



**Kina Securities Ltd**  
Full year results –  
December 2016

February 2017

# Important notice and disclaimer

**You must read this notice before reading or making any use of this document or any information contained in this document. By accepting this document, you agree to the following terms and conditions, including any modifications to them.**

**Confidentiality:** This Presentation and the information contained in this Presentation are provided to the recipient (the "**Recipient**") on a confidential basis for the sole purpose of discussions between the Recipient and representatives of the Kina Group. This Presentation may not be disclosed to any third party or used for any other purpose without the express written permission of the Kina Group.

**Disclaimer of liability:** All information contained in this Presentation has been compiled by the Kina Group from sources believed by it to be accurate and reliable. The information in this Presentation was prepared as of its date, and remains subject to change without notice. The Recipient acknowledges that to the maximum extent permitted by law: (1) any and all liability in respect of the information contained in this Presentation is expressly excluded, including any liability arising from fault or negligence on the part of any person, for any direct, indirect, consequential or contingent loss or damage suffered by any person arising from the use of the information or otherwise arising in connection with it; (2) no responsibility is accepted by the Kina Group for this Presentation, any of the information, any omission from this document or any action taken by the Recipient or any other person on the basis of the information; and (3) the Kina Group is not liable to compensate or reimburse the Recipient for any liabilities, costs or expenses incurred in reviewing, investigating or analysing this document or taking any other action in relation to the Kina Group or any prospective transaction.

**Not an invitation, advertisement or offer of securities:** This Presentation is not, and should not be considered as, an invitation, advice or recommendation to apply for securities and does not contain any application form for securities. This Presentation does not constitute an advertisement for an offer to sell or the solicitation of an offer to buy securities. This Presentation is not a disclosure document (as defined in the Australian Corporations Act) or a prospectus (as defined in the Papua New Guinea Securities Act). The provision of this Presentation is not a representation to you or any other person that an offer of securities will be made. Any offer of securities or prospective transaction would be undertaken solely on the basis of a prospectus or other disclosure document prepared in accordance with the applicable securities laws and regulations.

**Not financial product advice:** The information contained in this Presentation is not, and should not be considered as, financial product advice, investment advice, legal advice, tax advice or other advice. The information does not take into account any Recipient's individual objectives, taxation position, financial situation or needs. Before acting on the information in this Presentation, Recipients should consider the appropriateness of it having regard to their particular circumstances and, if appropriate, seek professional advice, including tax advice.

**No representations or warranties:** None of the information set out in this Presentation or otherwise provided to a Recipient in connection with this Presentation has been independently verified. Accordingly, the Kina Group makes no representation or warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability, or fitness for any particular purpose of any such information. In respect of all information provided, the Recipient will rely entirely upon its own assessment, independent analysis and advice in relation to the business, assets and financial position and affairs of Kina Securities Limited.

**Forecasts:** This Presentation may contain various plans, costs projections, estimates, forecasts and other forward looking statements ("**Forecasts**") which involve subjective judgments. Past performance is not a guarantee of future performance or future returns and a loss of original capital may occur. Fluctuations in exchange rates could have an adverse effect on the value or price of, or income derived from, certain investments. No representation, warranty or guarantee, whether express or implied, is made or given by the Kina Group as to the accuracy, completeness, likelihood of achievement or reasonableness of any Forecast.

**Conflicts:** The Kina Group, its Directors, officers, employees or agents may own shares in Kina Securities Limited. By accepting this Presentation, you acknowledge and agree that none of the Kina Group, its Directors, officers, employees or agents are responsible to you in a fiduciary capacity nor is your access to the Presentation or the information evidence of any fiduciary relationship between you, another Recipient or the Kina Group, its Directors, officers, employees or agents individually or at all.

# Kina achieves record earnings

**Statutory profit of PGK41.0 million** for the year to December, compared with PGK5 million in the prior year

**Final dividend of PGK10.0 toea** (AUD\$0.0395 cents) per share, full year dividend PGK20.0 toea (AUD\$0.0804 cents) per share

**Loan growth of 62%** from December 2015, taking total lending to **PGK606 million**

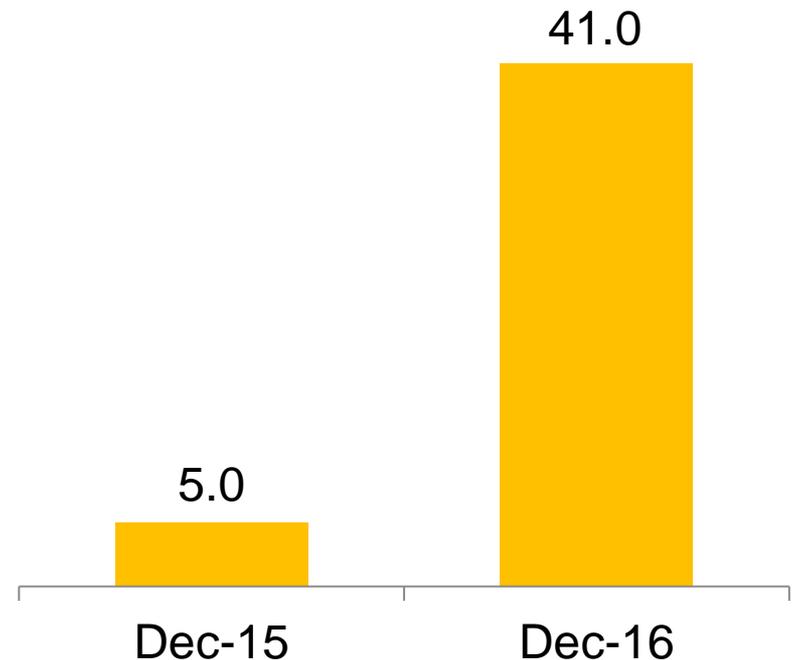
**Net interest margin** remains strong at **8.3%**

**Cost to Income ratio** reduced to **47.5%**

**Credit quality** remains sound. loan impairment expense of PGK2.8 million, equal to **0.5%** of gross loans and advances.

**Capital adequacy ratio of 30%**, compared with minimum requirement of **12%**

**Statutory Profit After Tax**  
(PGK Mln)





 Corporate Highlights



## Maybank integration

completed.

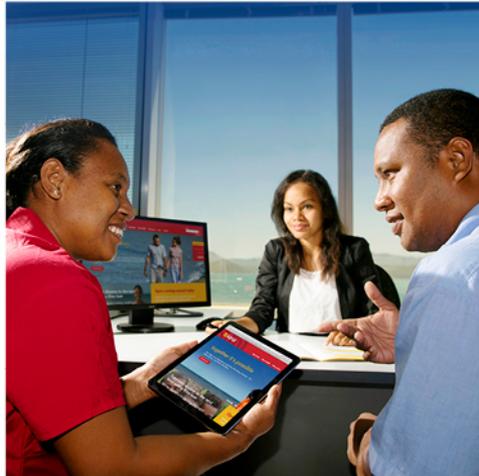


## Lending

up 62% to **PGK606 million**, driven by **customer service, strong management and new product offerings.**

## Deposits

up 40% to **PGK958 million**, due to **new products and enhanced customer service.**



## Banking

New mobile products, improved systems and online services. Kina customers can access **all ATMs in PNG, and a vast network of EFTPOS terminals.**



## Wealth Management

FUM increased **14% to PGK6.2 billion** and FUA by **16% to PGK5.6 billion.**

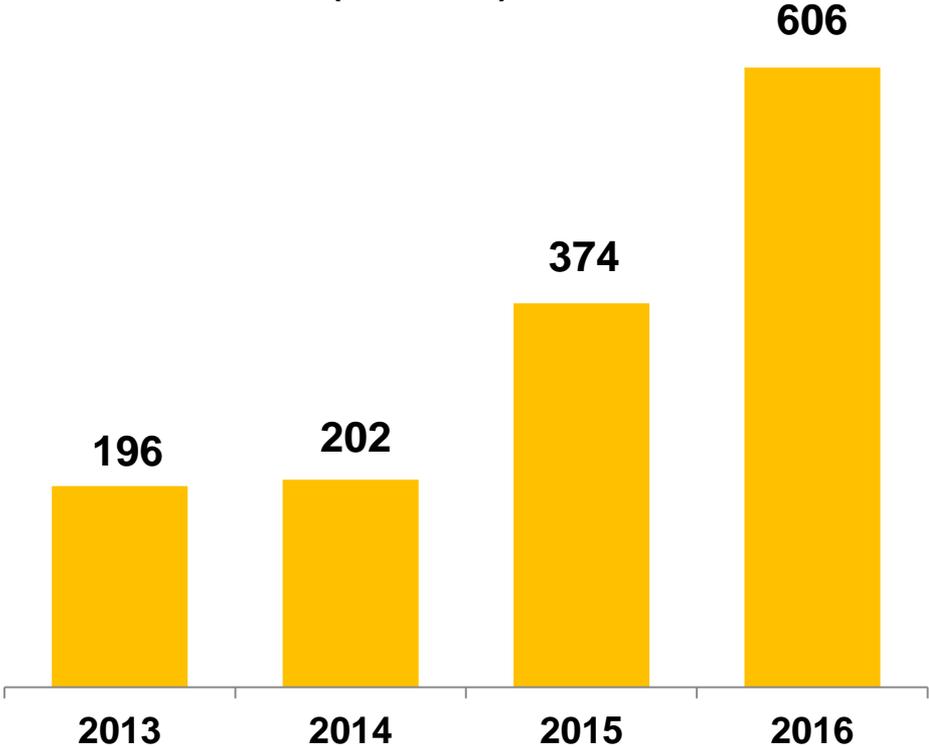


## Major client win

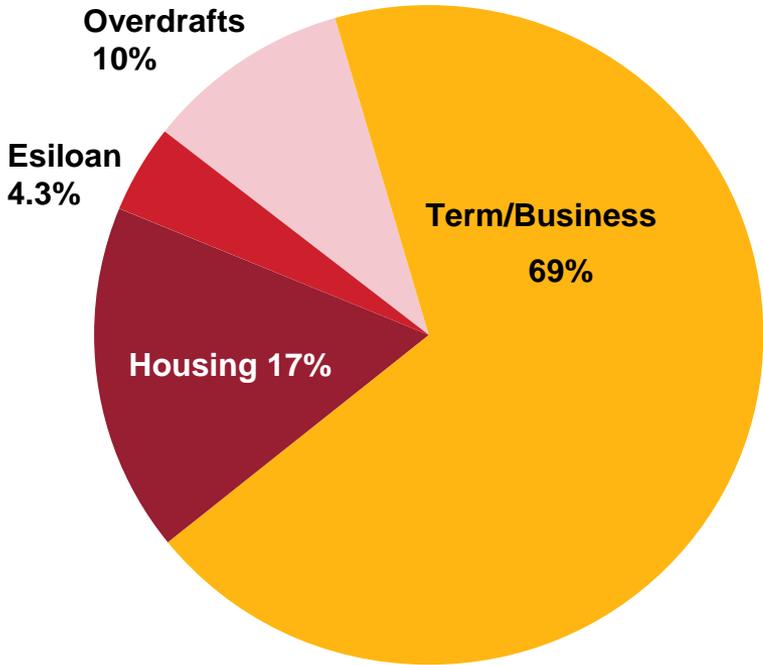
Kina wins Nasfund client, adding **PGK4 billion FUA** and **growing Kina's client base to 700,000 clients.**

# Lending increased 62%

**Kina Lending Book  
(PGK MIn)**

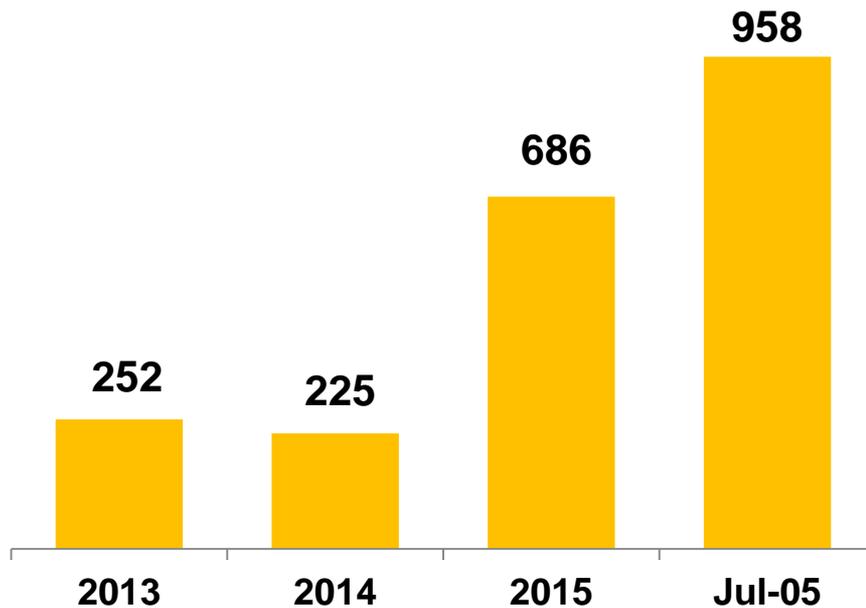


**Lending breakdown**

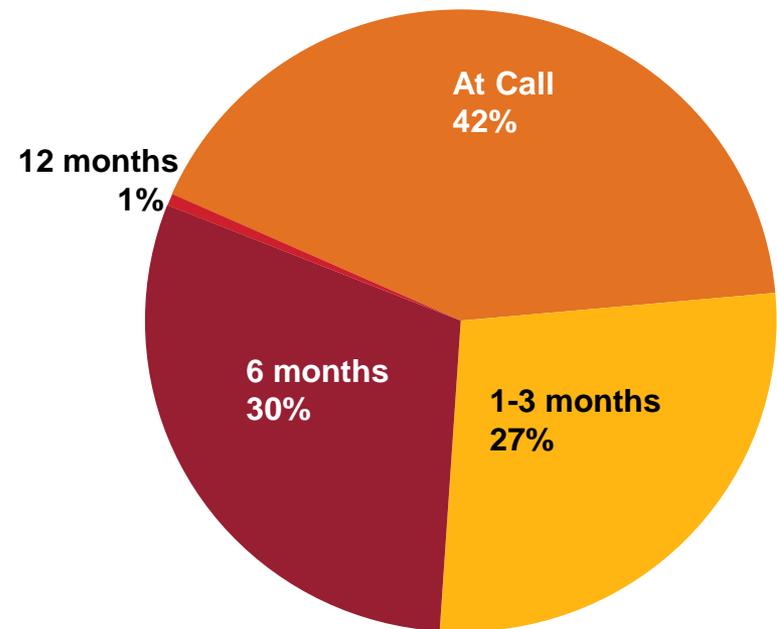


# Large low cost deposit base grows 40%

**Kina Deposits**  
(PGK Mln)

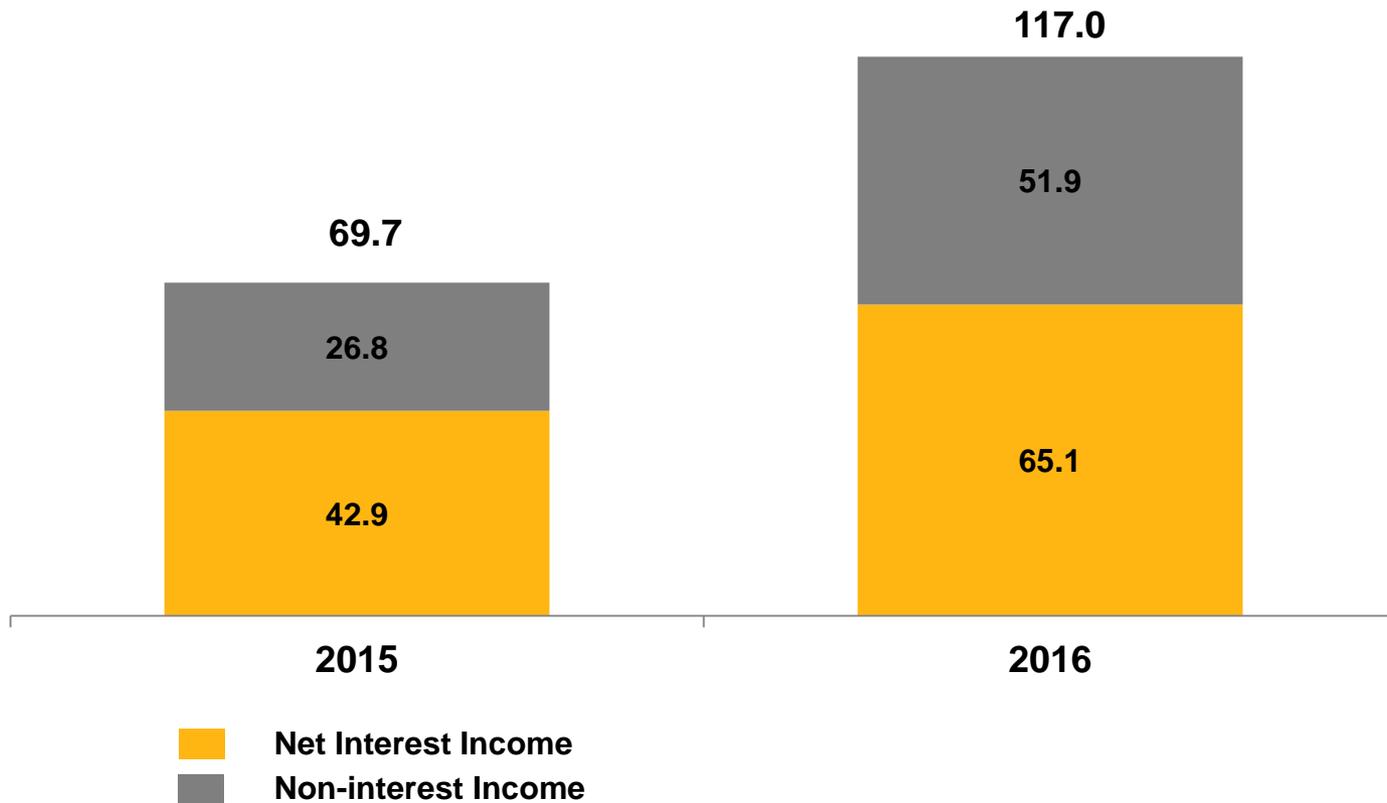


**Deposit profile**  
(% of total)



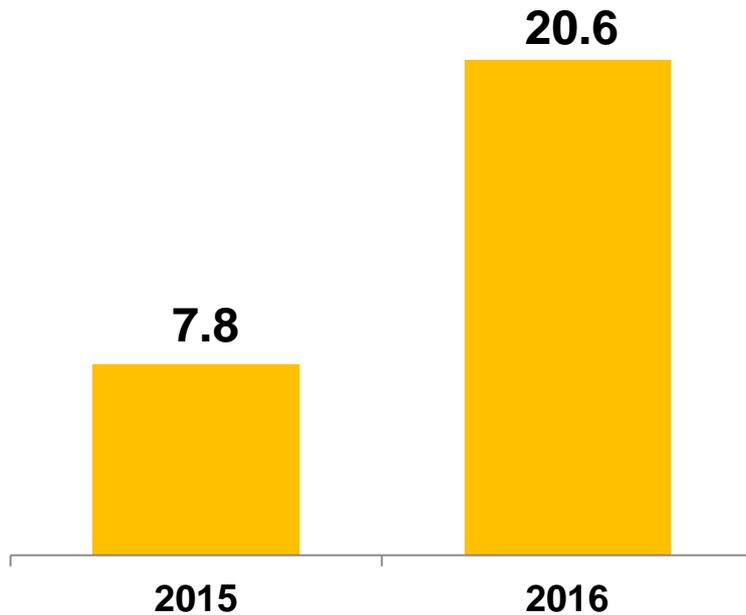
# Income grows 66%

**Interest and non-interest income**  
(PGK MIn)

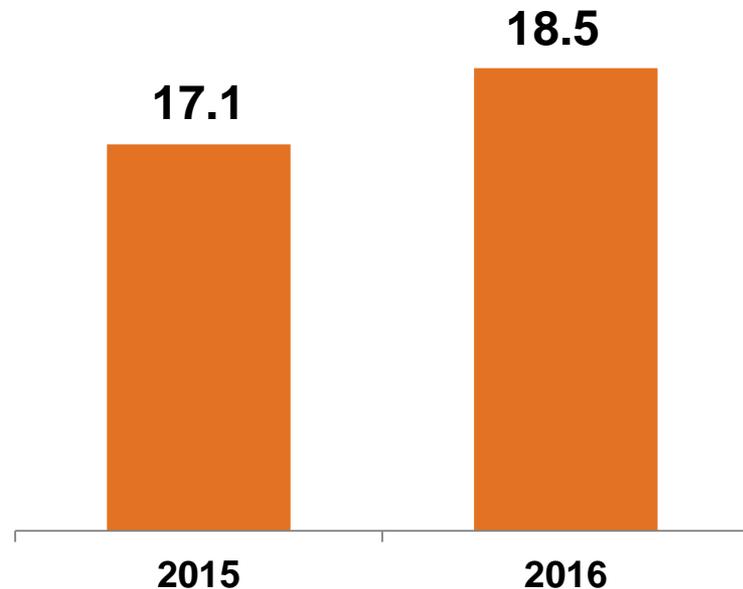


# Other Income continues to rise

**Foreign Exchange**  
(PGK Mln)

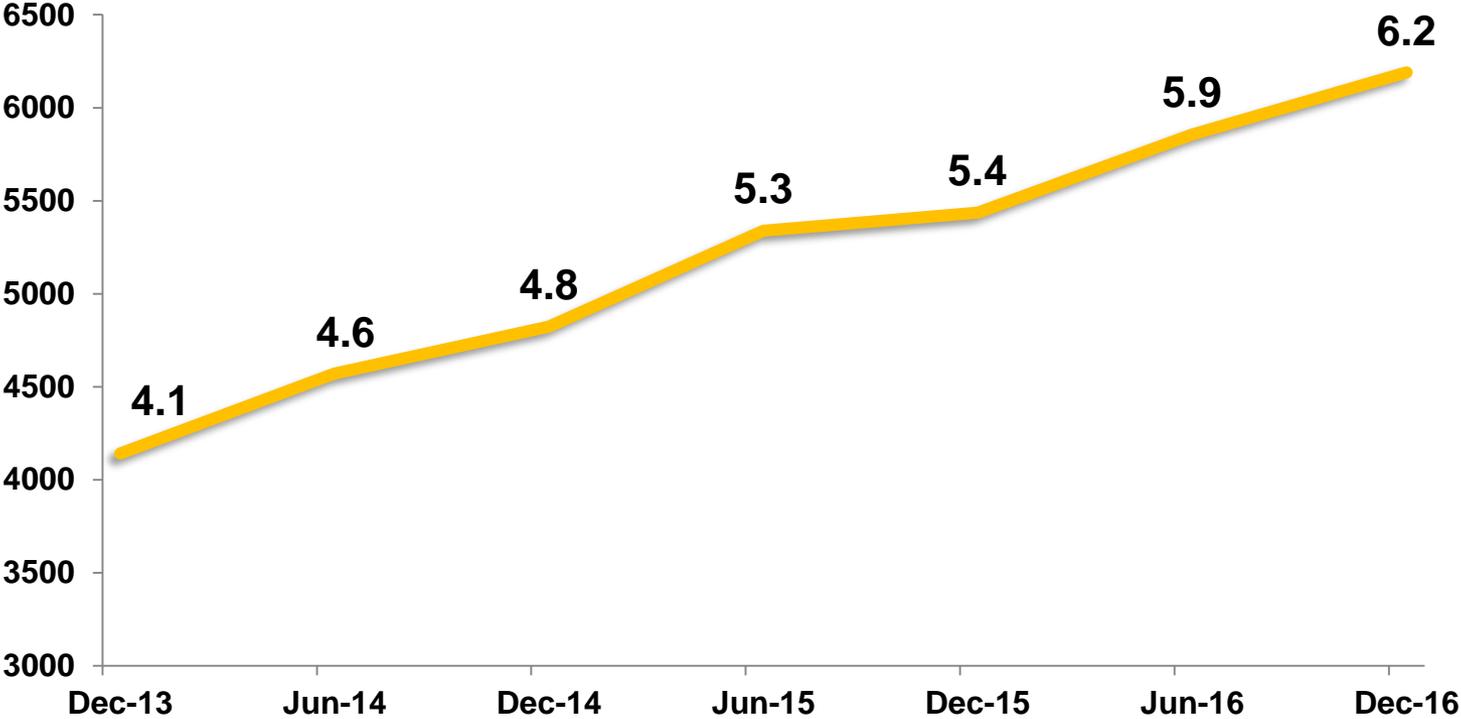


**Wealth Management**



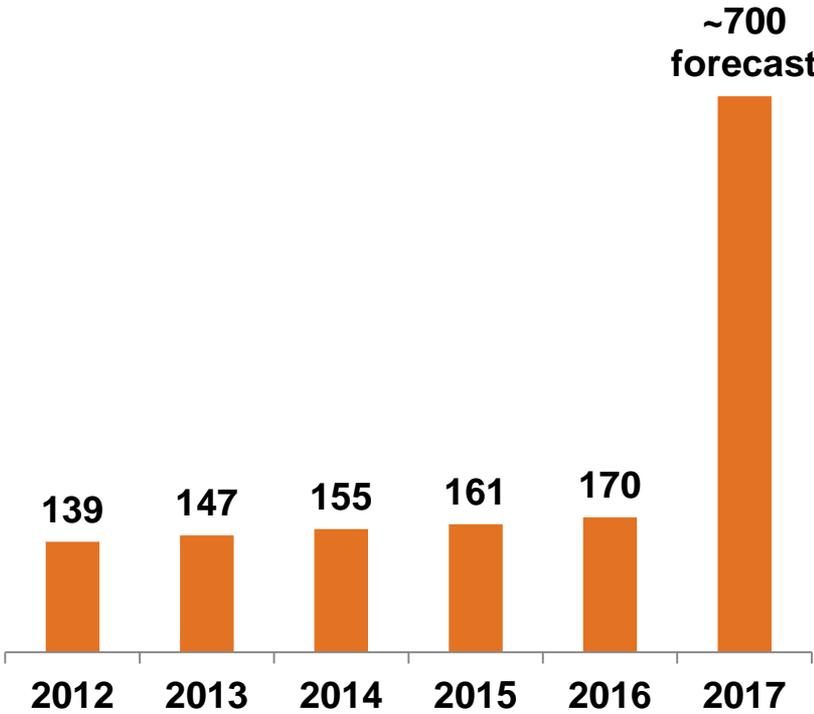
# FUM up strongly

(PGK Bln)

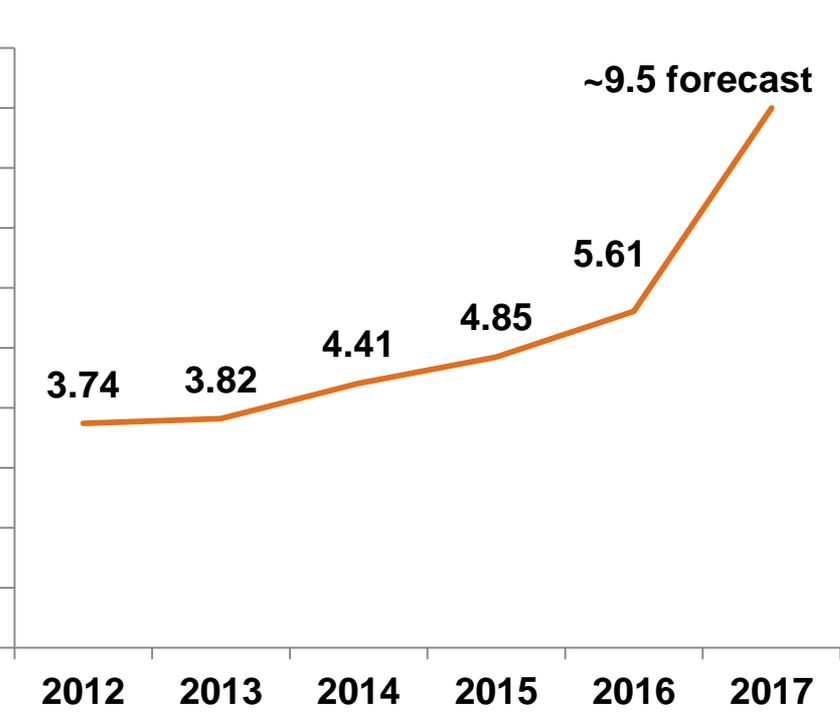


# Nasfund to boost FUA

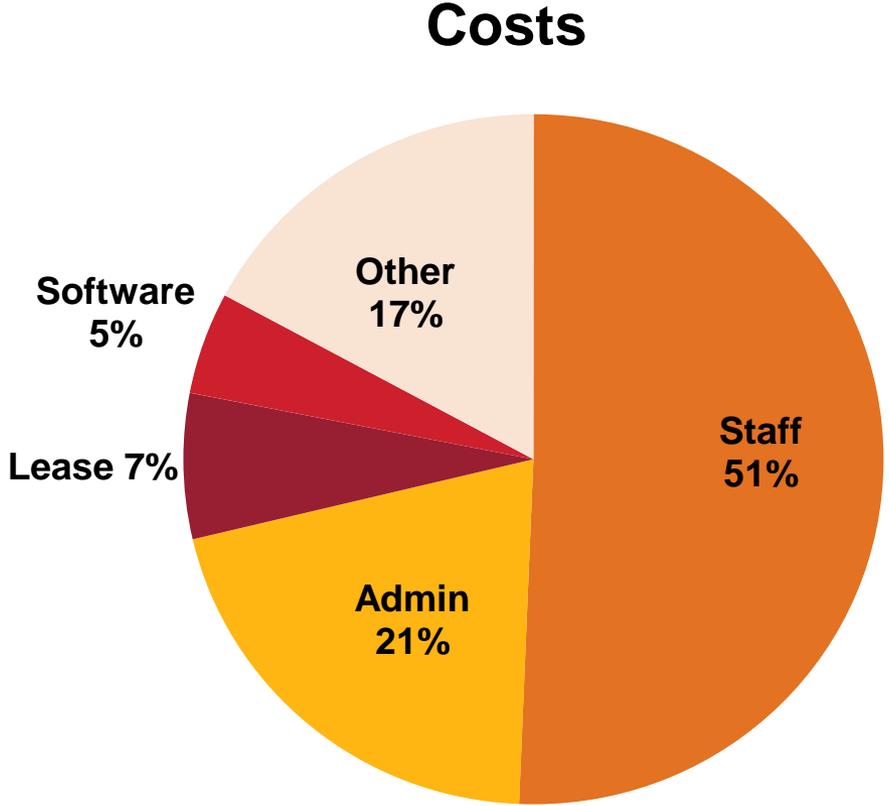
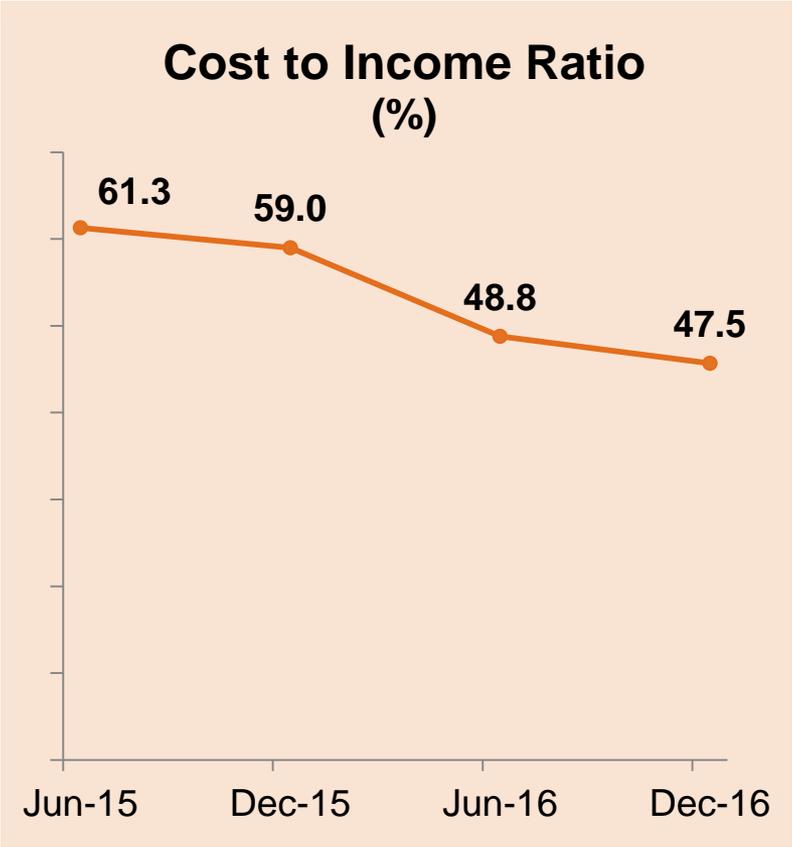
### Member Numbers (000)



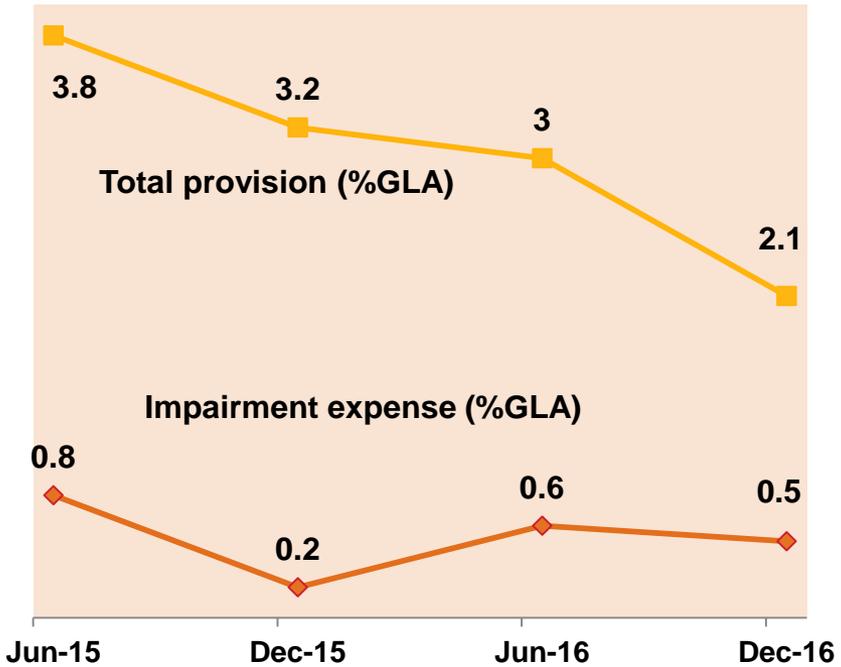
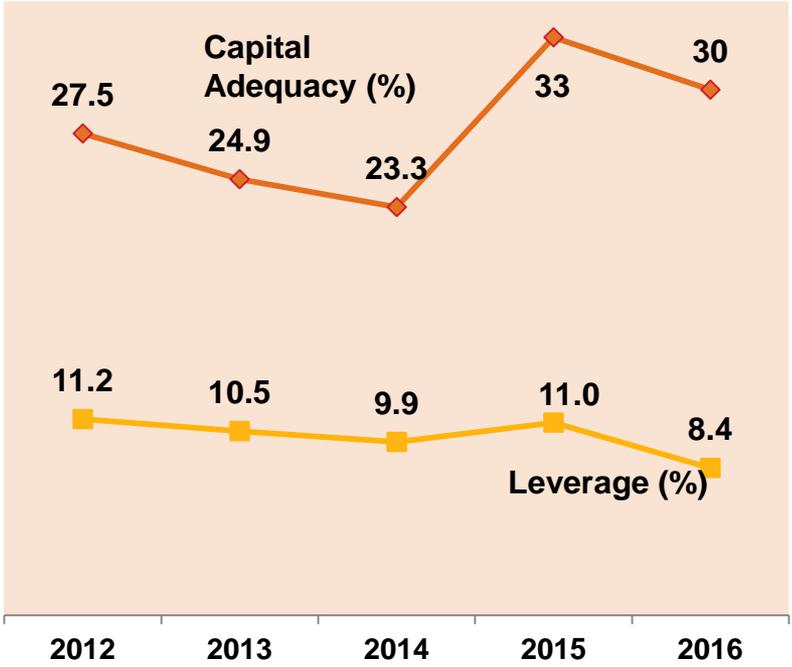
### Funds Under Administration (PGK Bln)



# Efficiency improving steadily



# Strong capital adequacy, low loan impairments

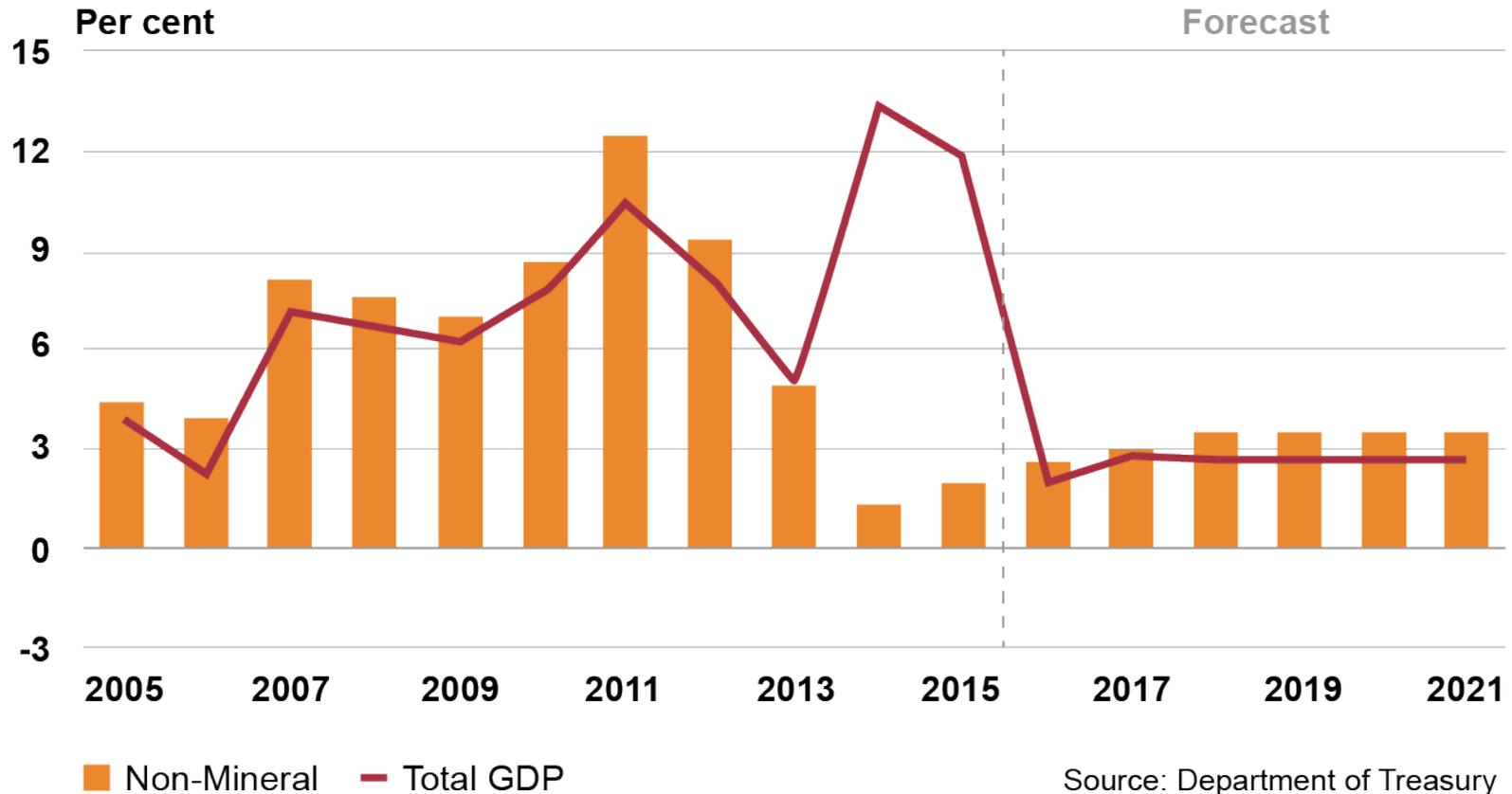




Economy

# PNG – 2.8% growth forecast in 2017

## Economic Growth 2005-2021



## Major new resource projects

Potential government approval of:

- **Frieda River and Wafi-Golpu** projects (2017)
- PNG's second LNG project, **the Total-led Papua LNG Project (2018)**

## New power projects

- **ExxonMobil** to start construction on **new 50mw power plant** outside Port Moresby in early 2017.
- **Daewoo and Oil Search** are also **building power plants** in Lae.

## Tourism and construction

Short-term opportunities  
due to the **APEC Summit in 2018.**

## Agriculture

**2016 PNG coffee crop strongest** since 2011.

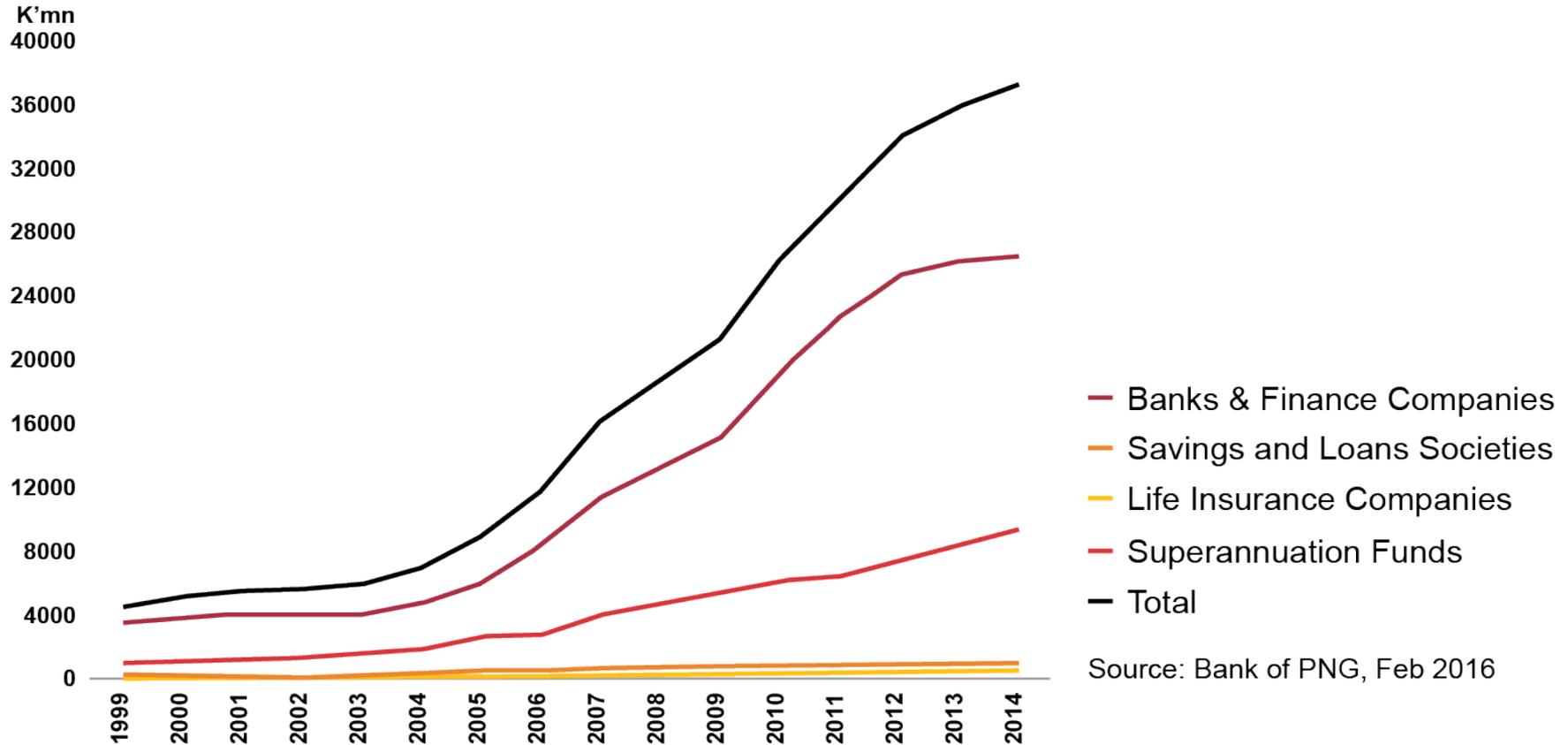


Our  
Strategy

# Our strategy for growth

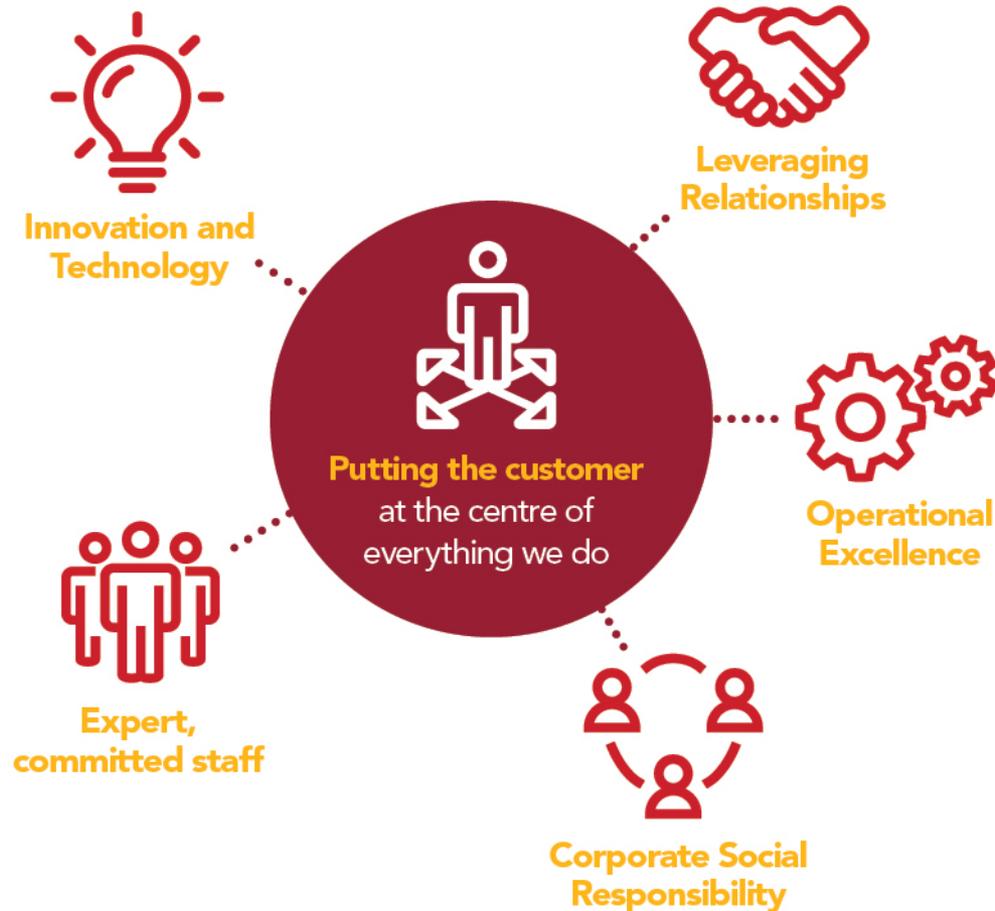
At a macro level, we participate in rapid development of PNG financial system

## Total assets PNG Financial System



# Our strategy for growth.

We will deliver shareholder value and proactively move to lift market share by:

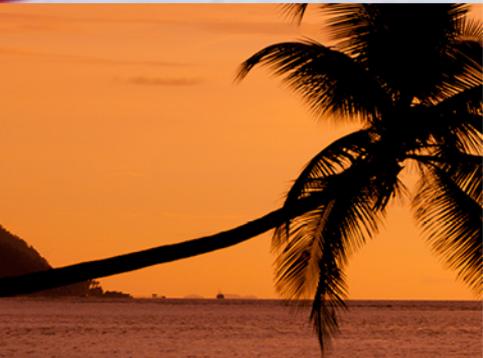




Priorities



**Leveraging**  
our relationship with key  
Funds to **facilitate cross-  
selling opportunities**



**Delivering**  
the Nasfund transition to  
**our fund administration  
services**



**Opening**  
a **new branch** at Vision  
City mall in Port Moresby  
in May 2017.



**Completing** our technology transformation.  
**Expanding Kina's suite of personal and business  
banking products** and services e.g. mobile applications  
for retail customers and mobile applications and  
internet banking for corporate clients.



**Finalising and expanding** correspondent  
banking partnerships to **reduce the costs and risks**  
associated with interruptions to our services.



# Positive outlook maintained

2017 guidance



Net interest margin **7-9%**

---



Cost to income ratio **45-50%**

---



**Profitable, quality** lending growth;

---



**Continued growth** of the  
low cost deposit base

---



**Strong** prudential position and  
conservative capital adequacy



