



Kina Securities Limited

Financial results for the half year
ended 30 June 2023

30 August 2023

Overview.

Organic growth momentum

NPAT up 2%

NPBT up 19%

Deposit up 37%, Lending up 10%

Diversified Revenue growth

Interest on Loans up 21%

Digital revenue up 53%

Customer Acquisition

Net Customer growth 6%

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

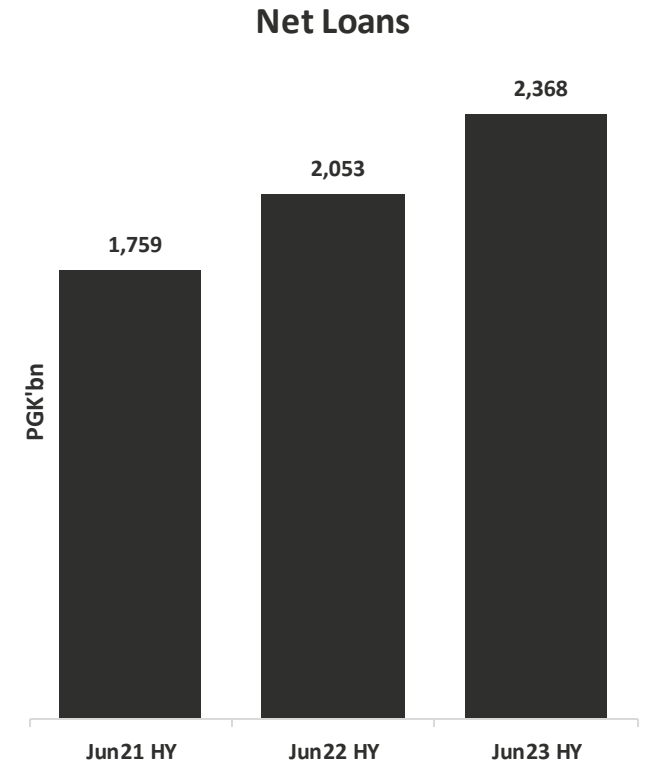
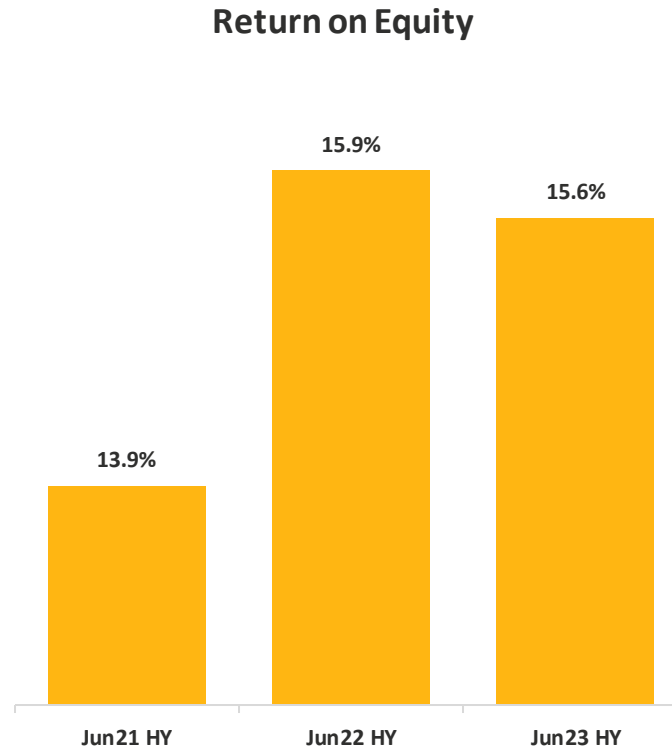
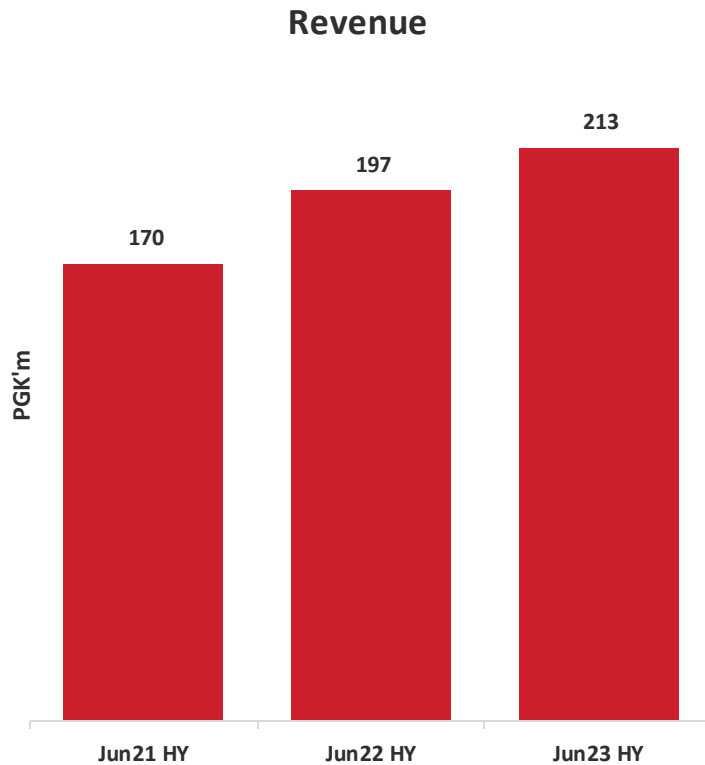
Shareholder returns

Return on Equity 15.2%, down from 15.9%

Earnings per share 16.2 toea, up 2%



1H23 Highlights strong revenue growth.



Our Strategy.

Fairness



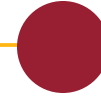
Imagination



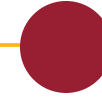
Reflection



Togetherness



Honesty



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

- + Traditional banking
- + Digital banking



Superannuation Partners



Banking Partners

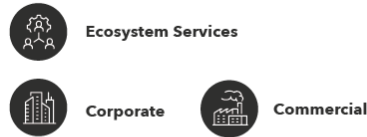
Sell, service, grow, digitise

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

2022-24

Your trusted financial services partner

- + Traditional banking
- + Digital banking
- + Investment Banking Bank Services
- + Partnership Platform



Superannuation Partners



Banking Partners



InfrastructurePartner
API enabled



Digital Partners

Partnering to create and capture value (B2B, B2C)

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

2025

Your trusted partner in the Pan Pacific Region

- + Pan Pacific diversified investment bank



Markets



Kina Bank Modules and Partners



Digital Partners

InfrastructurePartner
API enabled

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

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

Delivering our strategy.



Growth & Prosperity

- Retail customer base growth of 9% in the first half. Significant momentum of customer onboarding leading into the second half through branch onboarding campaigns in Port Moresby, Lae, Madang and Mt Hagen.
- Business customer base growth of 8%, supported by an aligned operating model across transactional, lending and digital banking services for business and SMEs.



Resilience

- Enhancement of provisioning models and collection techniques have provided some anticipatory releases in mid-term impaired assets.
- Implementation of improved cyber and information security controls, including enhanced cyber architecture and onboarding of external support.



Service Excellence

- Following pilot and soft launch in 2022, completed full market launch of Pei Beta, Powered By Kina Bank, PNG's first independent bill payments platform that customers of any bank can use.
- Completion of Kina's first dedicated Business Banking Centre in Port Moresby to support further SME and business banking growth, and as part of the three-year physical site re-modelling program.



Dynamic People

- Launched a Leadership Capability Framework 'Step Up, Step 5' which defines the behaviours and capabilities necessary to achieving organizational objectives.
- Renewed the Culture Change Council as a staffed advisory body for matters of culture development and managing change.
- Expanded the Graduate Program to include candidates from additional disciplines relating to technology.



Sustainable Communities

- Publication of first Sustainability Report, which has been broadly recognised as market leading by the investor community.
- Further progress with ESG reporting including approved Scope 1 and Scope 2 emissions targets.
- Continued support for Links of Hope program which supports children and orphans impacted by HIV and AIDS.

Financial Results.

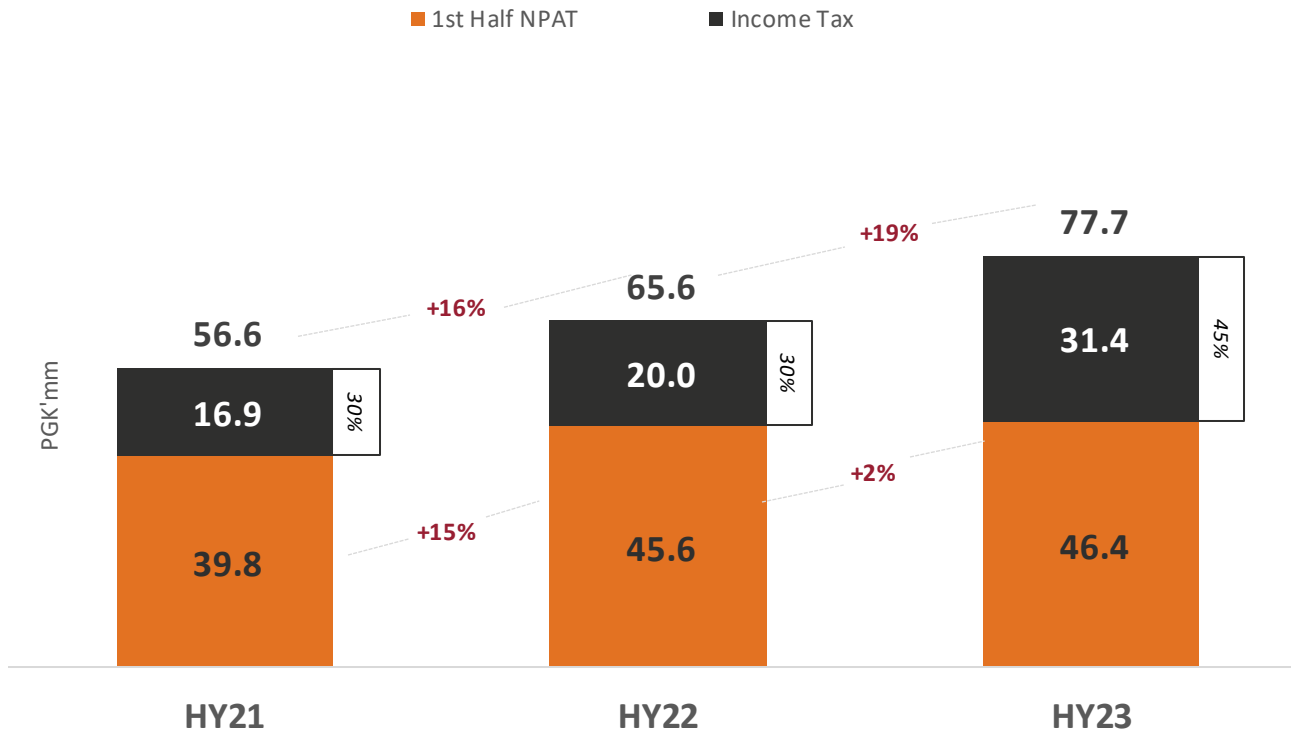


Financial Highlights.

2023 Half Year Results

	Jun-23	Jun-22	Movement
NPAT (PGK m)	46.4	45.6	2% ↑
NPBT (PGK m)	77.7	65.6	19% ↑
Revenue (PGK m)	187.4	179.1	5% ↑
Cost to Income (%)	56.2	62.3	10% ↑
Return on Equity (%)	15.2	15.9	4% ↓
Ordinary Dividend (AUD cents)	4.0	4.1	2% ↓
Total Capital Ratio (T1 + T2) (%)	20.8	22.0	11% ↓

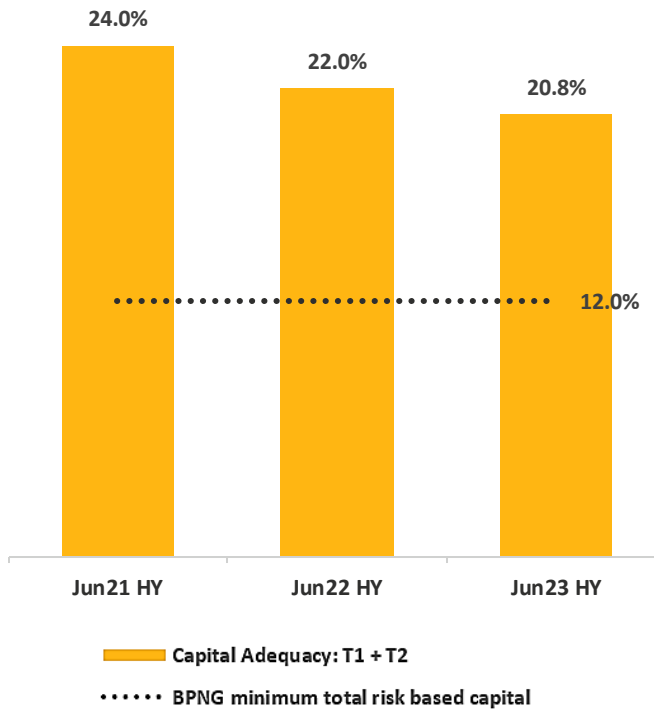
NPBT growth of 19%.



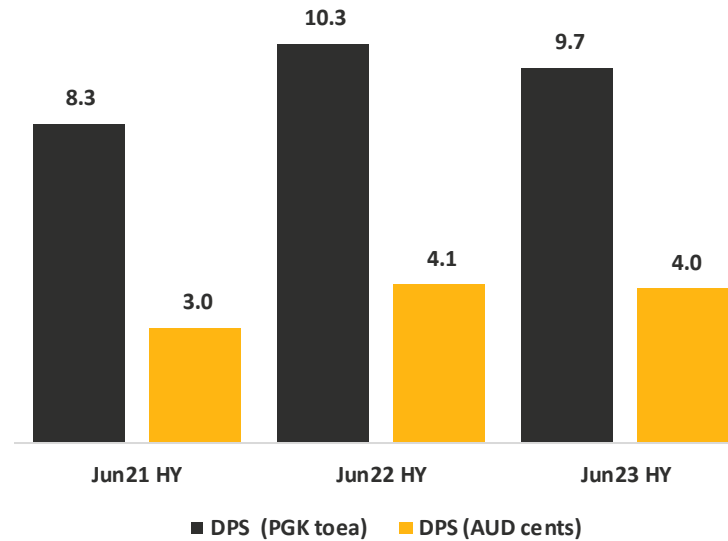
- NPBT increase by 19% to PGK77.7m vs PCP
- Commercial loans and digital revenue driving core business performance.
- Less capital intensive lines of business contributing close to 50% of income.
- Operating expenses down 6% due to close monitoring and effective management of costs.
- Increased CIT rate absorbing 45% of K77.7m NPBT compared to 30% in PCPs.

Shareholder return.

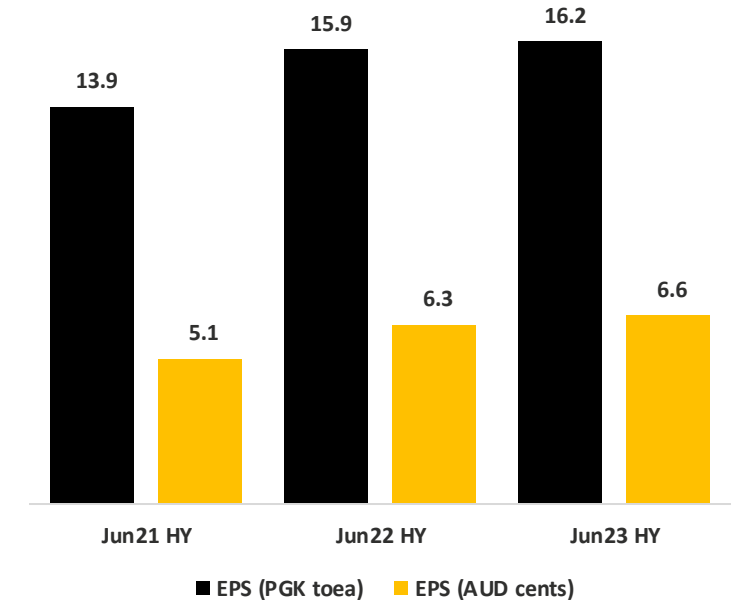
Capital Adequacy



Dividend per Share

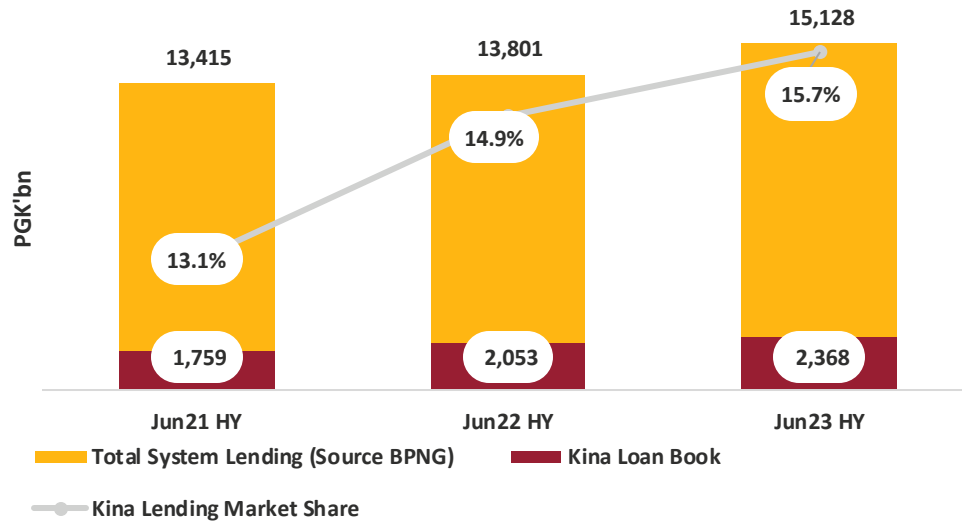


Statutory Earnings per Share

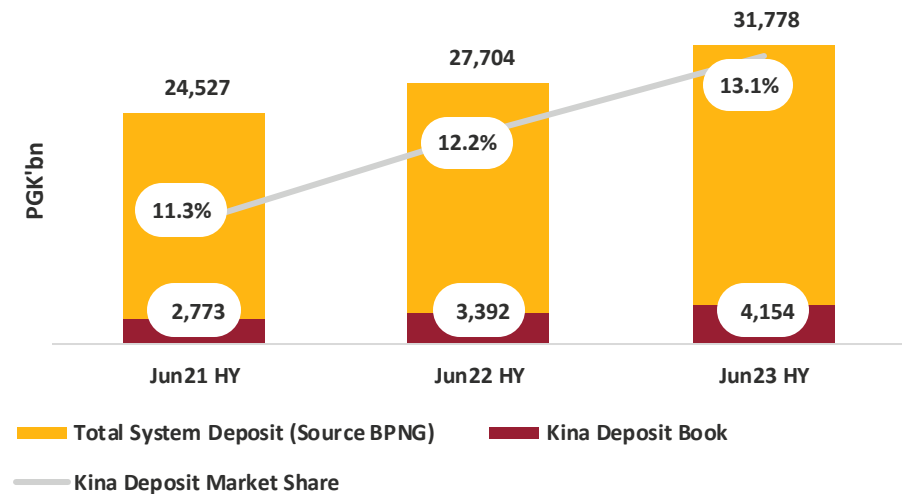


Customer growth driving market share.

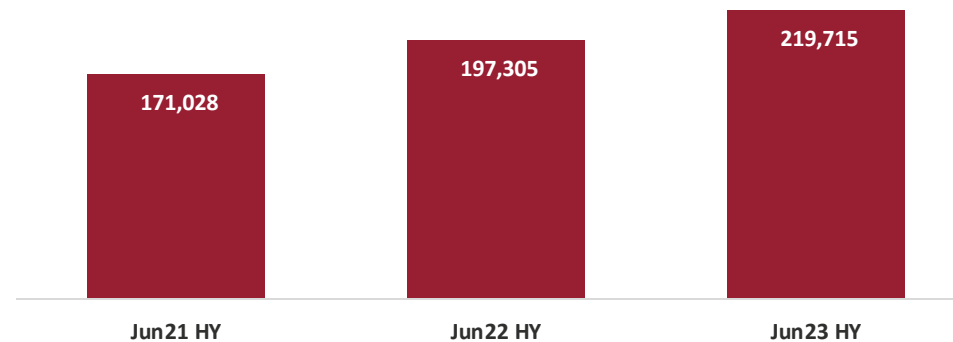
Market share percentage - lending



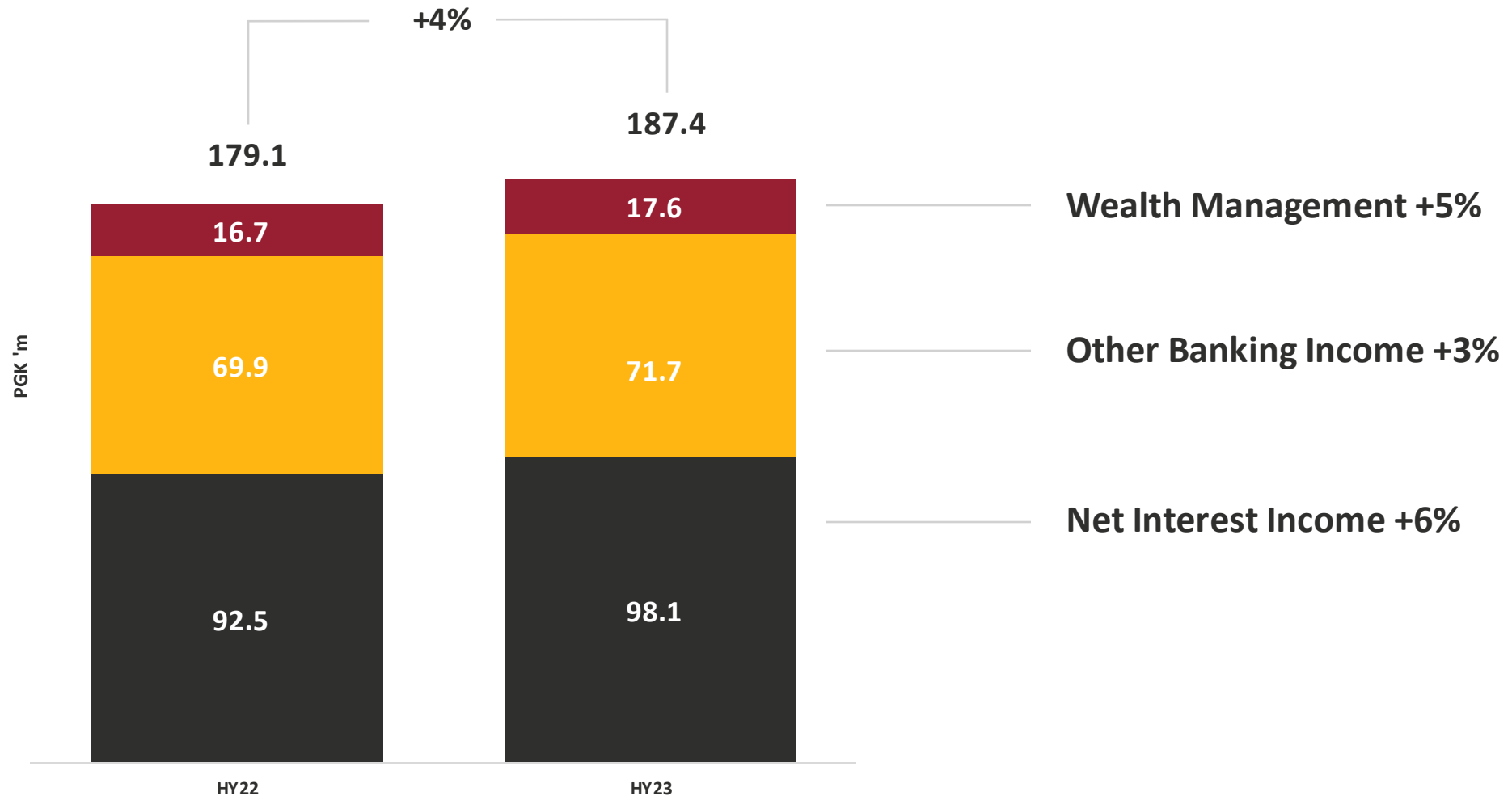
Market share percentage - deposits



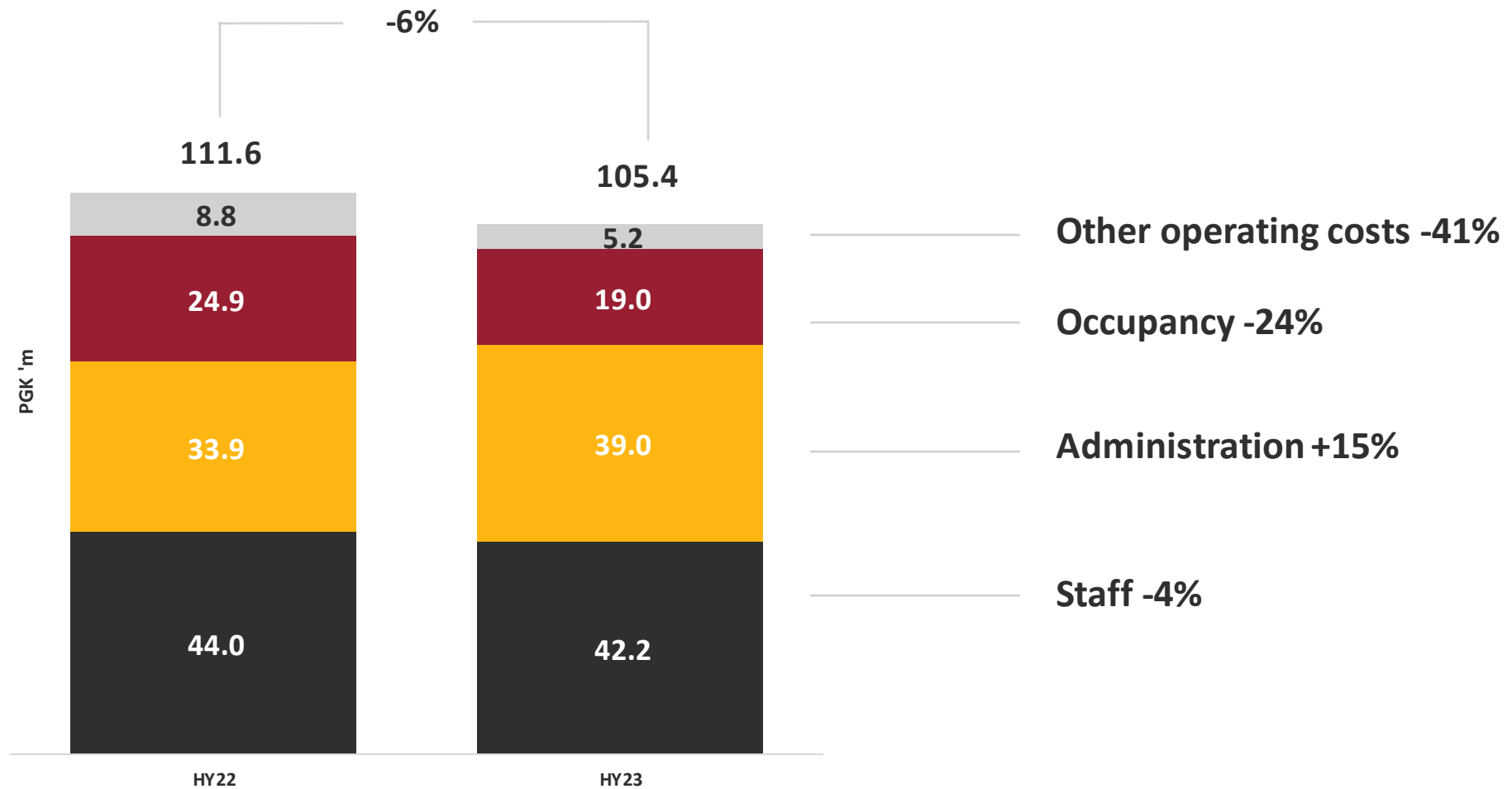
Customer number growth



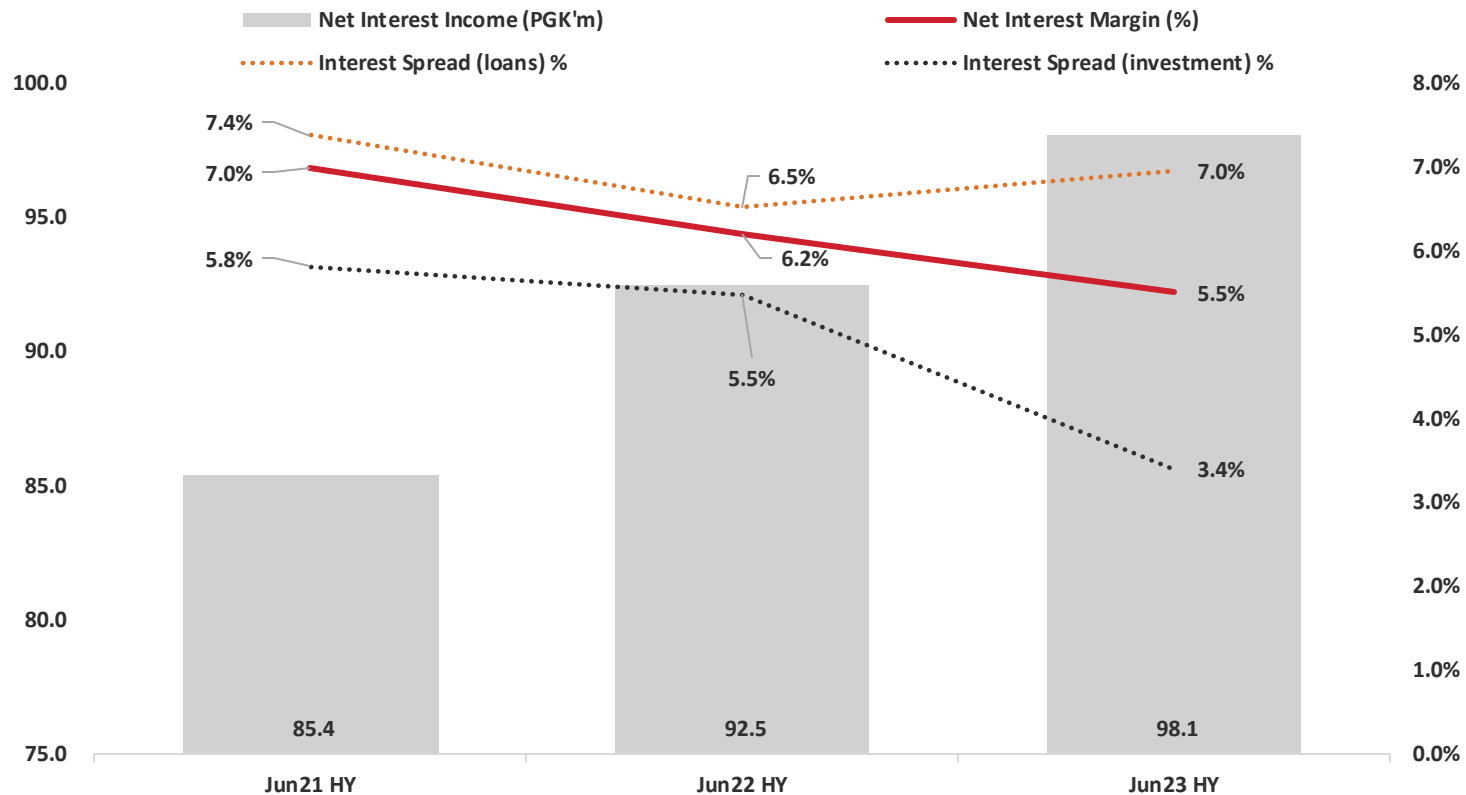
Total operating income.



Total operating expense.

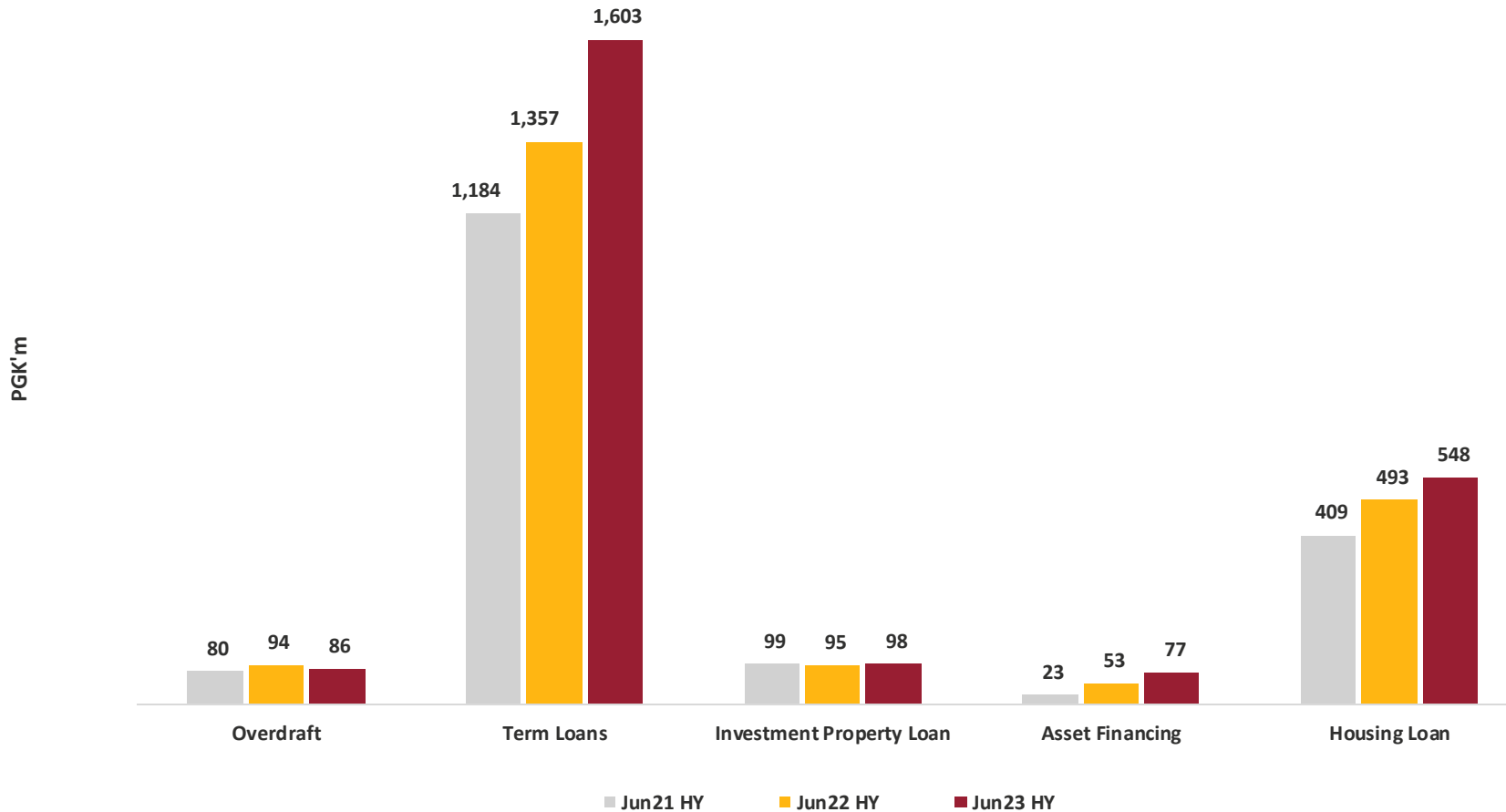


Net Interest Margin.

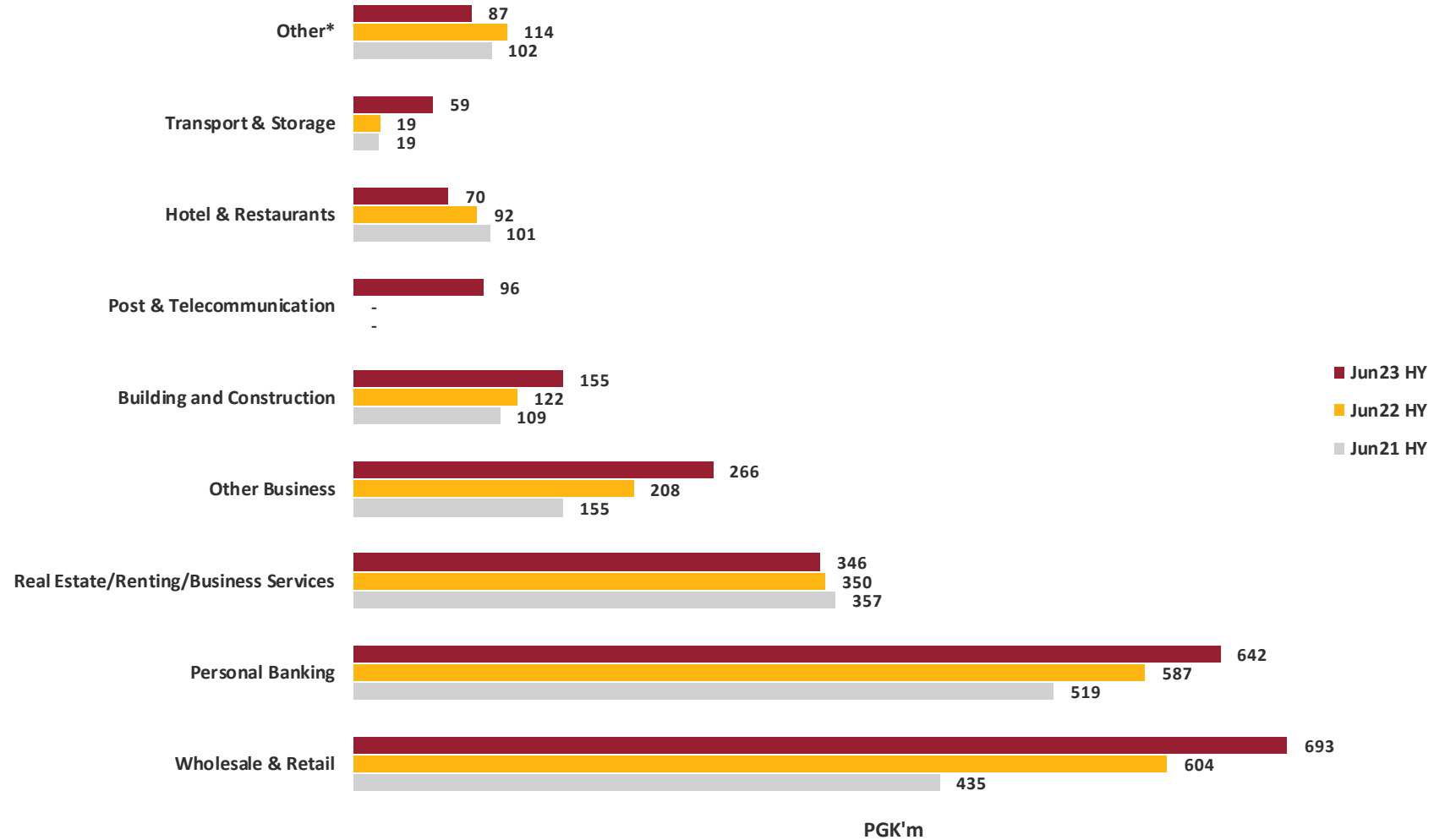


- NIM movement impacted by:
 - Lower yields on central bank treasury bills.
 - Strong growth in corporate wholesale deposits and link to FX flows
 - Solid growth in commercial lending

Loan portfolio growth.

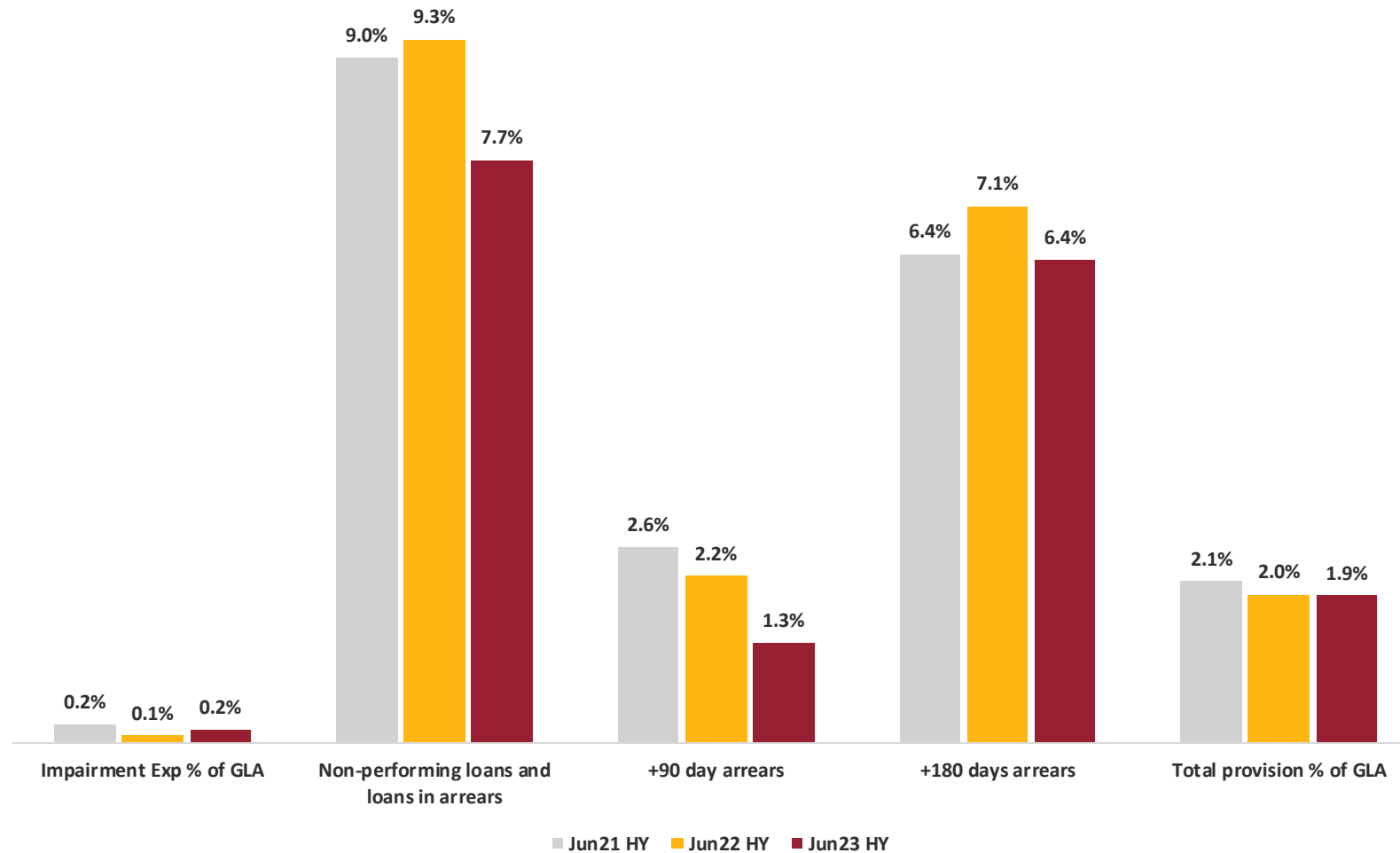


Loan portfolio by industry.

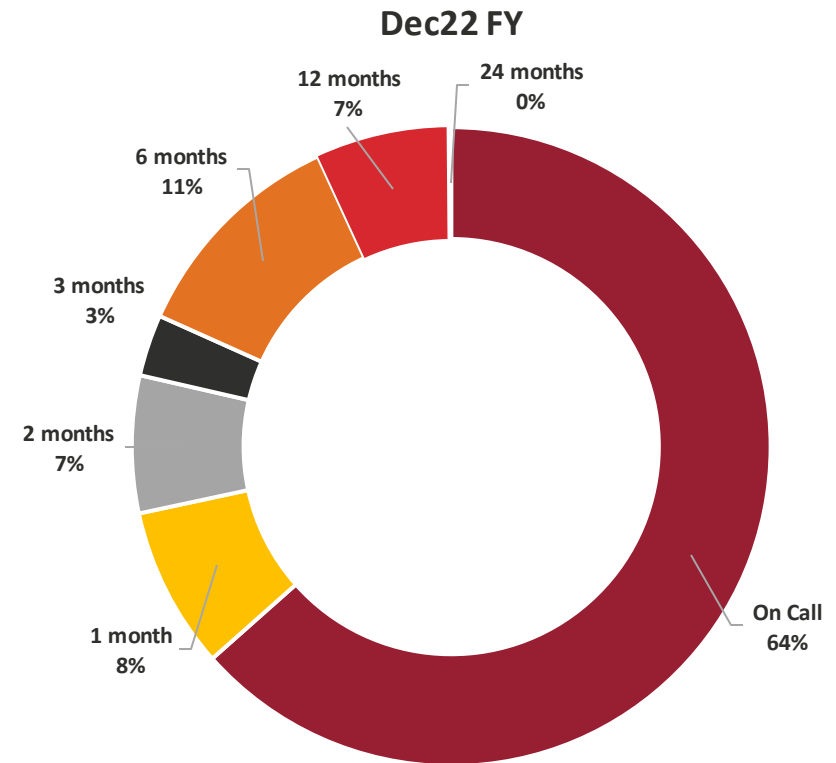
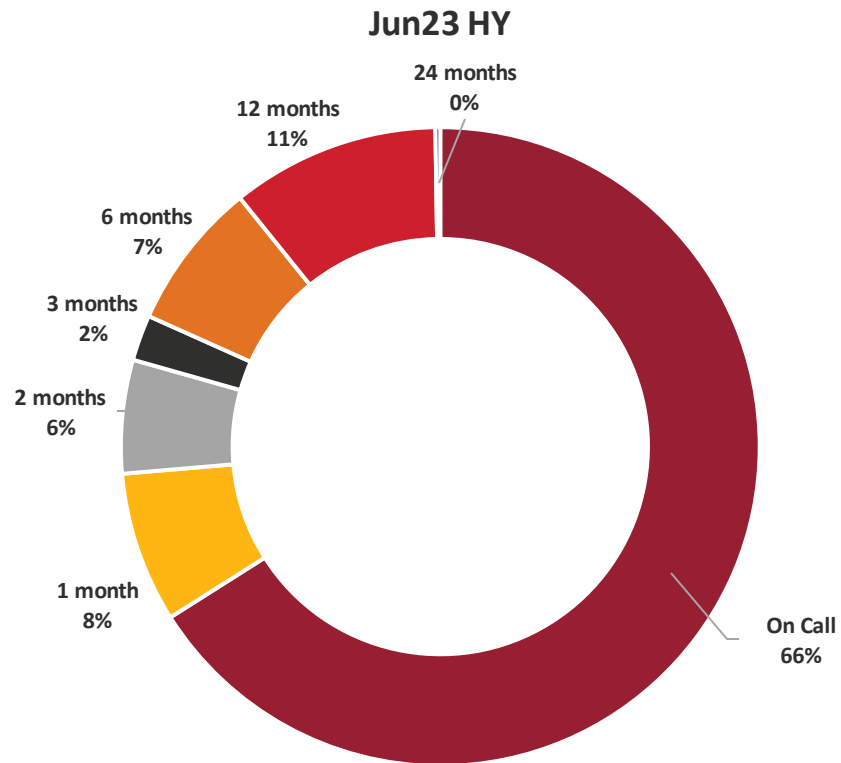


*Other: Equipment Hire, Agriculture, Fishing, Forestry, Mining, Manufacturing, Utilities, Financial Intermediation

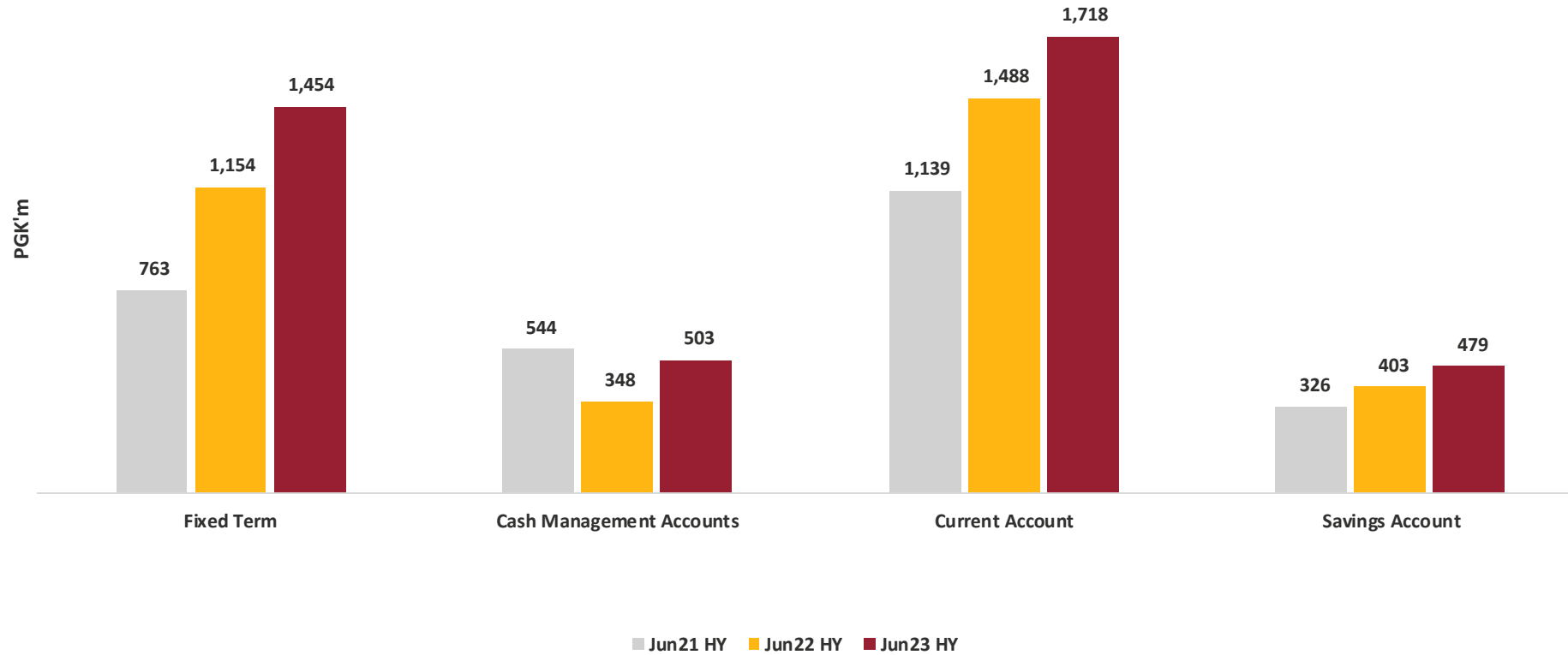
Asset Quality.



Deposits tenure.

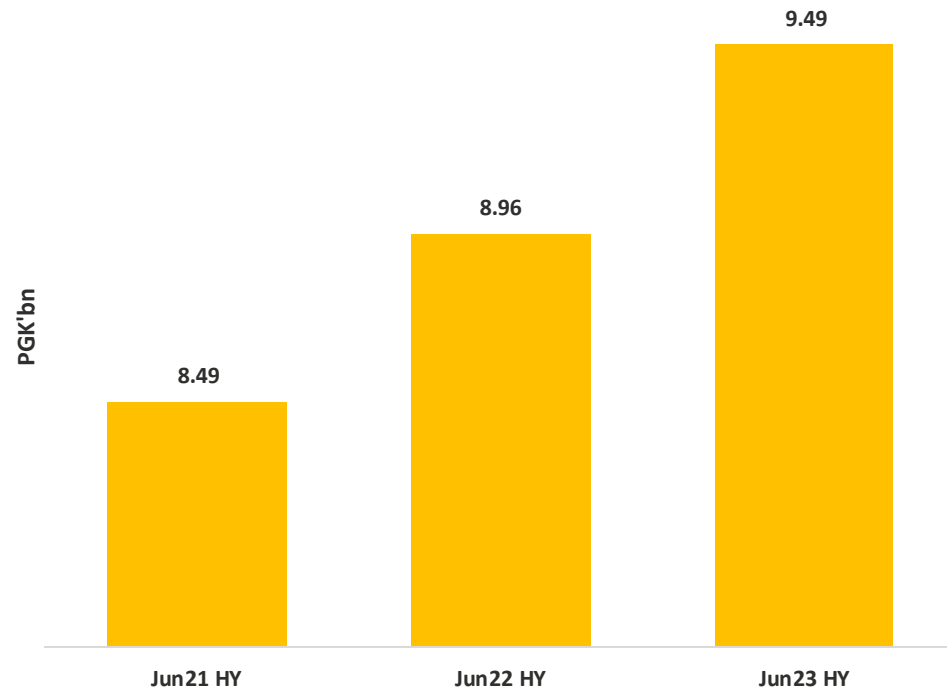


Deposit by products.

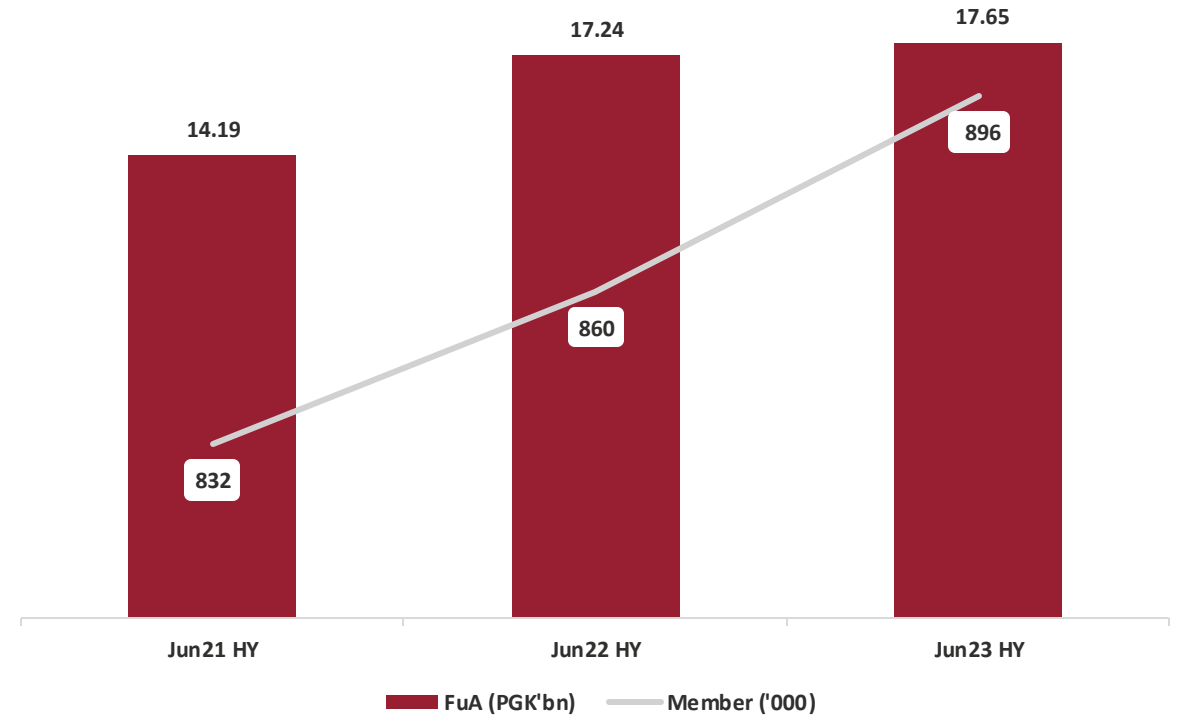


Kina Wealth.

Funds under Management



Funds under Administration

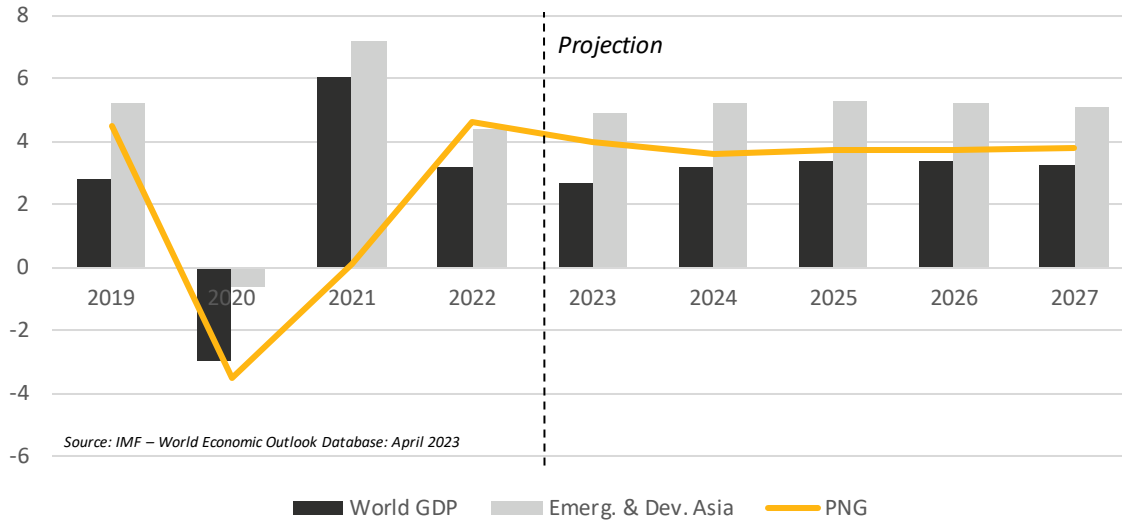


Economic Outlook.

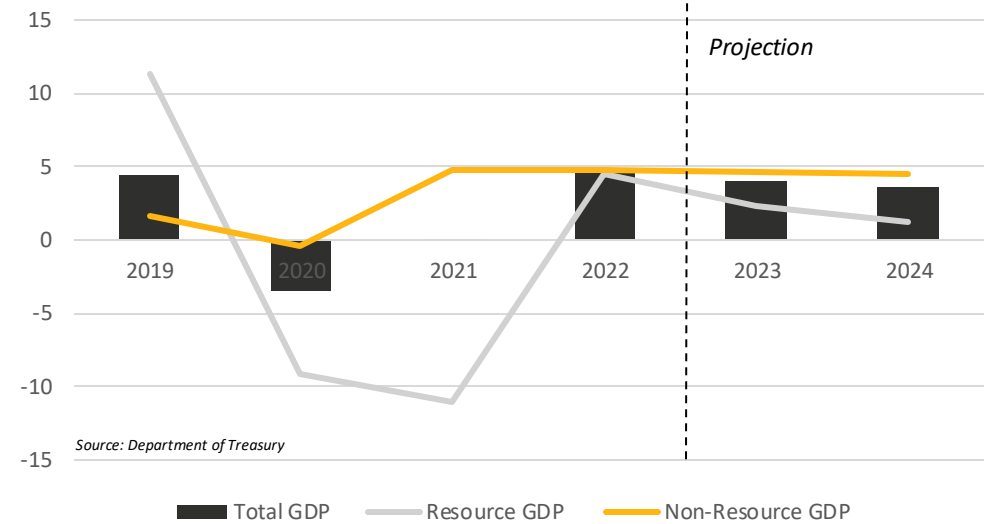


PNG Economy.

PNG's Growth prospect compared to Global & Regional Growth



4% Real Growth forecasted in 2023



Global Outlook

- The global economic recovery from COVID-19 and the Russia-Ukraine war has slowed down due to high inflation and central bank policy tightening.
- Global inflation is expected to fall from 8.7% in 2022 to 6.8% in 2023 and 5.2% in 2024, driven by declining commodity prices.
- Emerging market and developing economies are estimated to see stable growth of around 4.0% in 2023 and 2024, though there are divergences between countries.

Domestic Outlook

- The non-resource sector is expected to grow by 4.8% in 2023, supported by the Agriculture, Forestry & Fishery sector, and the Business Liaison Sectors with increased government spending.
- In 2023, the economy is projected to grow at a moderate rate of 3.0% due to uncertainties around Porgera mine reopening and lower PNG LNG production.
- Headline inflation in March quarter of 2023 declined 0.9%, mainly due to decreases in education, communication and alcohol prices. Underlying inflation also decreased 0.7%.