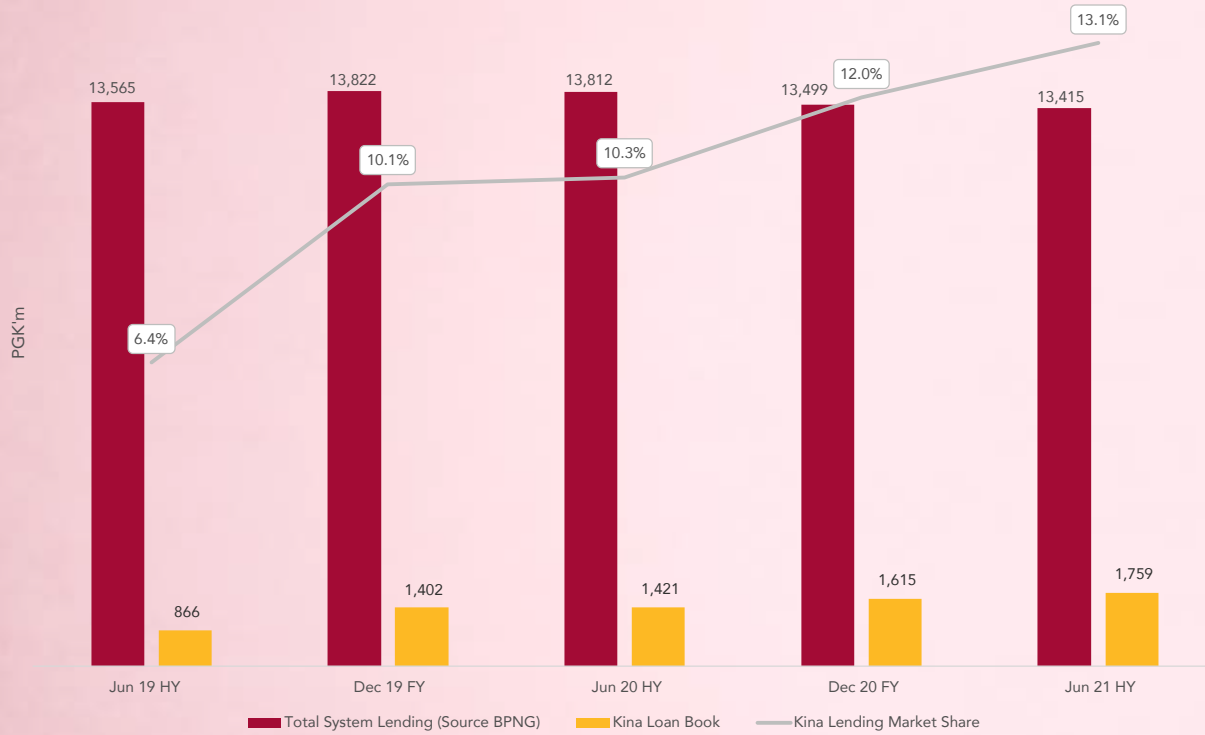
Loan Portfolio



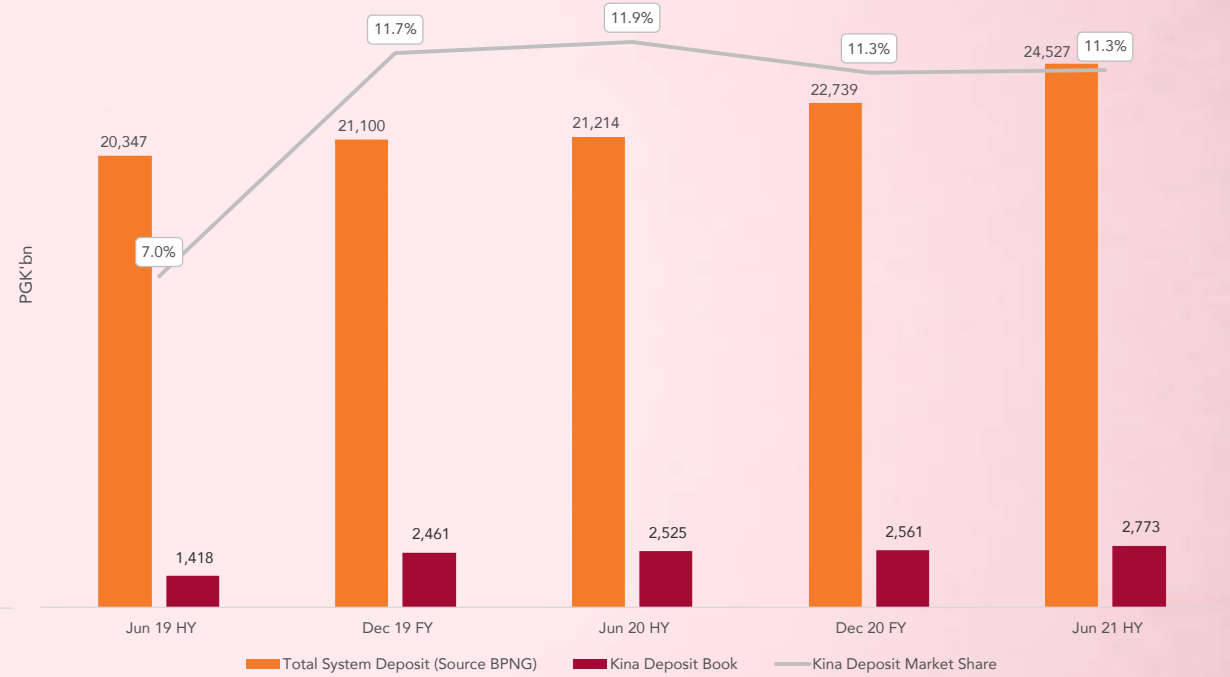
Customer Growth



Market Share Gains



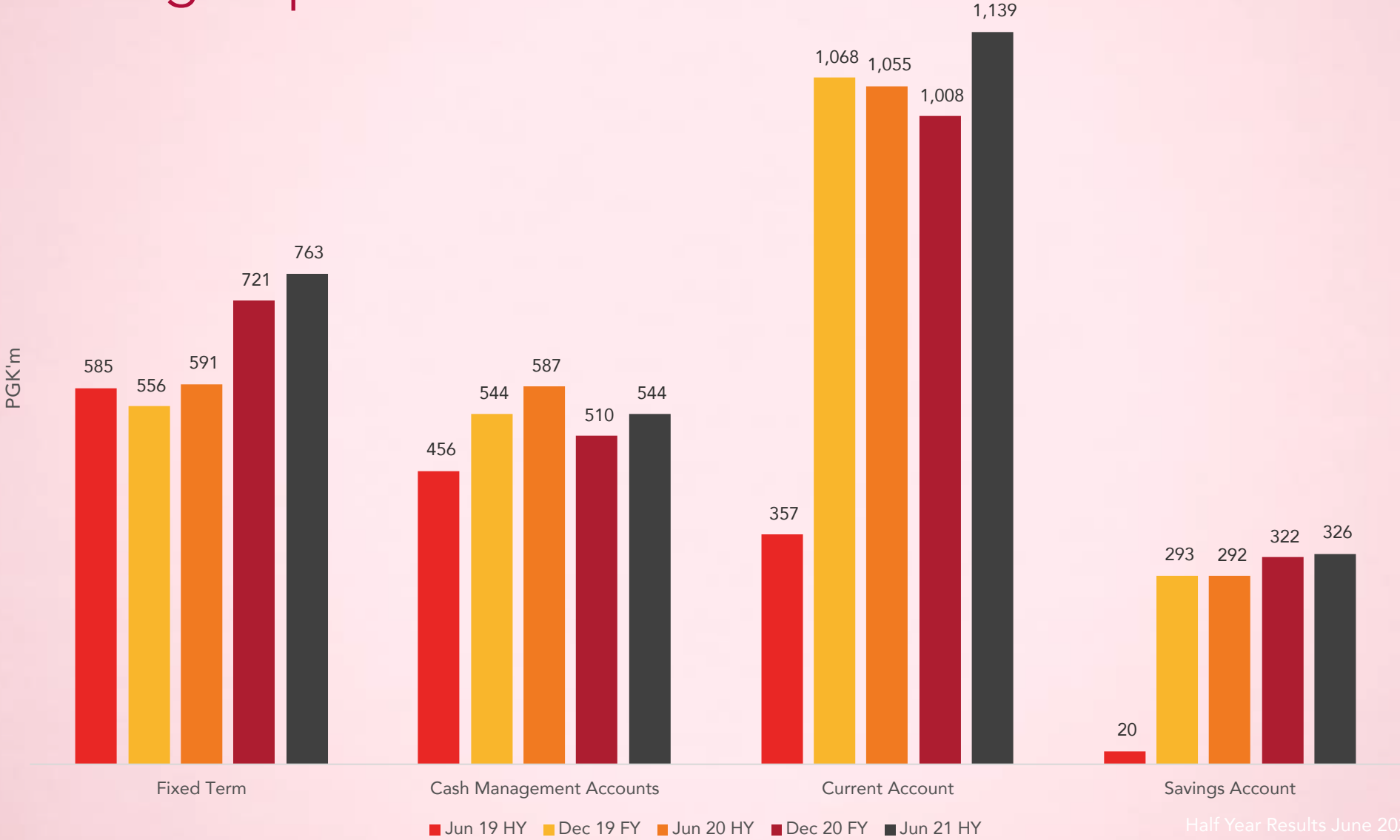
Market Share - Lending



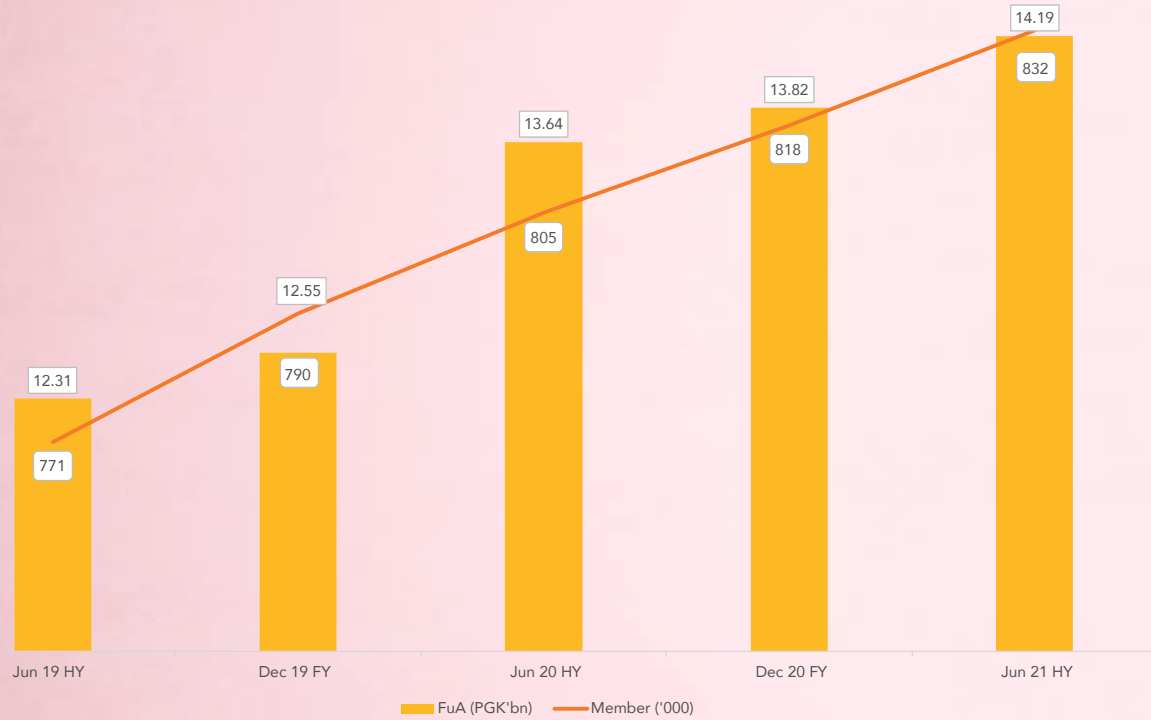
Market Share - Deposits



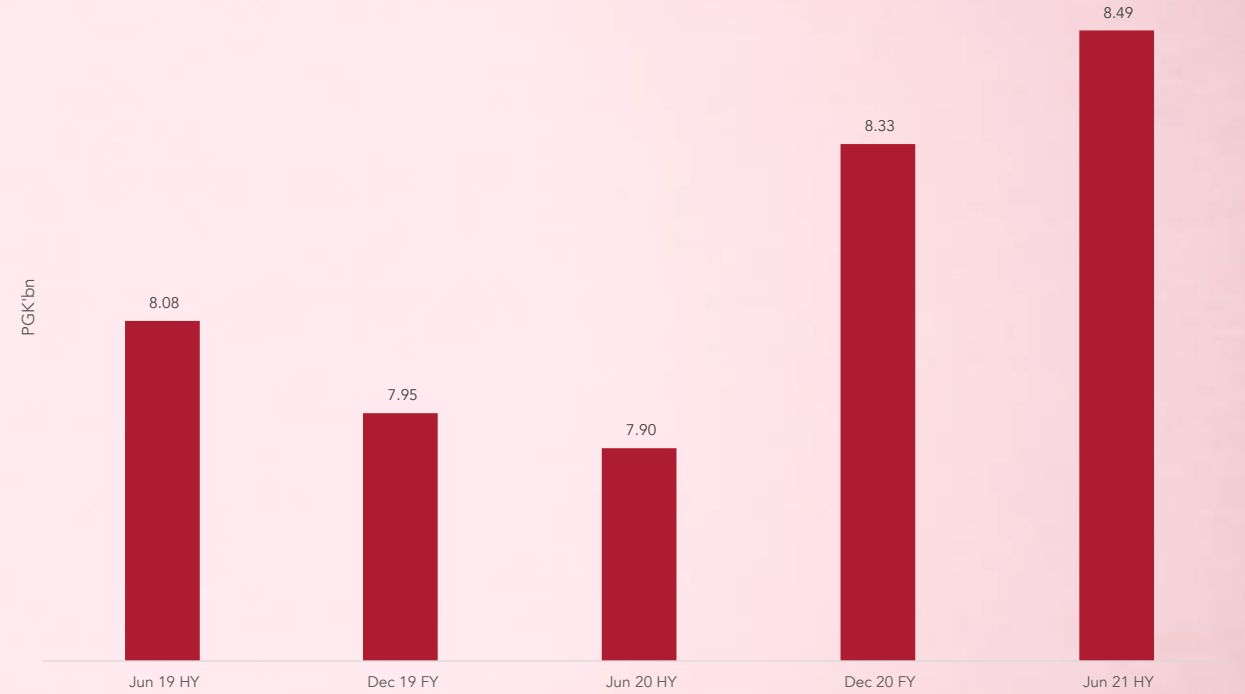
Balancing Deposits



Wealth Management



Funds Under Administration



Funds Under Management



