

29 August 2022

## ASX/PNGX | Announcement

ASX Markets Announcement Office  
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Sydney NSW 2000  
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Papua New Guinea

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### BY ELECTRONIC LODGEMENT

#### 1H 2022 Results - Investor Presentation

Please find attached for release to the market, Kina Securities Limited's (ASX:KSL | PNGX:KSL) *1H 2022 Results Investor Presentation*.

ENDS

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

*For further information:*

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Together it's possible

Kina Securities Limited

# Financial results for the half year ended 30 June 2022

29 August 2022

# Overview.

## Organic growth momentum

NPAT up 15%

Deposit up 12%, Lending up 5%

## Diversified Revenue growth

FX revenue up 10%

Digital revenue 92%

## Customer Acquisition

Net Customer growth 15%

Market share growth, second largest by total footings (Deposits and Loans)

## Shareholder returns

Return on Equity 15.9%, up 14%

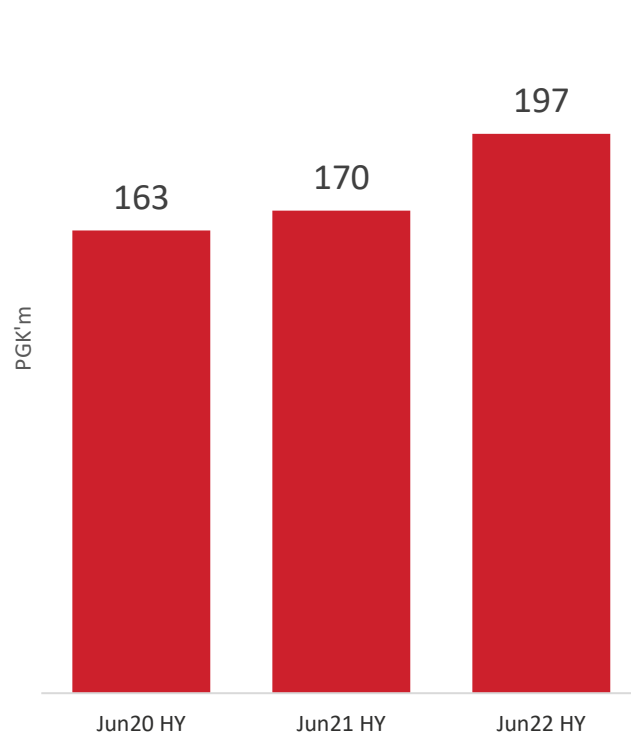
Earnings per share 6.3 cents (AUD) up 24%



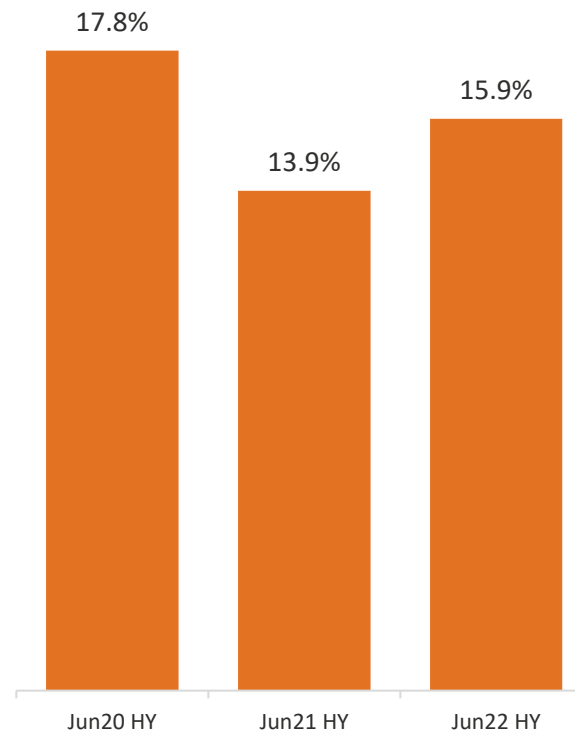
# 1H22 Highlights strong revenue growth



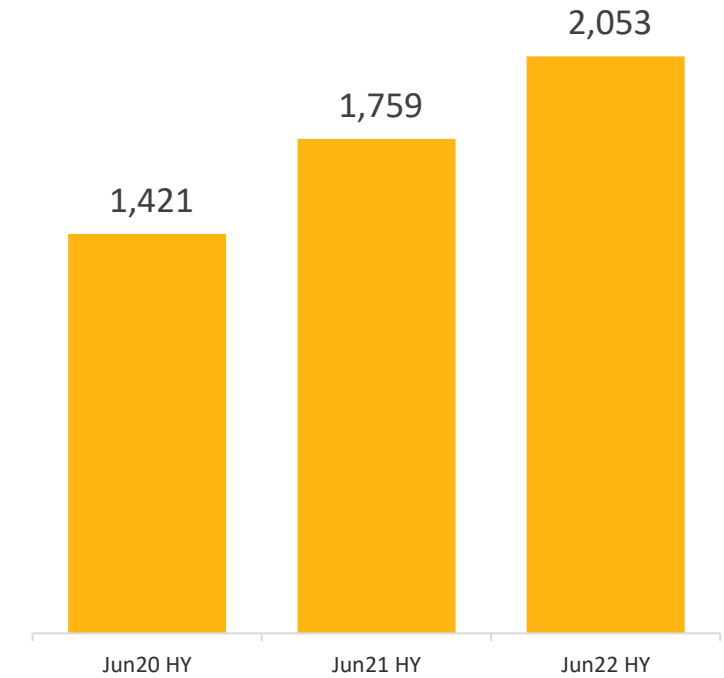
Revenue



Return on Equity



Net Loans (PGK'm)



# Our Strategy.



Fairness

Reflection

Honesty

Imagination

Togetherness

## Purpose

To constantly improve the prosperity of the people, communities and markets that we serve.

## Vision

The most dynamic, progressive and accessible financial services organisation in the Pan Pacific region.

## Priorities

- Growth & prosperity
- Building resilience
- Service excellence
- Dynamic people
- Sustainable communities

# From a Bank to a Market Maker.



**2020-21**  
Your trusted bank



**2022-24**  
Your trusted financial  
services partner



**2025**  
Your trusted partner  
in the Pan-Pacific  
Region

## Traditional banking • Digital banking



**Retail**  
Digitally enabled  
middle class



**Corporate**



**Commercial**



**SME**



Superannuation Partners



Banking Partners

## Sell, service, grow, digitise

- Grow banking marketshare
- Digital customer solutions
- Digitise core business
- Test and learn partnerships and innovative business models

## Traditional banking • Digital banking Investment Banking • Bank as a service Partnership Platform



**Ecosystem Services**



**Corporate**



**Commercial**



Superannuation Partners



Banking Partners



Infrastructure Partner  
API enabled



Digital Partners

## Partnering to create and capture value (B2B, B2C)

- Maturing technology and infrastructure
- Targeted acquisitions
- Maturing partnerships capability
- Selectively scale new business models

## Pan-Pacific diversified investment bank.



Nambawan  
Super



Modules and Partners



Markets



Infrastructure Partner  
API enabled



Digital Partners

## Convene a marketplace of assets, capabilities and services (B2B, B2C)

- Geographical reach; digital-only bank
- Customer and partnership marketplace
- Bank as a service - B2B
- Diversified investment bank



# Delivering our strategy



## Growth & Prosperity

- 15% Customer Growth
- New customer segment propositions Kina PRIME PLUS (home loans), Kina Private (mass affluent), Kina Venture (SME)
- Established a Corporate Advisory Services Unit
- Expansion of Business Banking footprint to key provincial centres



## Resilience

- Implementation of customer analytics and artificial intelligence for AML and transactions monitoring
- New risk modelling to predict external factors on loan defaults and provisioning.
- Strengthened cyber and information security infrastructure



## Service Excellence

- Launched Kina 'Single view' , only Bank in PNG that enables customers to view Superannuation balances
- Several Key payment partnerships, and enhancements to corporate online including automated FX transactions
- Digital channels income up by 92% and scheme card growth of 138%



## Dynamic People

- Continued roll out of leadership development program with 80 leaders completing the program.
- Implemented new phase of health, safety and wellbeing program benchmarked against international standards.



## Sustainable Communities

- Implemented Environment and Social Management System for commercial loan origination (in partnership with Asian Development Bank)
- Development of the ESG strategy and objectives for implementation over H2 2022
- Expansion of MiBank financial inclusion partnership including the first co-branded branch in Alotau, Milne Bay province

# Financial Results.





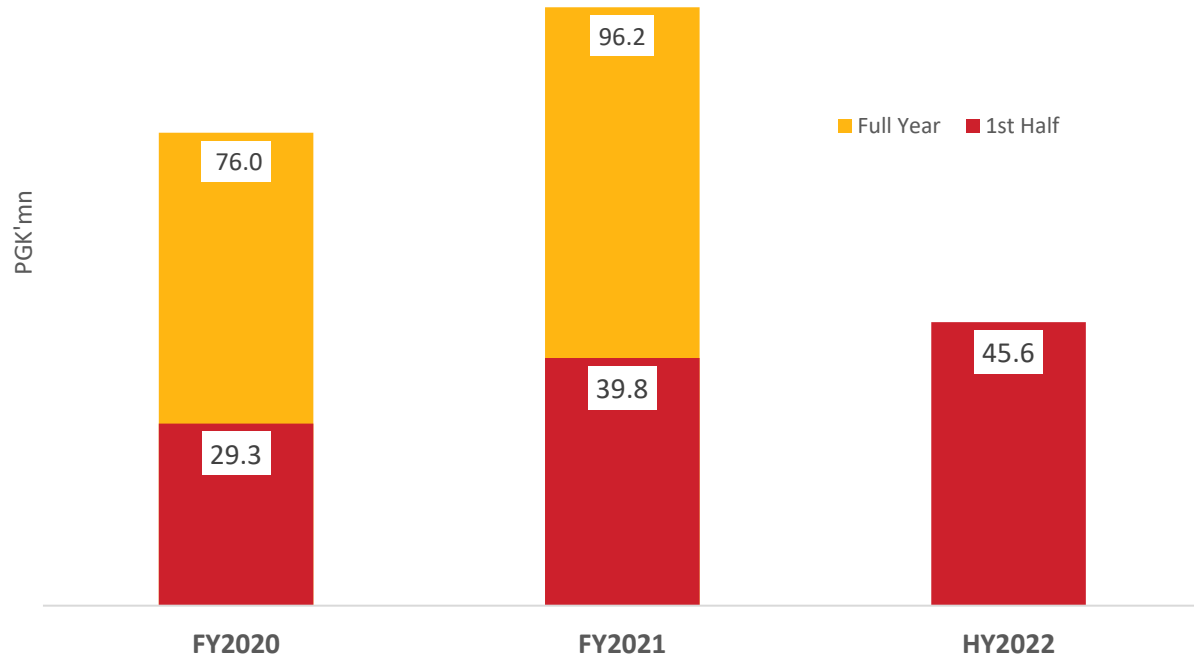
# Financial Highlights.

## 2022 Half Year Results

	Jun-22	Jun-21	%	
Underlying NPAT (PGK m)	45.6	39.8	15	↑
Revenue (PGK m)	179.1	155.7	15	↑
Cost to Income	62.3	60.9	2	↓
Return on Equity	15.9	13.9	14	↑
Ordinary Dividend (AUD cents)	4.1	3.0	37	↑
Total Capital Ratio (T1 + T2)	22.0%	23.3%	6	↓

# Strong NPAT growth

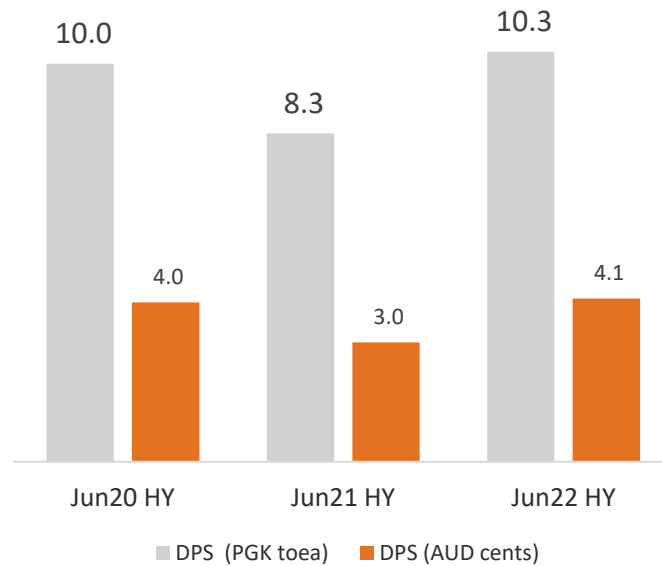
Underlying NPAT trend



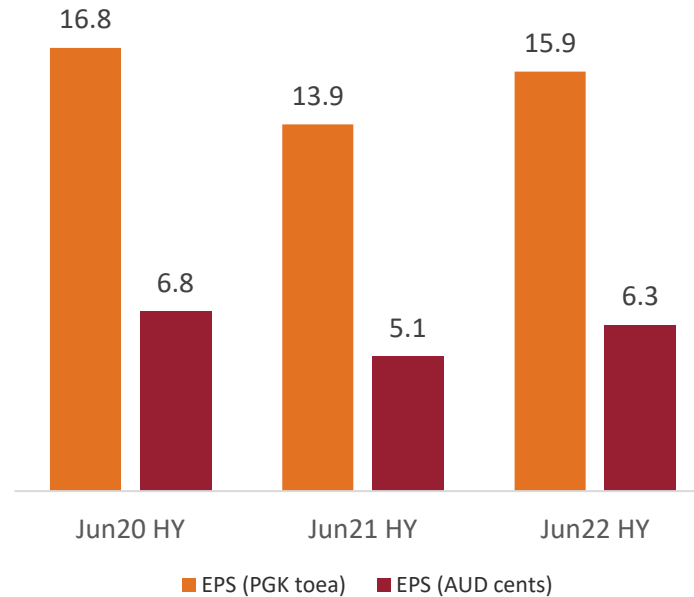
- Core business continues to perform against expectations
- Less Capital intensive lines of business contributing 38% to income.
- Staff costs reduced to 39% of total costs compared to 42% against pcp.
- Admin costs up 18% on pcp reflecting the expense of non-recurring items and the application of the IFRS and account treatments of charging capital works progress costs to the P&L

# Shareholder Returns

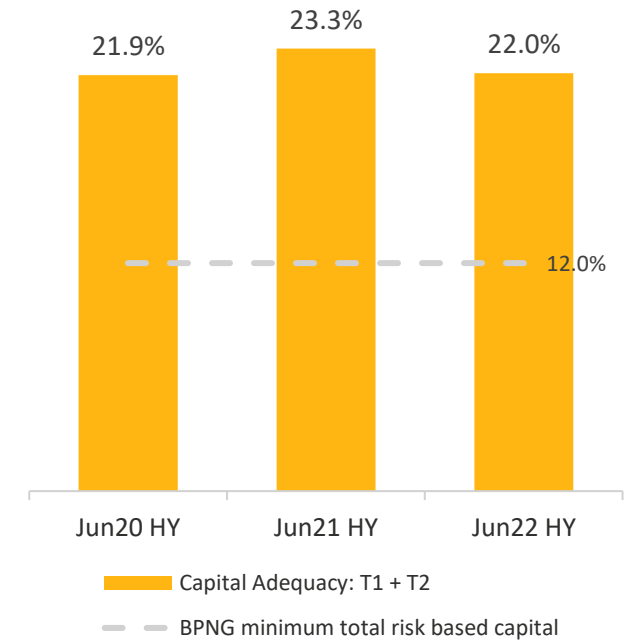
## Dividend per Share



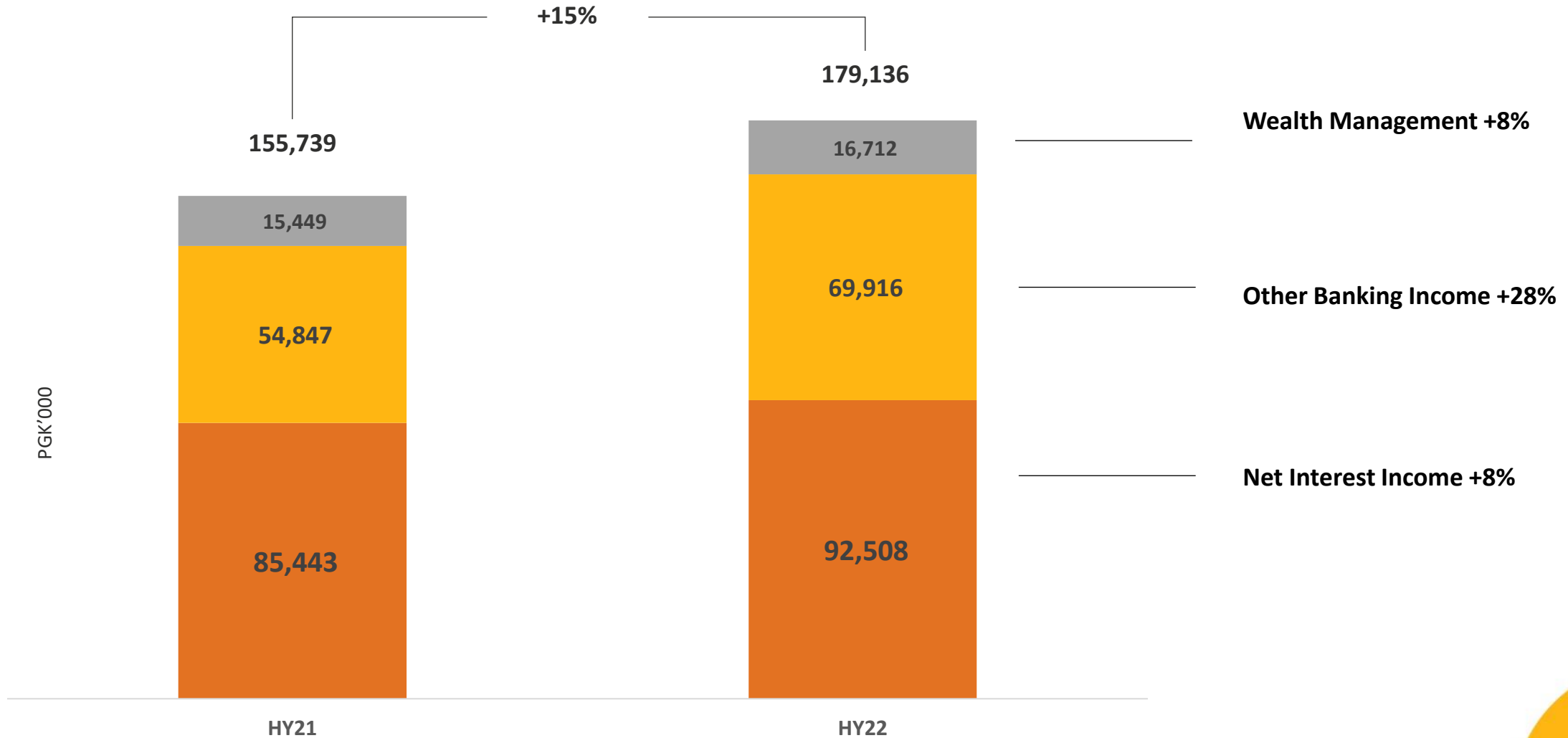
## Statutory Earnings per Share



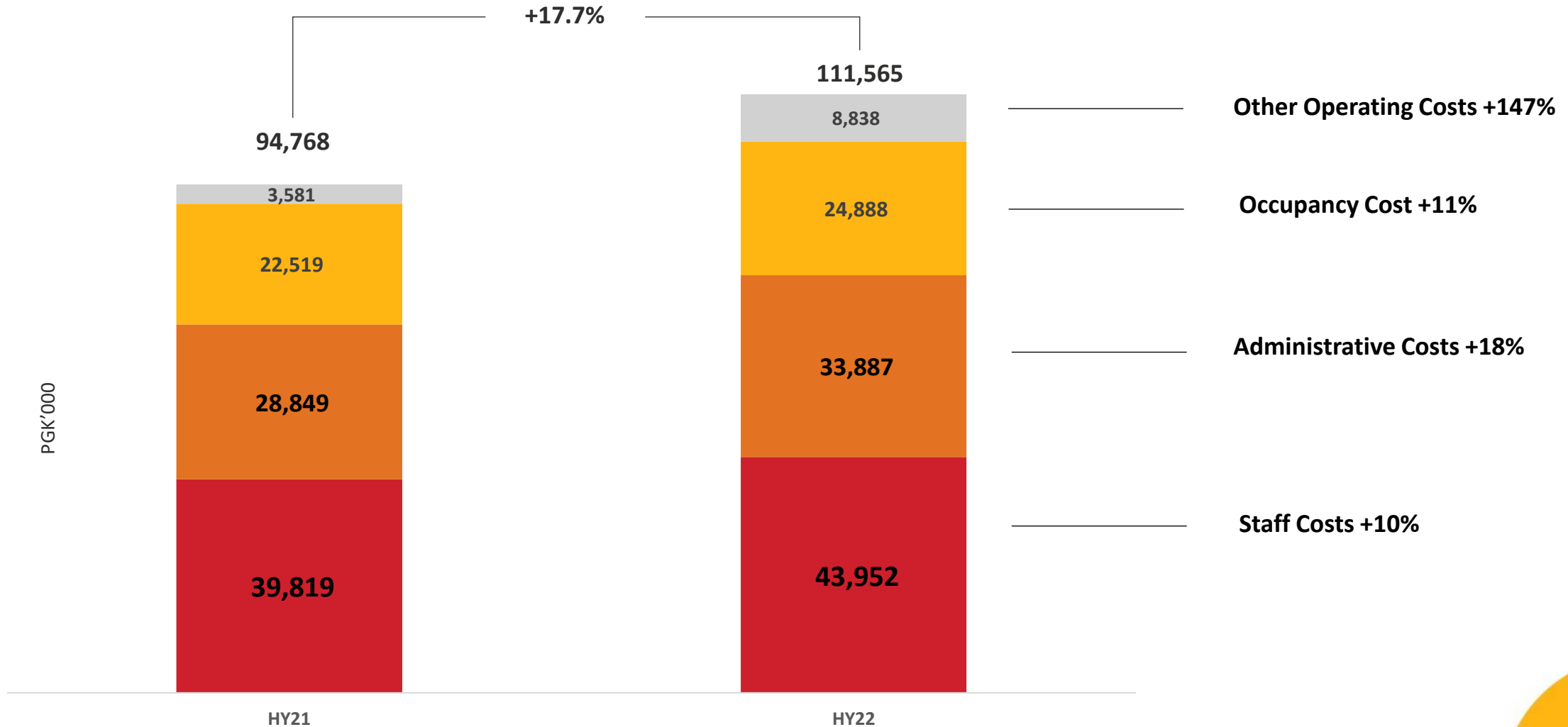
## Capital Adequacy



# Total operating income

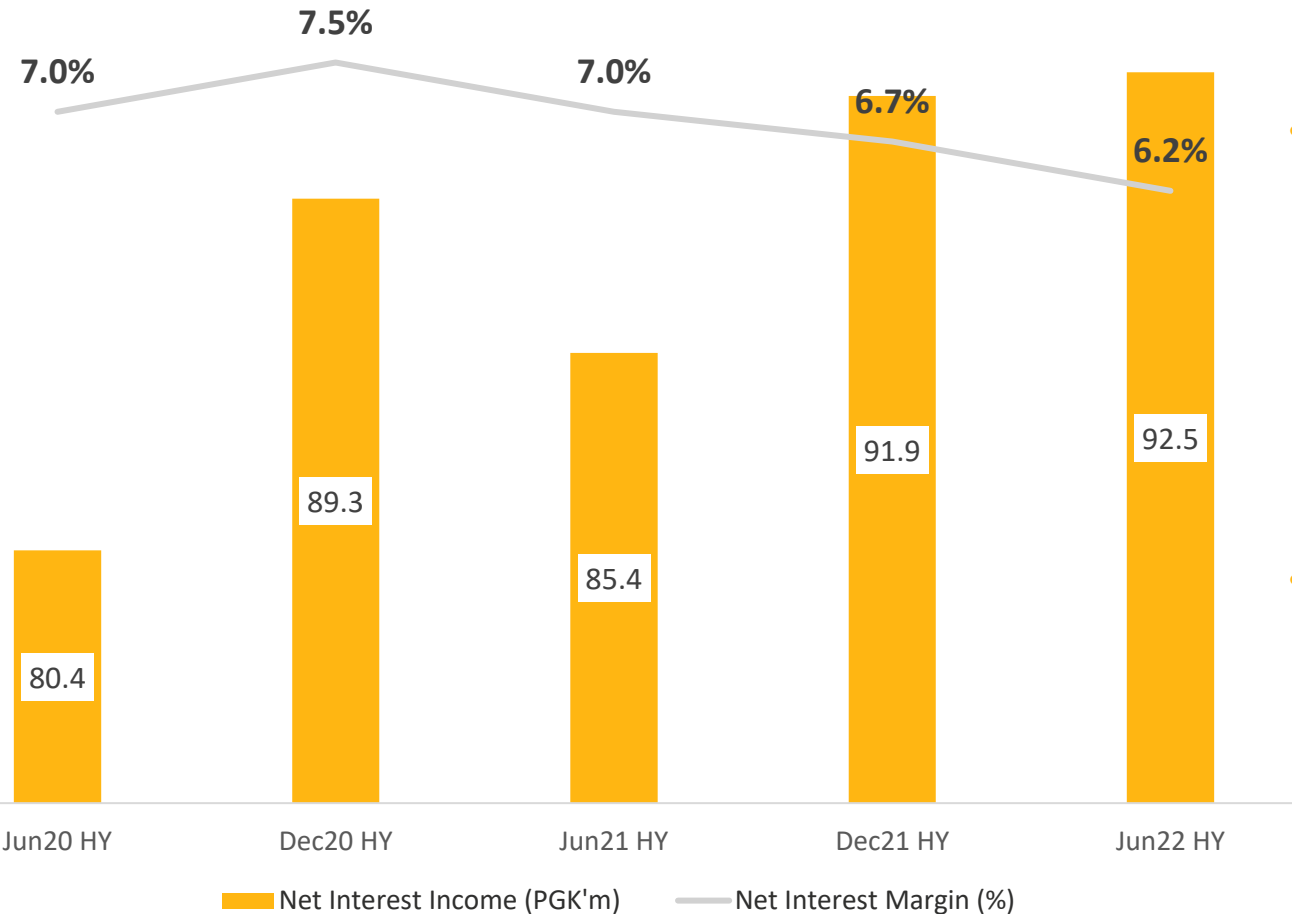


# Operating expenses



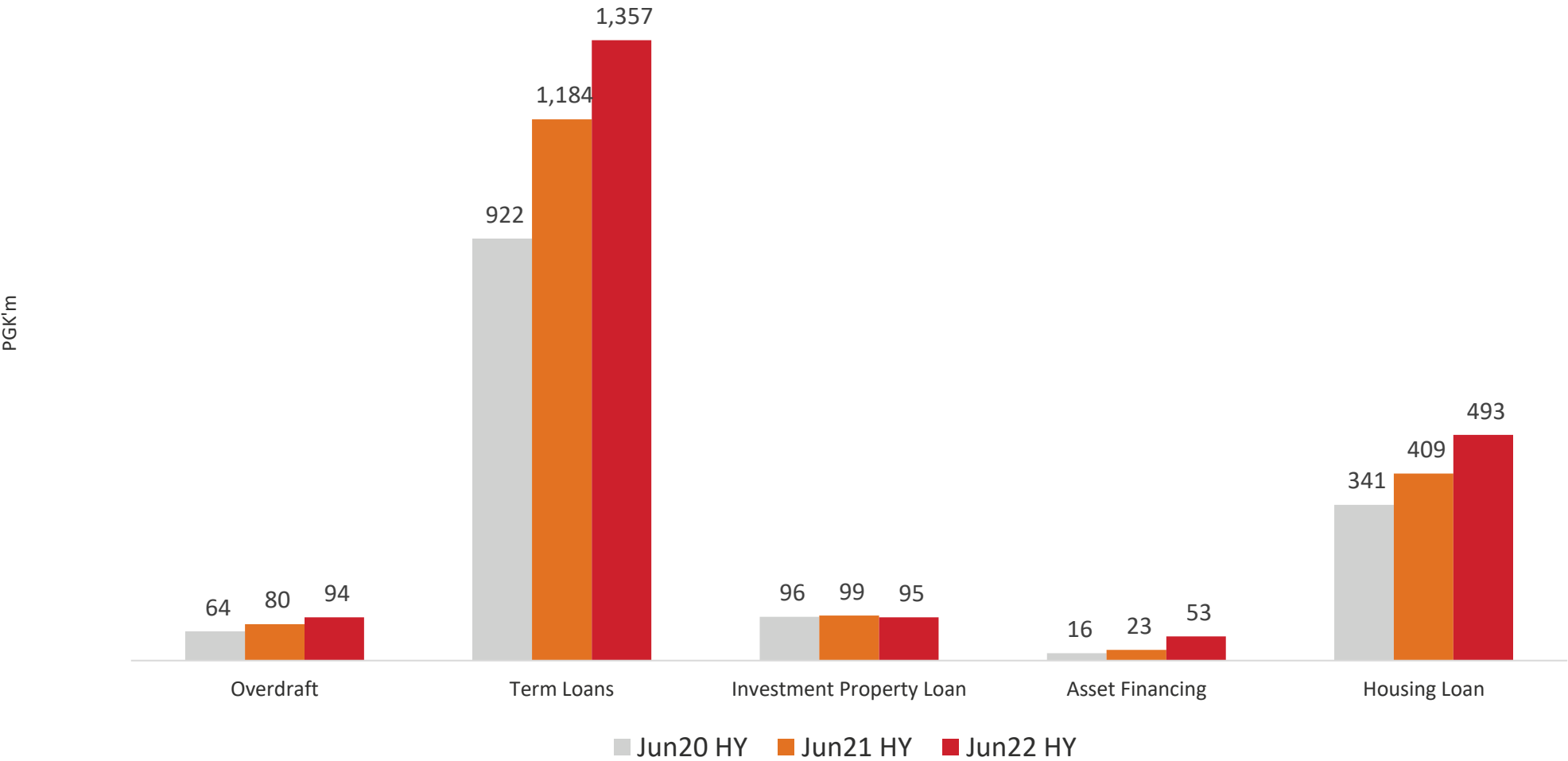
# Net Interest Margin

Net Interest Margin



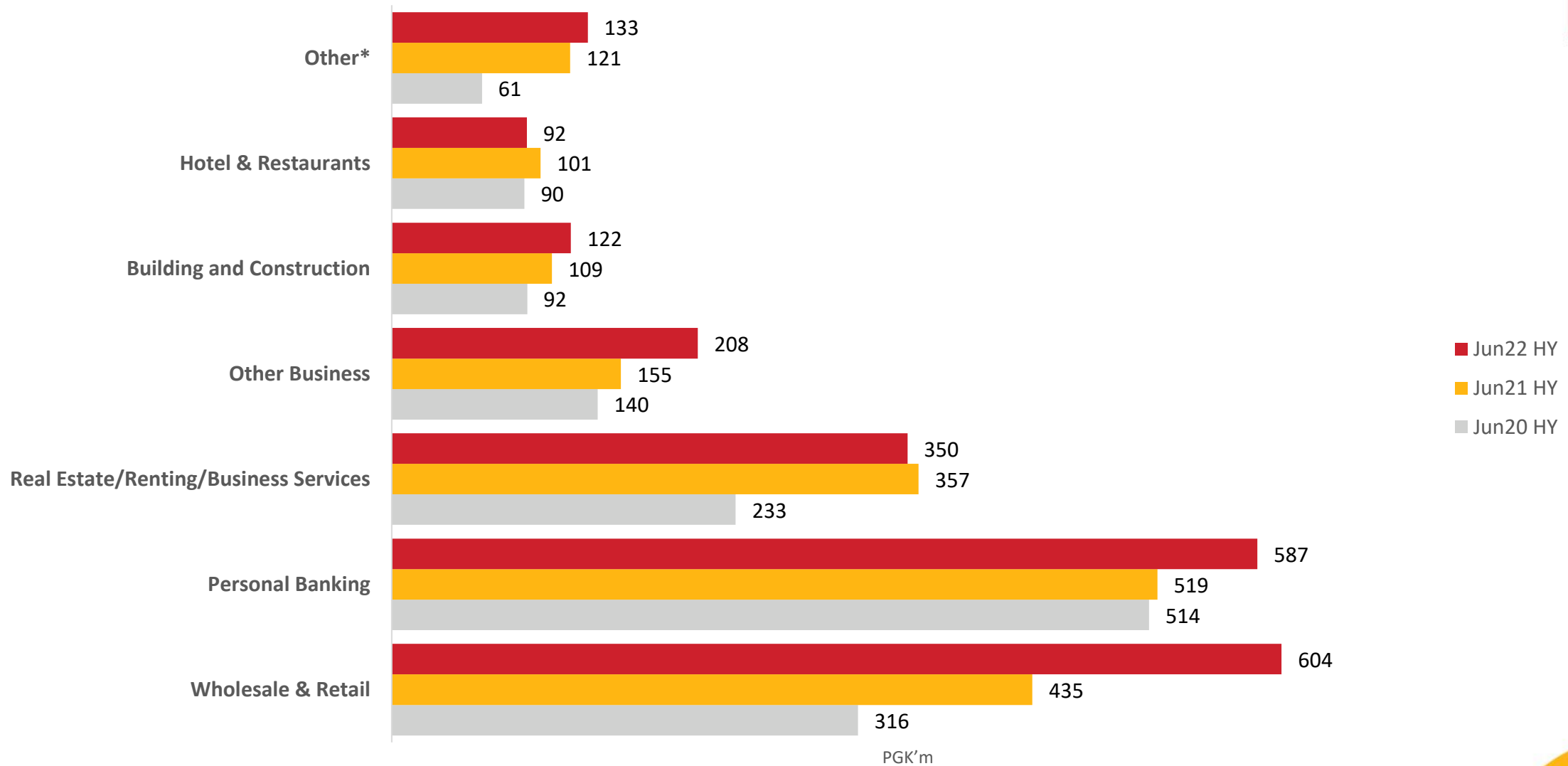
- NIM movements impacted by:
  - Lower yields on central bank treasury bills which are expected to normalize and improve over 2h 2022
  - Strong growth in corporate wholesale deposits and link to FX growth
  - Deliberate participation in corporate lending, including syndicated transactions
  - PNG business cycle where first half volumes are historically lower than 2<sup>nd</sup> half.
- NIM is forecast to remain within guidance of 6-8%

# Loan Portfolio





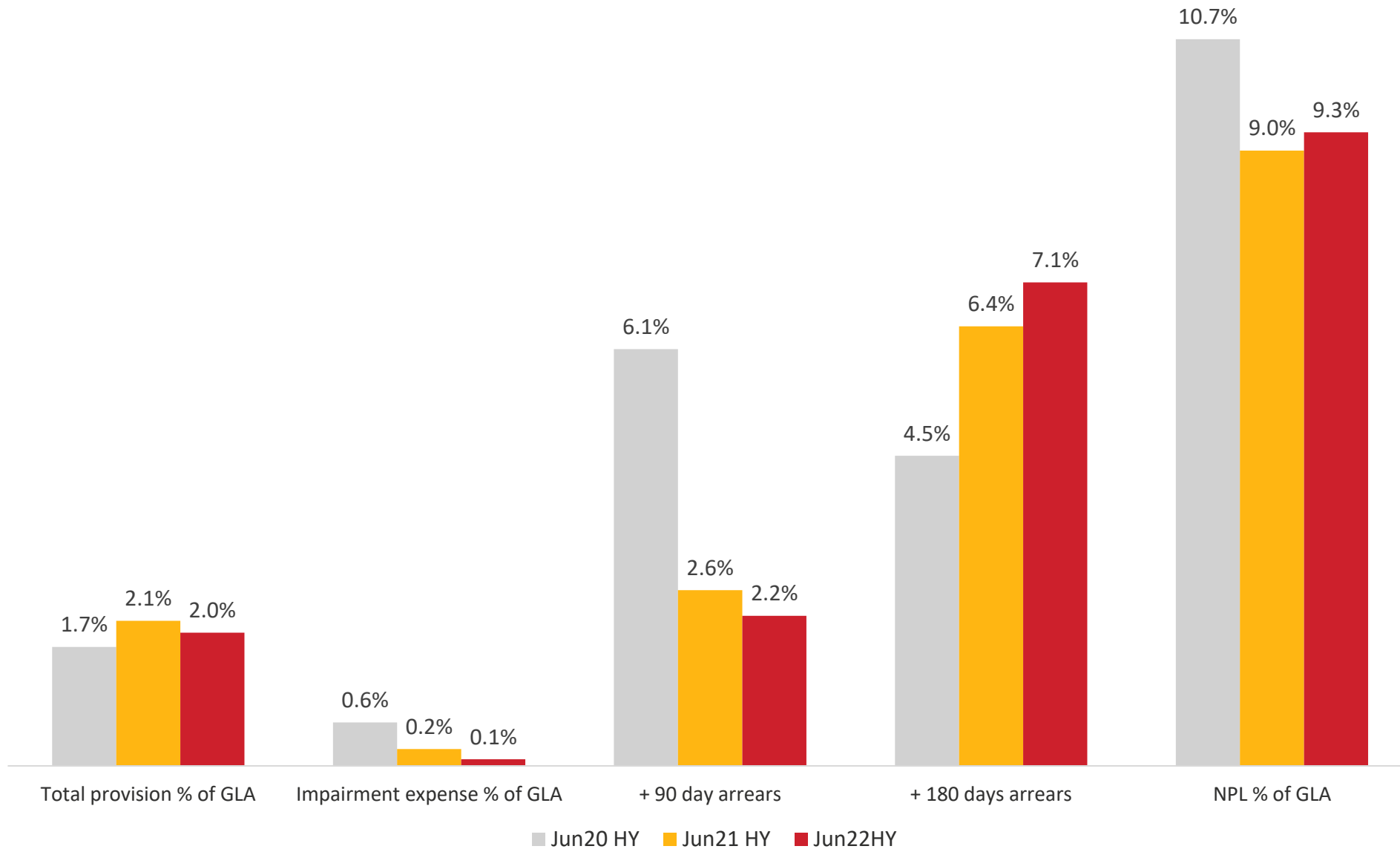
# Loan Portfolio



\*Other: includes Manufacturing, Agriculture, Forestry, Fishing, Mining, Utilities, Equipment hire, Transport and Financial intermediation

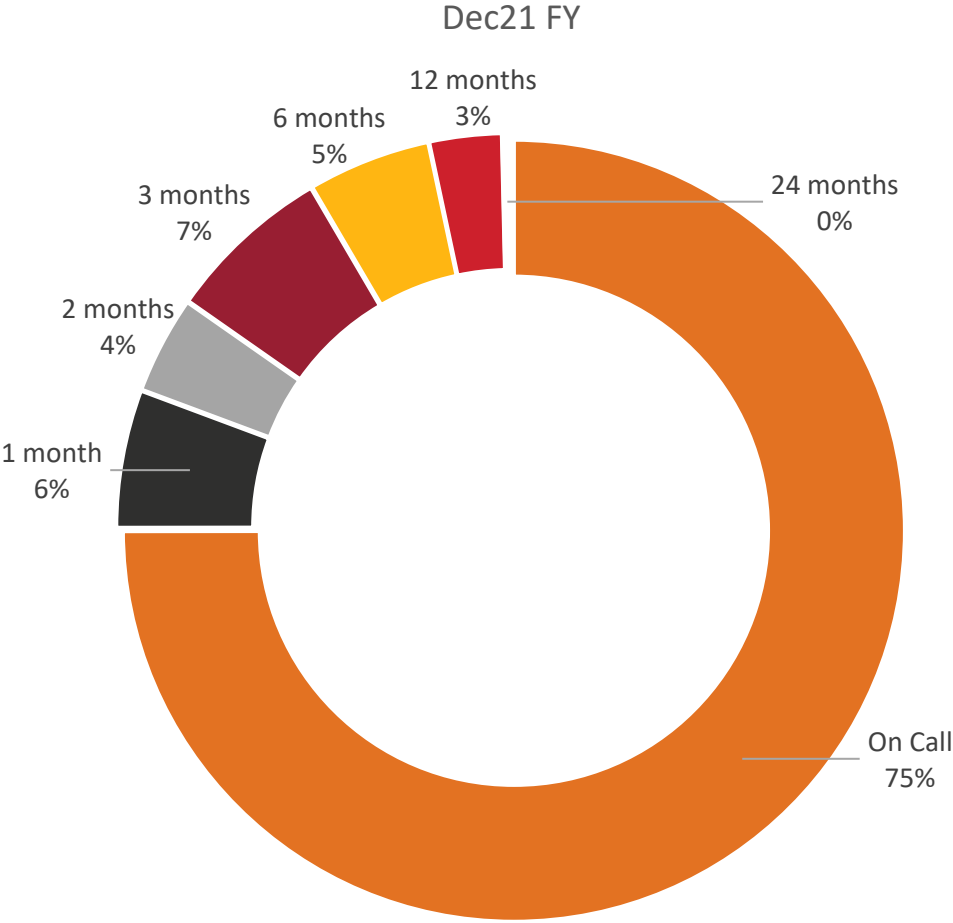
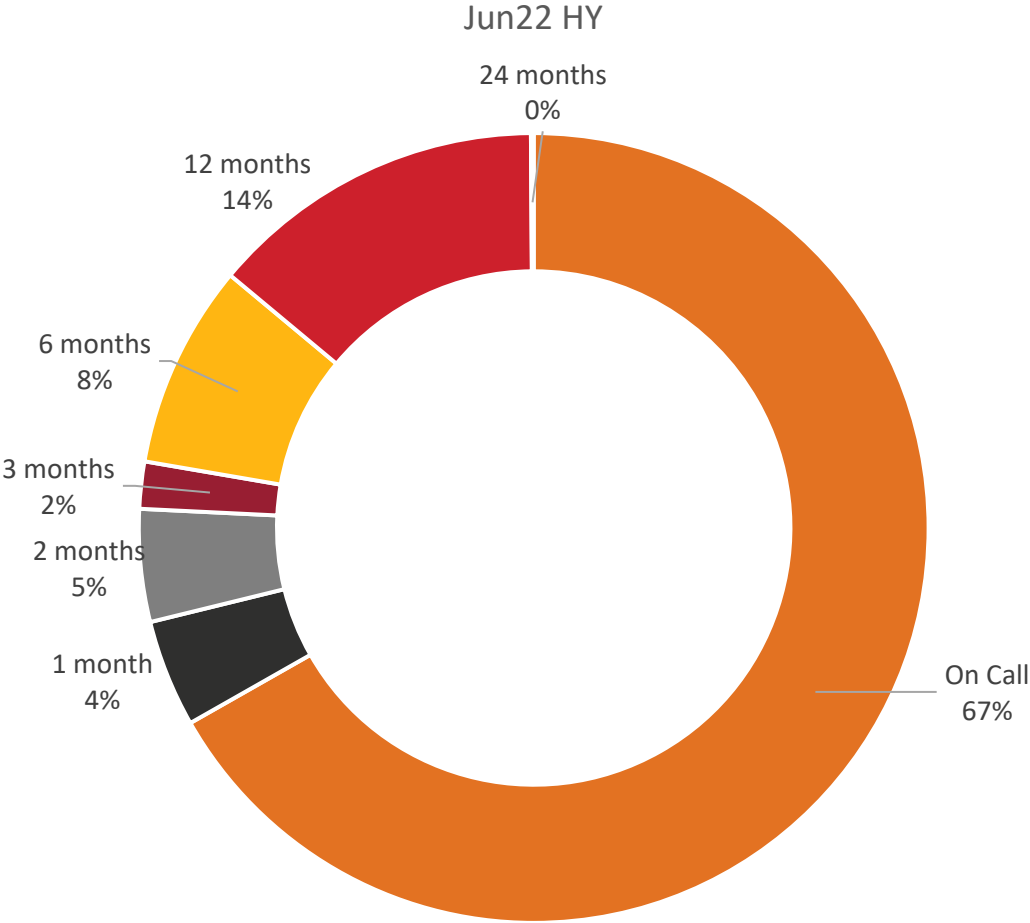
# Asset Quality

Gross Loans and Advances

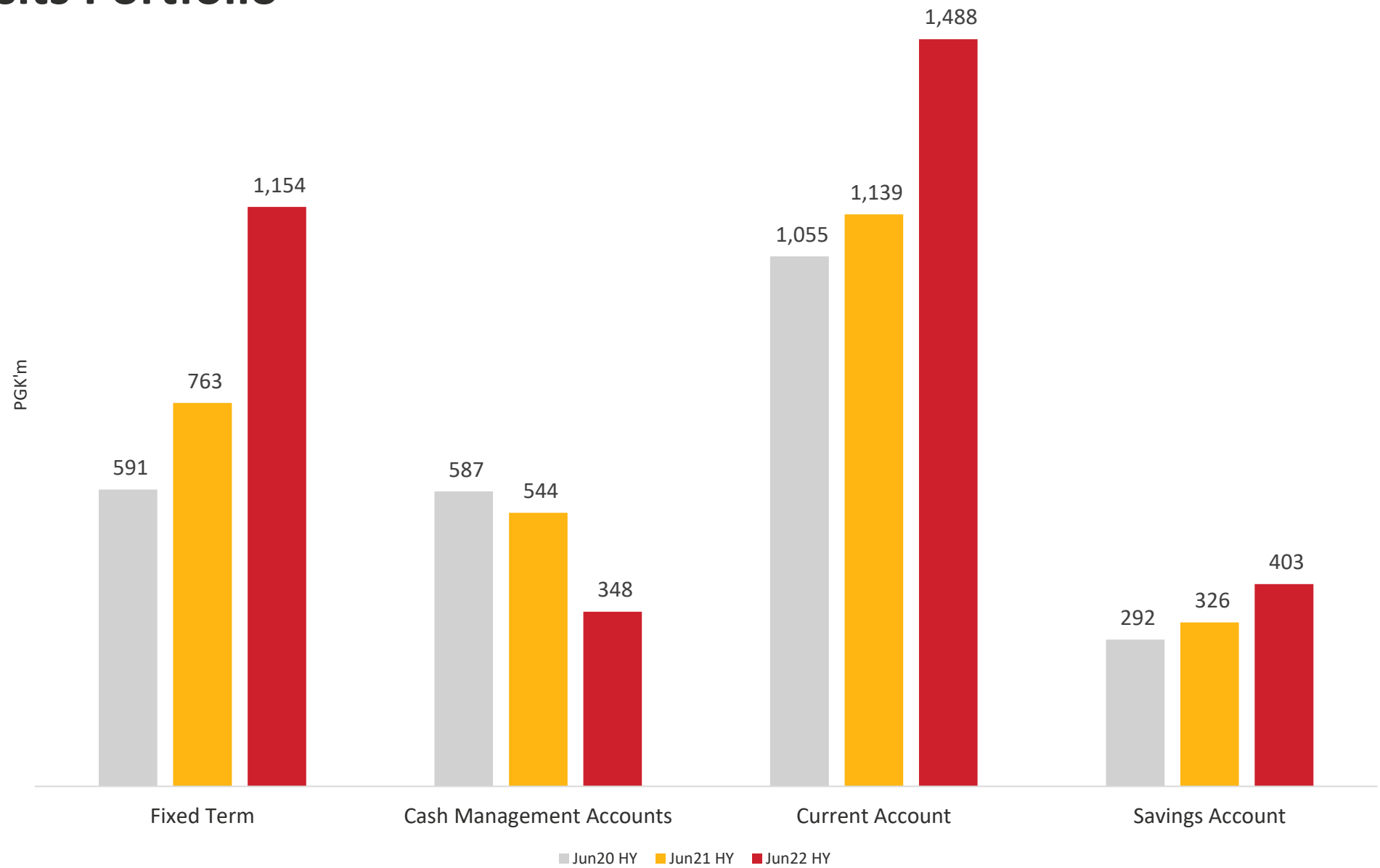


# Deposits Tenure

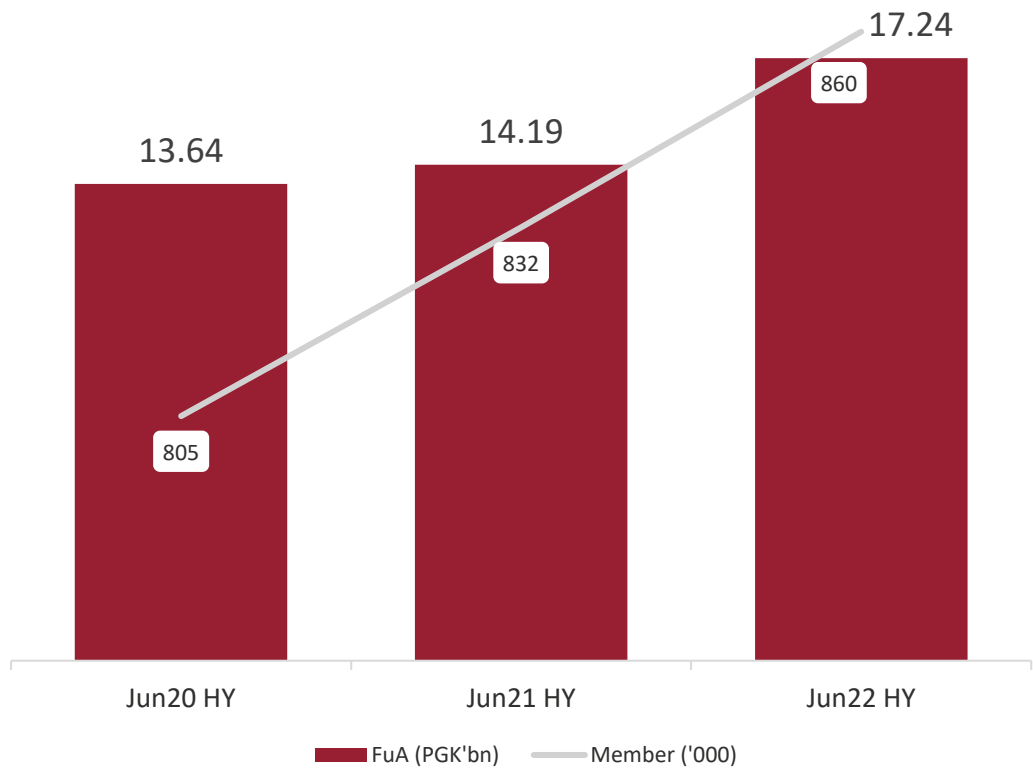
Funding duration has lengthened. 12 months term deposits increased from 3% to 14% over 6 months



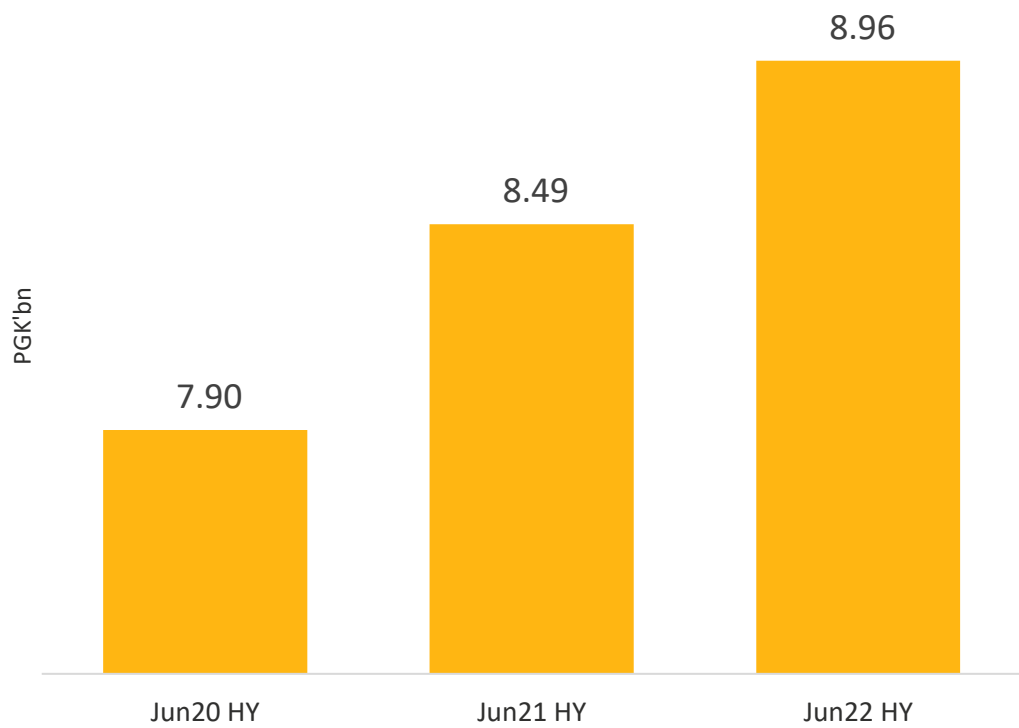
# Deposits Portfolio



Funds under Administration



Funds under Management



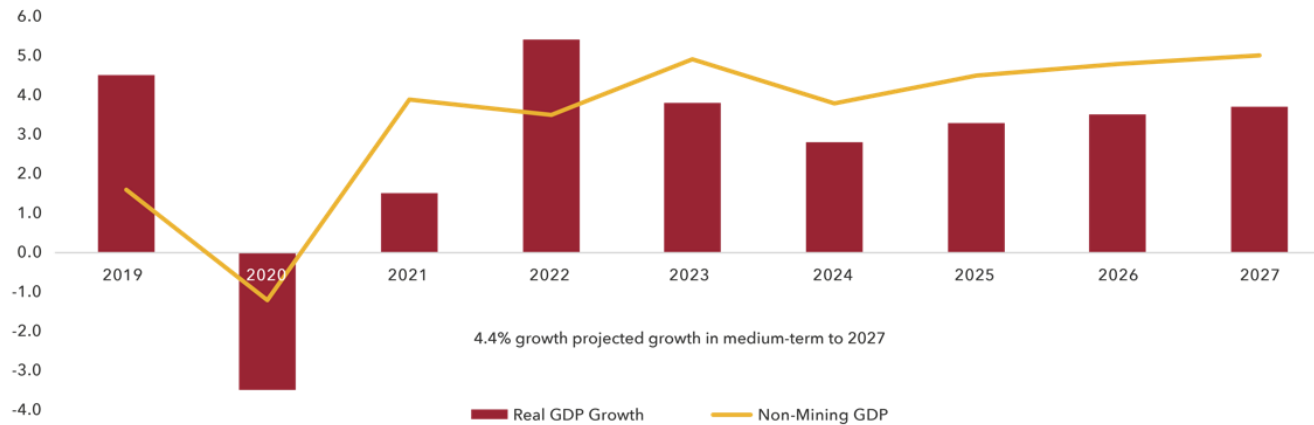
**Outlook.**



# PNG Economy.



5.4% Real Growth forecasted in 2022



Source: 2022 National Budget

PNG's growth prospects in line with regional recovery from COVID-19



Source: ADB. 2021. Asian Development Outlook 2021

- PNG economy on the road to **recovery** with forecasted **5.4% real growth** in 2022
- **Solid rebound** in 2021 post COVID-19 contraction in 2020
- Economy has performed solidly relative to peers in East Asia and the Pacific.



# Recovery expected to continue in 2022

- Recommencement of **Porgera Mine** with Barrick Gold
  - Est. US\$1.5b FDI to re-mobilise
- Final Investment Decision for **Wafi-Golpu** with Newcrest
  - Est. US\$3.5b construction phase, 5-7 years
- Total-led Papua LNG project
  - Negotiations on-going
- Strong **commodity export prices** forecast in 2022
  - Oil
  - Copper
  - Coffee
  - Palm Oil.

## Interest from Australian Companies

- Fortescue Future Industries
  - Hydropower and Geothermal projects
- Santos acquisition of Oil Search
  - Santos becomes largest project partner for Exxon-Mobil operated PNG LNG project
- Telstra acquisition of Digicel.

# Thank you.



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