

ASX/PNGX announcement



27 August 2020

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

2020 Half-Year Results Investor Presentation

Please find attached for release to the market, Kina Securities Limited's *2020 Half-Year Results Investor Presentation for the period ended 30 June 2020*.

-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



Kina Securities Limited | Half Year Results - 30 June 2020

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.

Financial Results

Deployed acquired deposits successfully with organic business seeing continued growth.

NPAT up 24% on pcp to PGK 29.3m.

Interim dividend for first half of FY20 AUD 4.0 cents per share or PGK 10.0 toea per share.

Revenue PGK 149.2m up 78%.

Net Interest income up by 76% to PGK80.4m compared to pcp.

Earnings per share 16.8 toea up 17%.

Return on equity 17.8% up 2%.



During the **tough times**, it's the people standing beside you who make the difference.

PRODUCER JELENA TAMATE
SME KINA BANK CUSTOMER

Highlights

Significant progress made on strategic initiatives to deliver growth:

1. Divested Esiloans portfolio to MiBank for K32.5m in line with strategic partnership.
2. Completed tech build to provide MiBank with POS services, ATM interchange, central bank clearance and debit card production.
3. New digital channels delivered strong growth in fee revenue from cards, Internet banking, USSD and eftpos.
4. Announced short-form amalgamation to simplify Group's operating and capital structure.
5. Announced major community partnership with local charity the Kokoda Track Foundation co-funding a new education centre.
6. Piloted digital concierge, digital kiosks and online account opening in branch, significantly modernising banking in PNG.
7. Launched an extensive brand campaign with three prominent PNG influencers, showcasing commitment to SMEs. A significant milestone in Kina's corporate identity.
8. Continued strong culture engagement with the first staff engagement survey achieving a 94% response rate. Results show strong underlying staff satisfaction and commitment to the corporate vision.
9. Took significant socially responsible action to ensure minimal impact of Covid-19 on staff and the business.
10. Delivered on planned gains from ANZ acquisition.

Business Growth



FX income
up 52% to
PGK 28.5m

Total
Deposits at
PGK 2.5bn

Total Net Loans
at PGK 1.42bn

Customer
numbers grew
by 5,968

Funds
Administration up
29% to PGK 3.5m

Revenue from new
digital channels
PGK 7.6m



Every success story
requires a partner.

CHEF JULZ HENAO
SME KINA BANK CUSTOMER

Economic Update

Domestic environment sees new macroeconomic challenges, most prominent is Covid-19.

Government announced K5.6 billion Covid-19 economic support package, adding to fiscal pressures.

They also secured US 363.6m assistance from IMF's Covid relief fund.

Major national resource projects such as Papua LNG, P'Nyan LNG and Wafi-Golpu mine cancelled or delayed, reportedly representing up to US\$31 billion investment in PNG.

Capital investment in mining-adjacent sectors and support services also slowed down as a result.

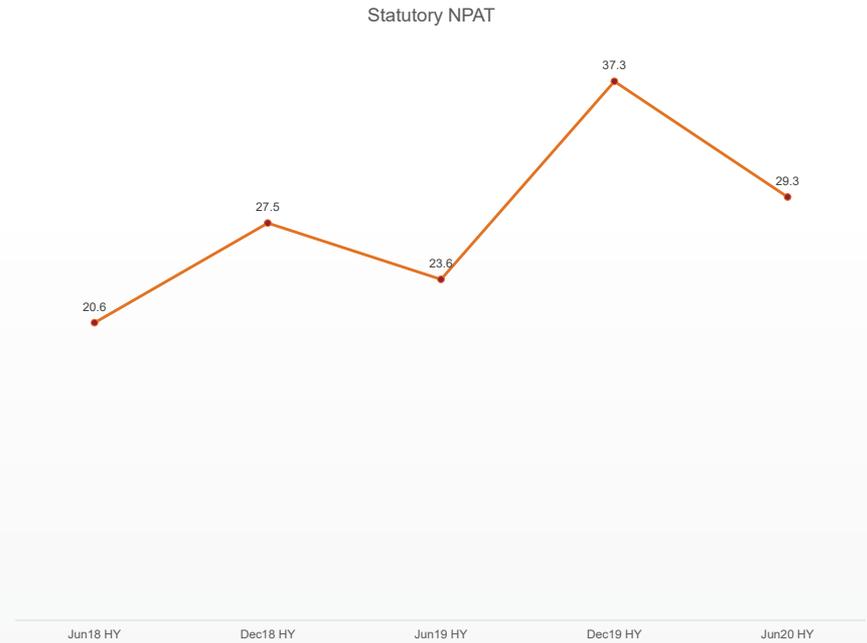
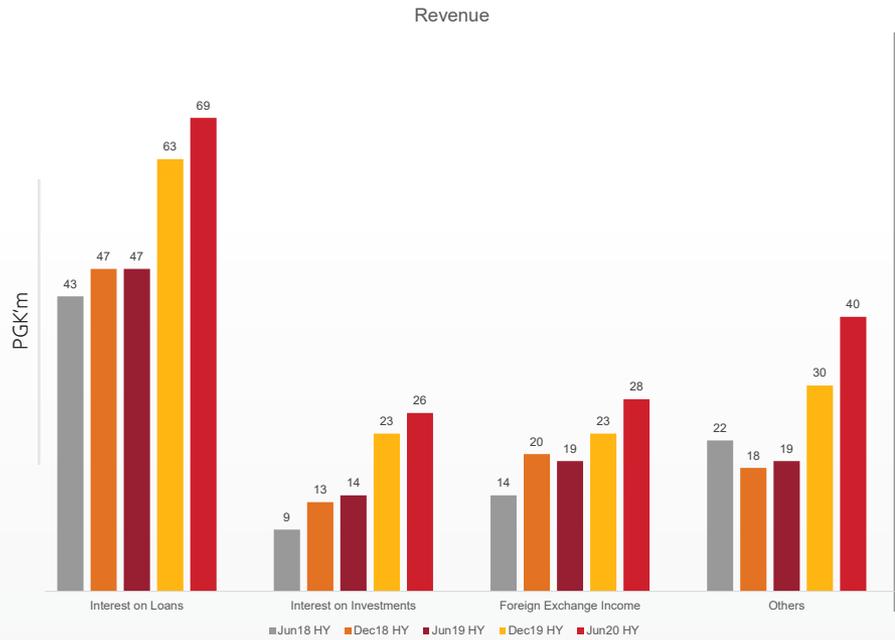
GDP expected to contract by -1.5% in real terms.

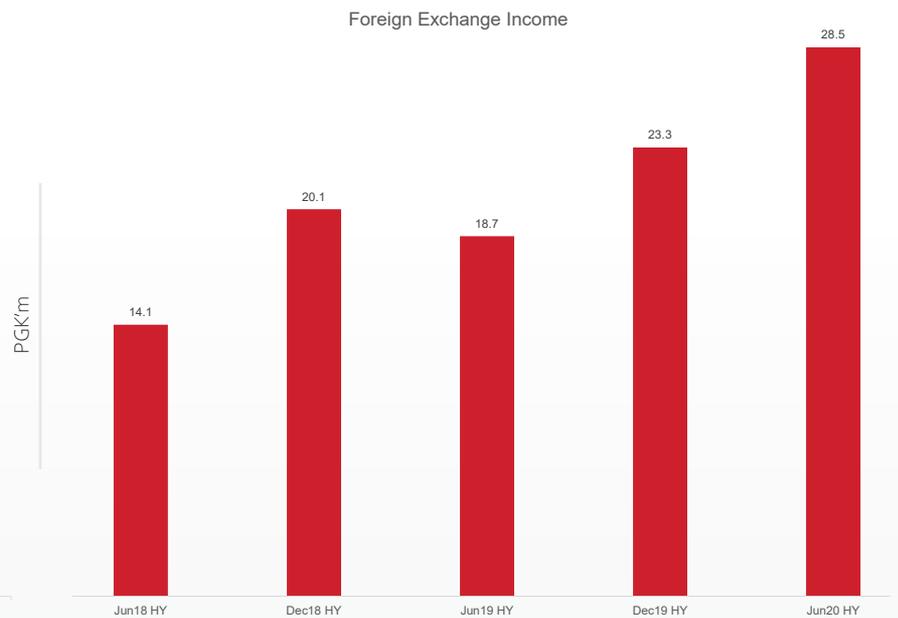
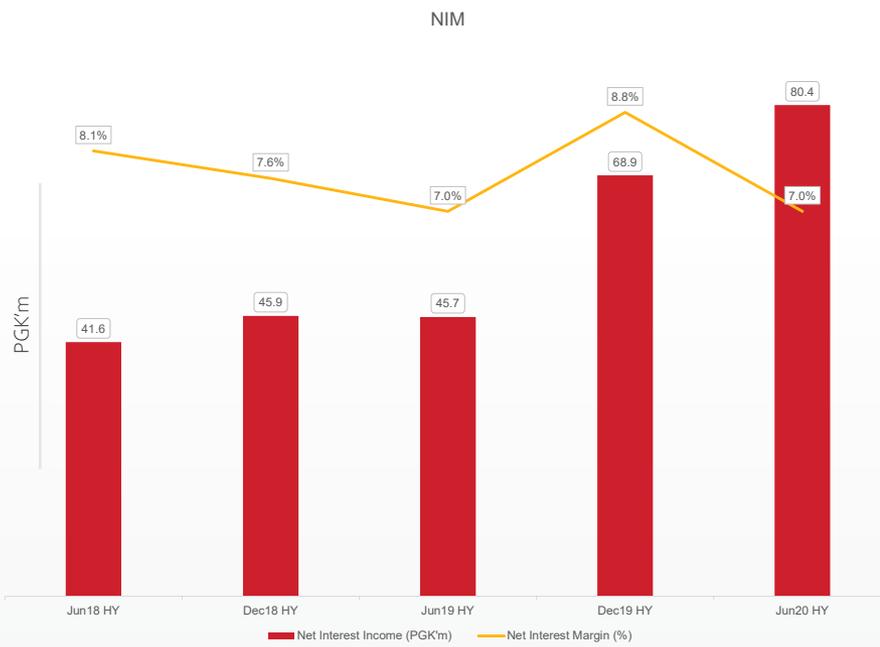


Grow with a
trusted partner.

FASHION DESIGNER TABU WARUPI
SME KINA BANK CUSTOMER

KEY REVENUE MEASURES



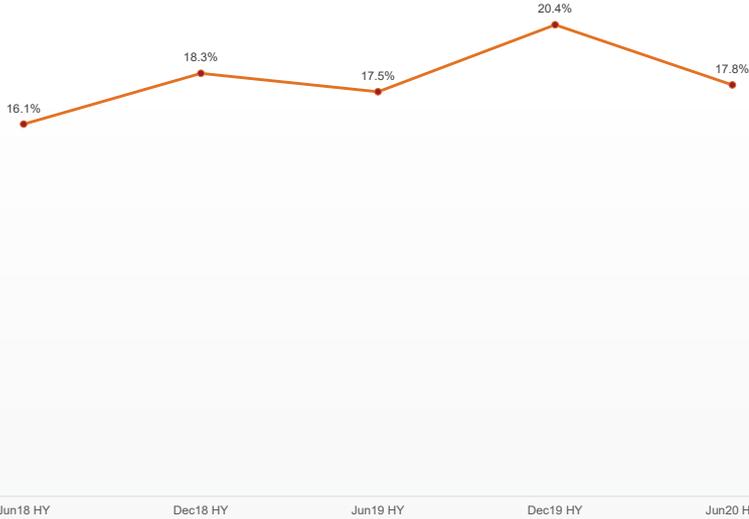


PRODUCTIVITY

Cost to income ratio

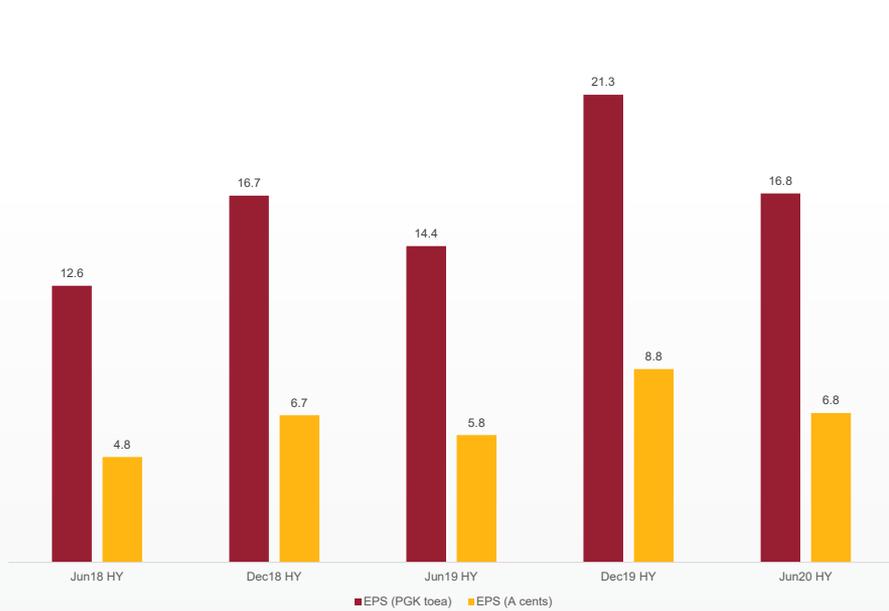


Return on Equity

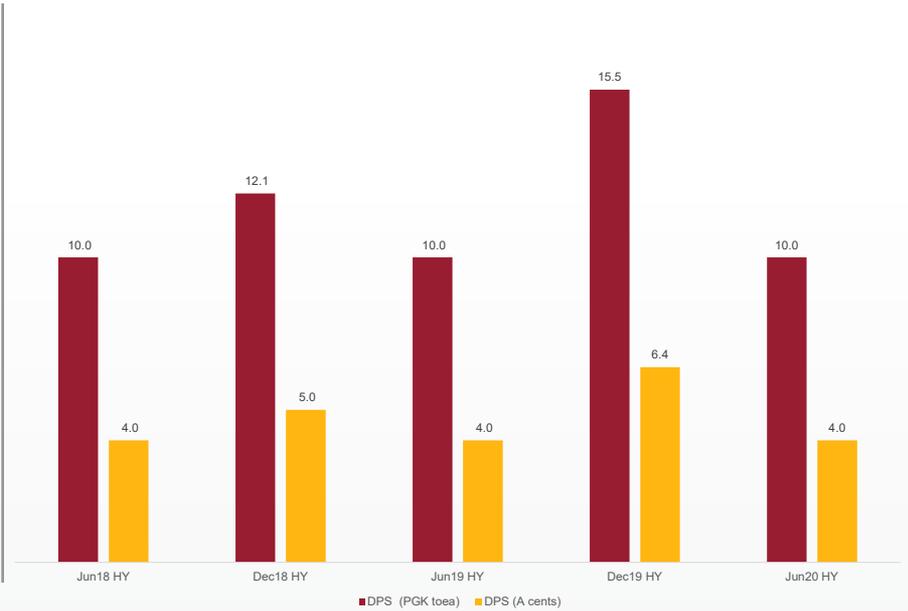


SHAREHOLDER RETURNS

Earnings per Share

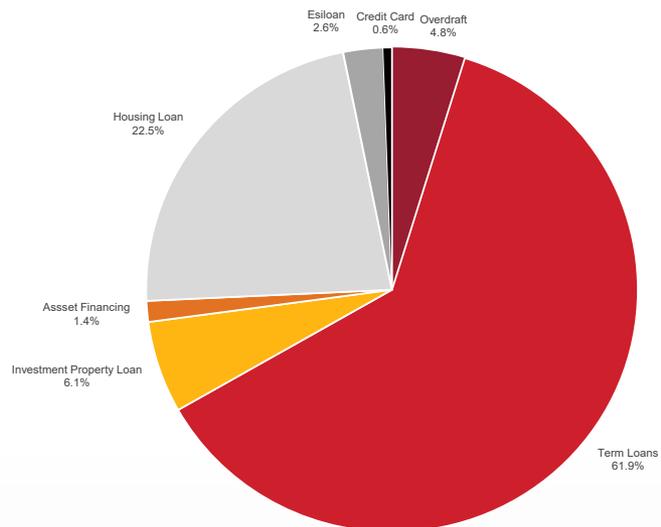


Dividend per Share

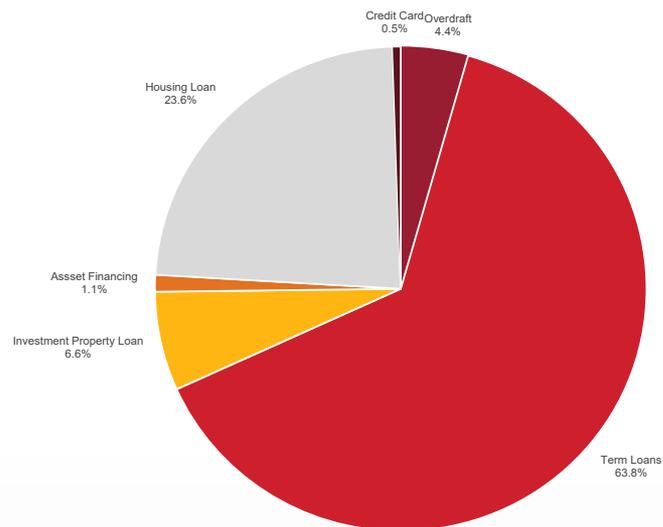


BALANCE SHEET

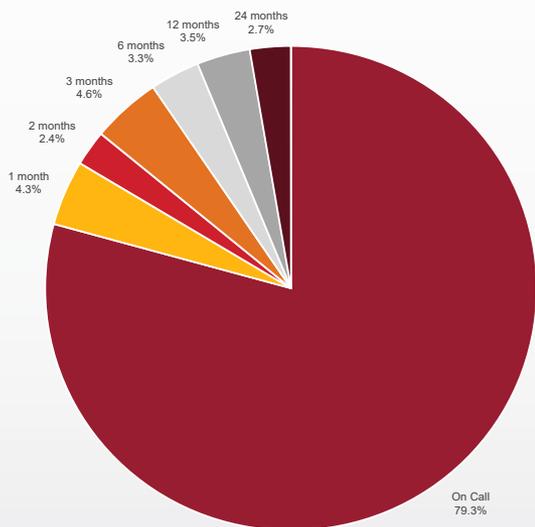
Loans FY19



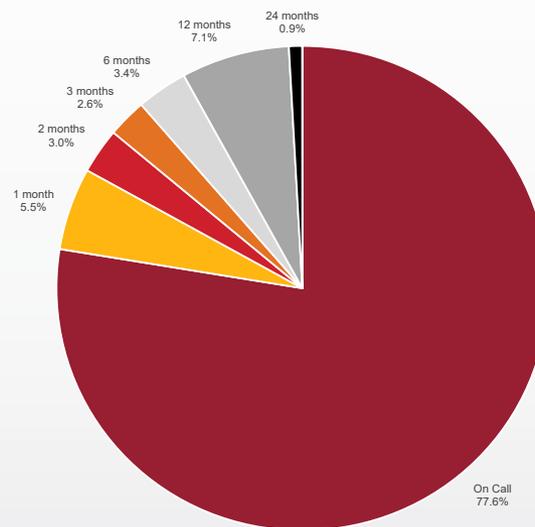
Loans 1H20



Deposits FY19

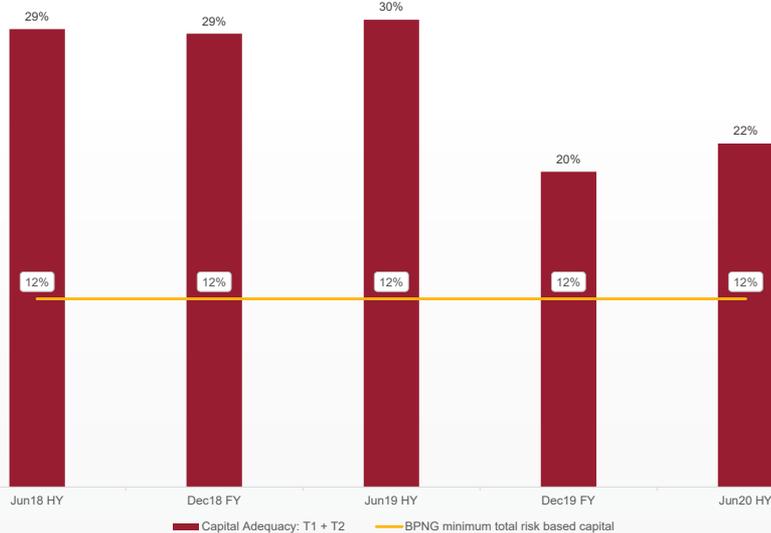


Deposits 1H20

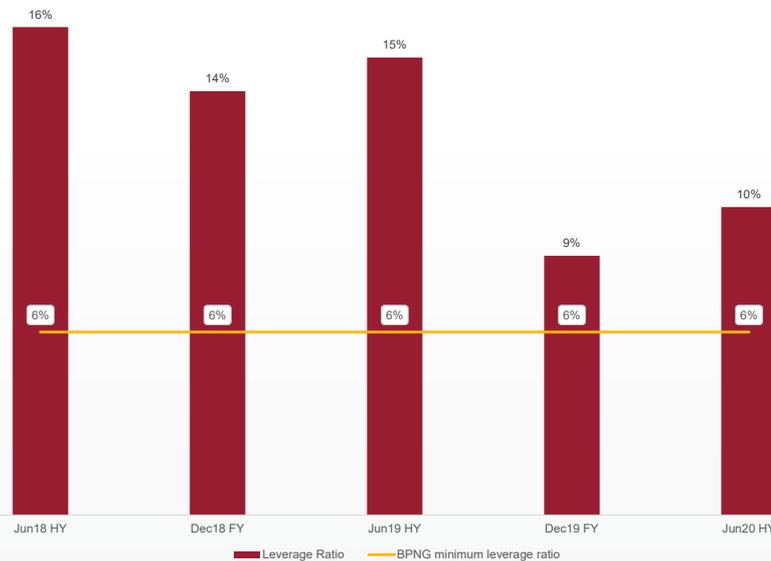


CAPITAL MANAGEMENT

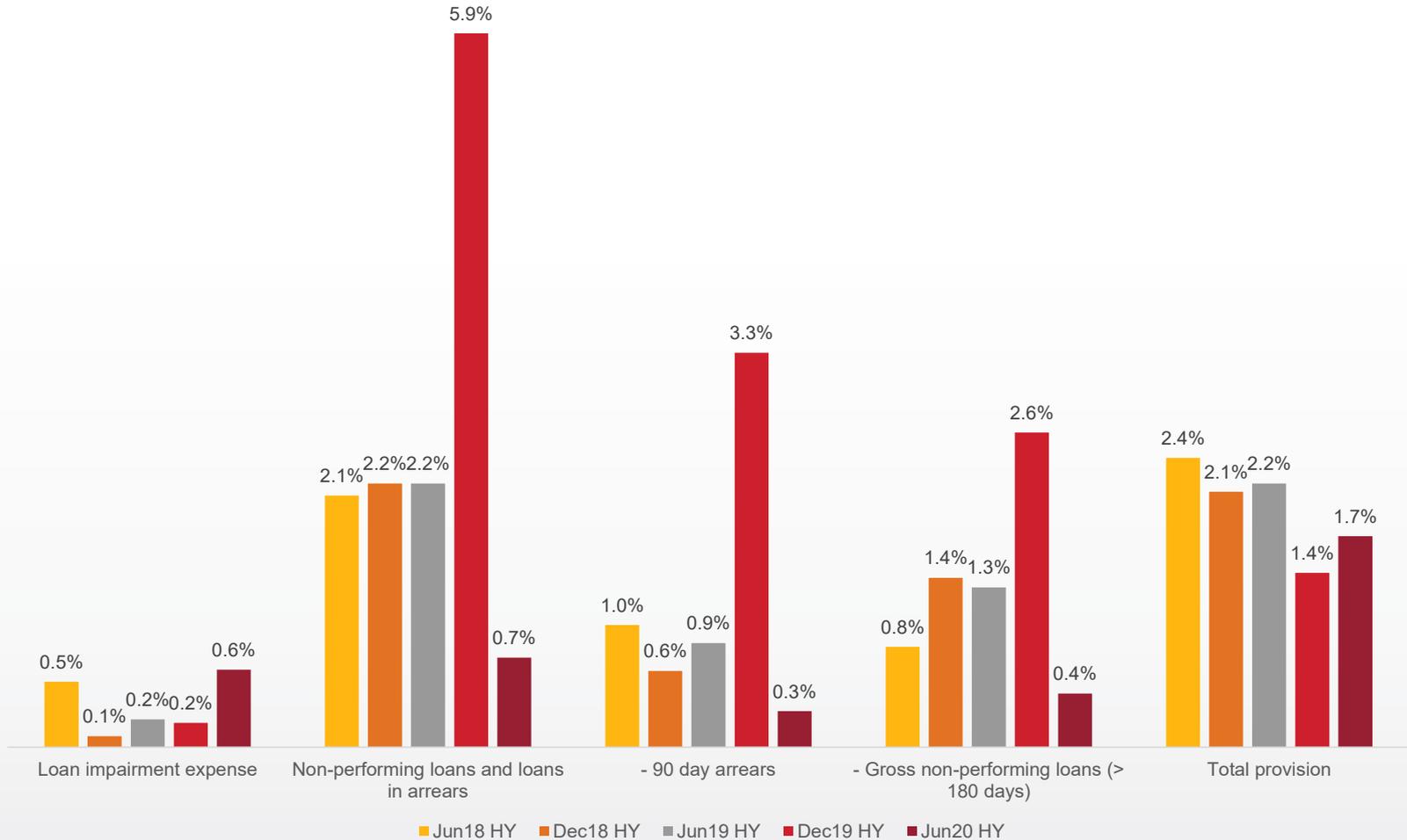
Capital Adequacy



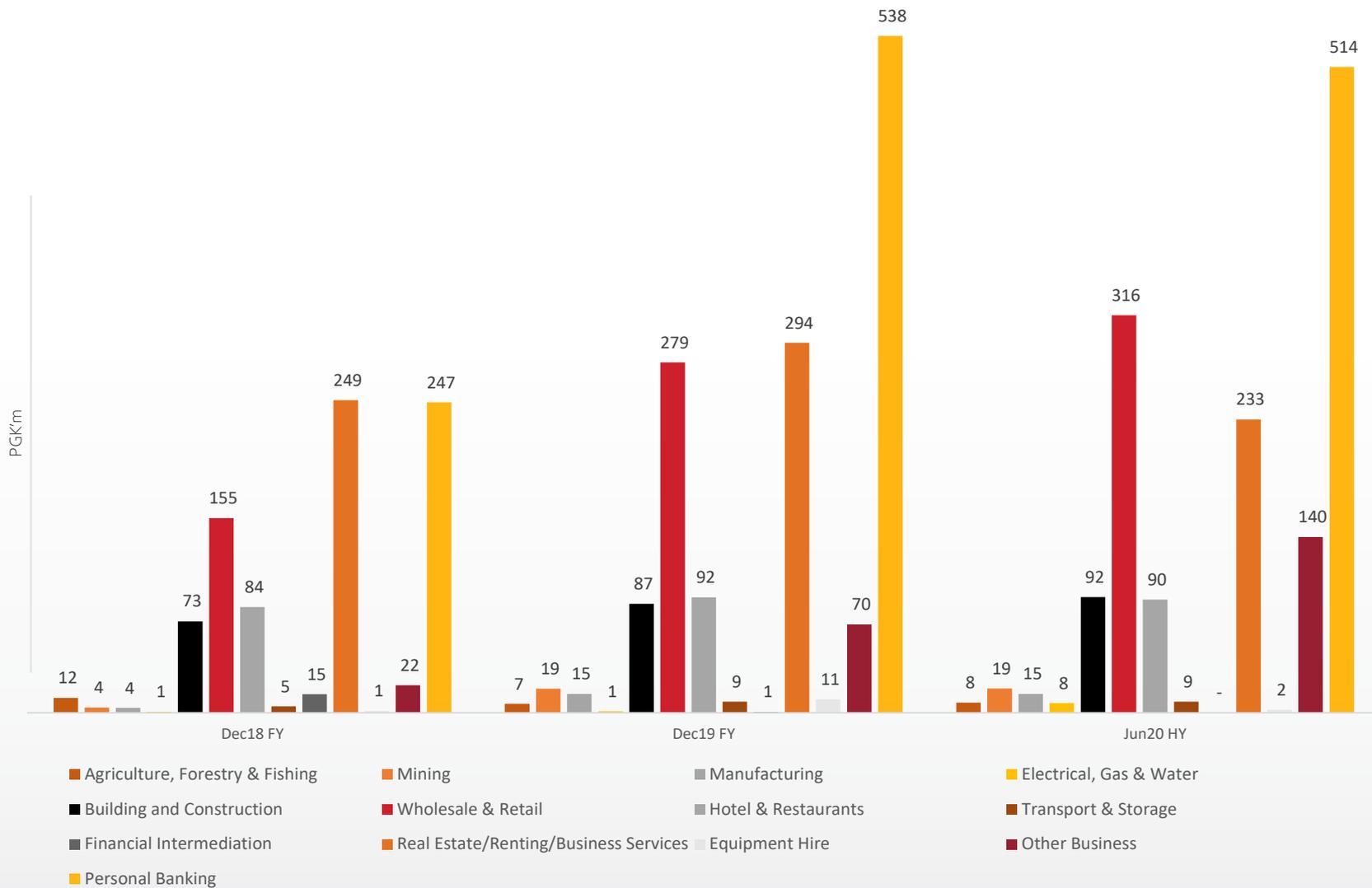
Leverage ratio



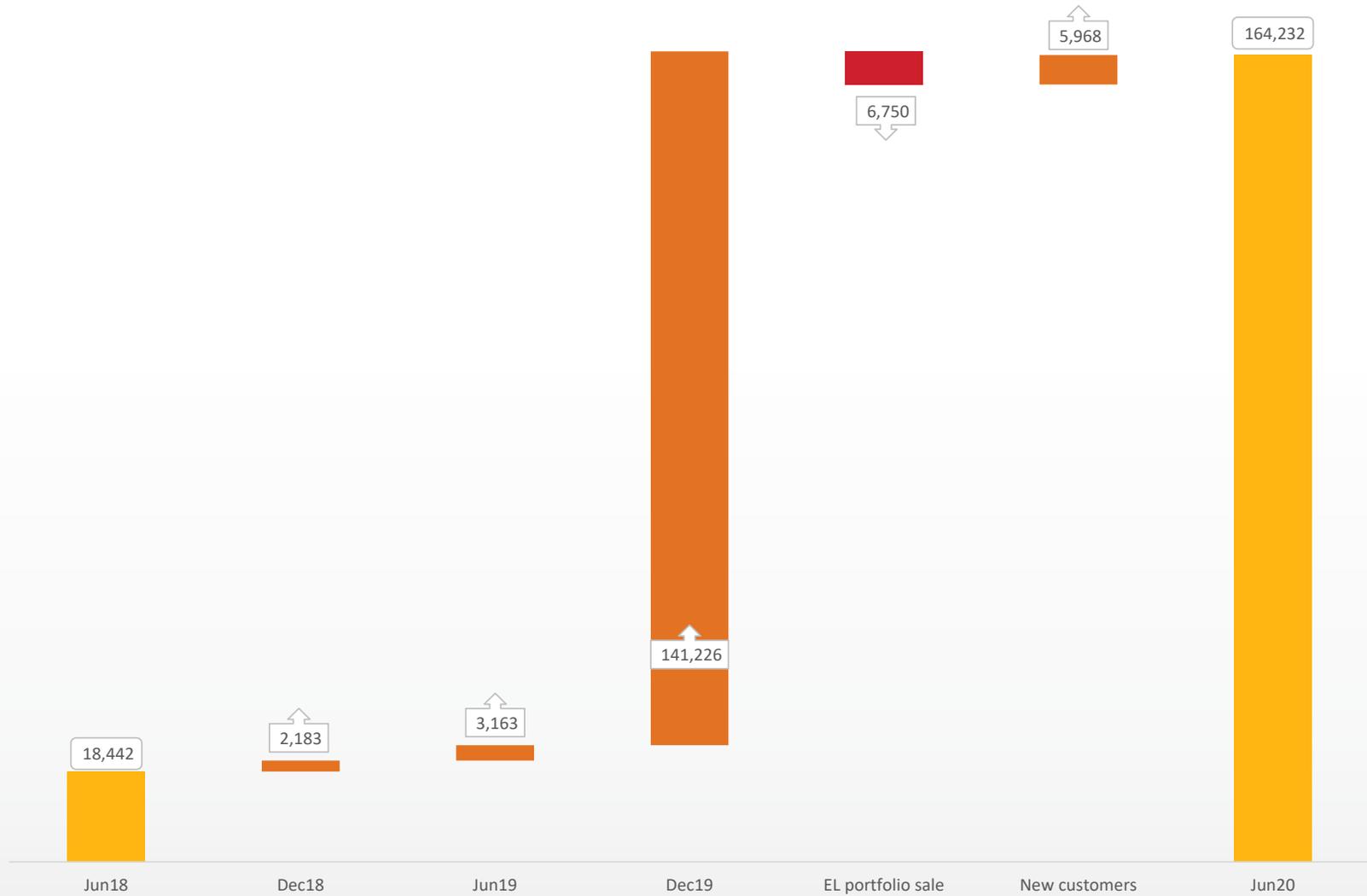
ASSET QUALITY



PORTFOLIO

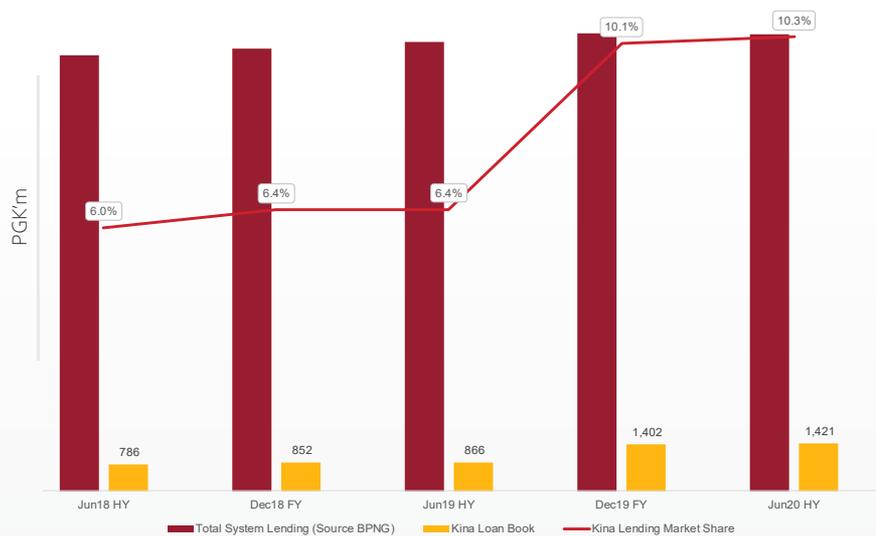


CUSTOMER GROWTH

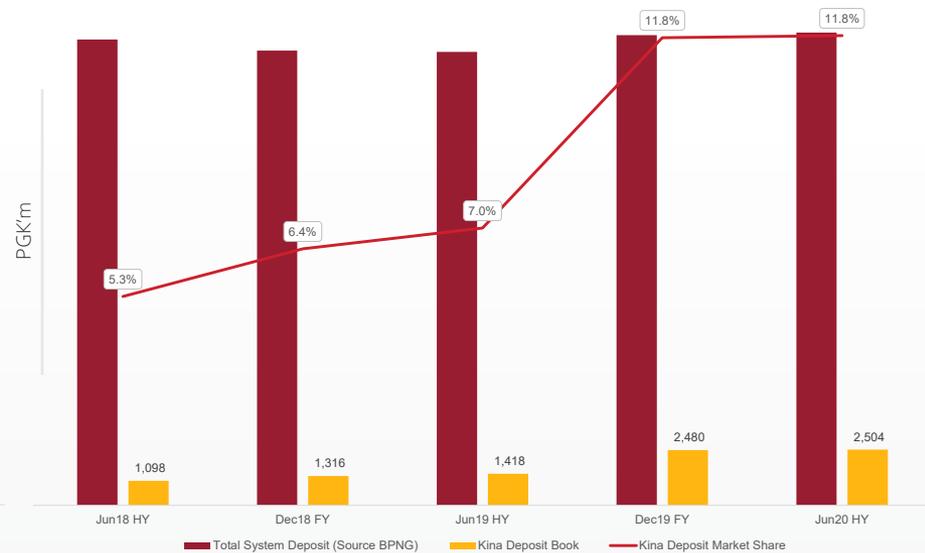


MARKET SHARE GAINS

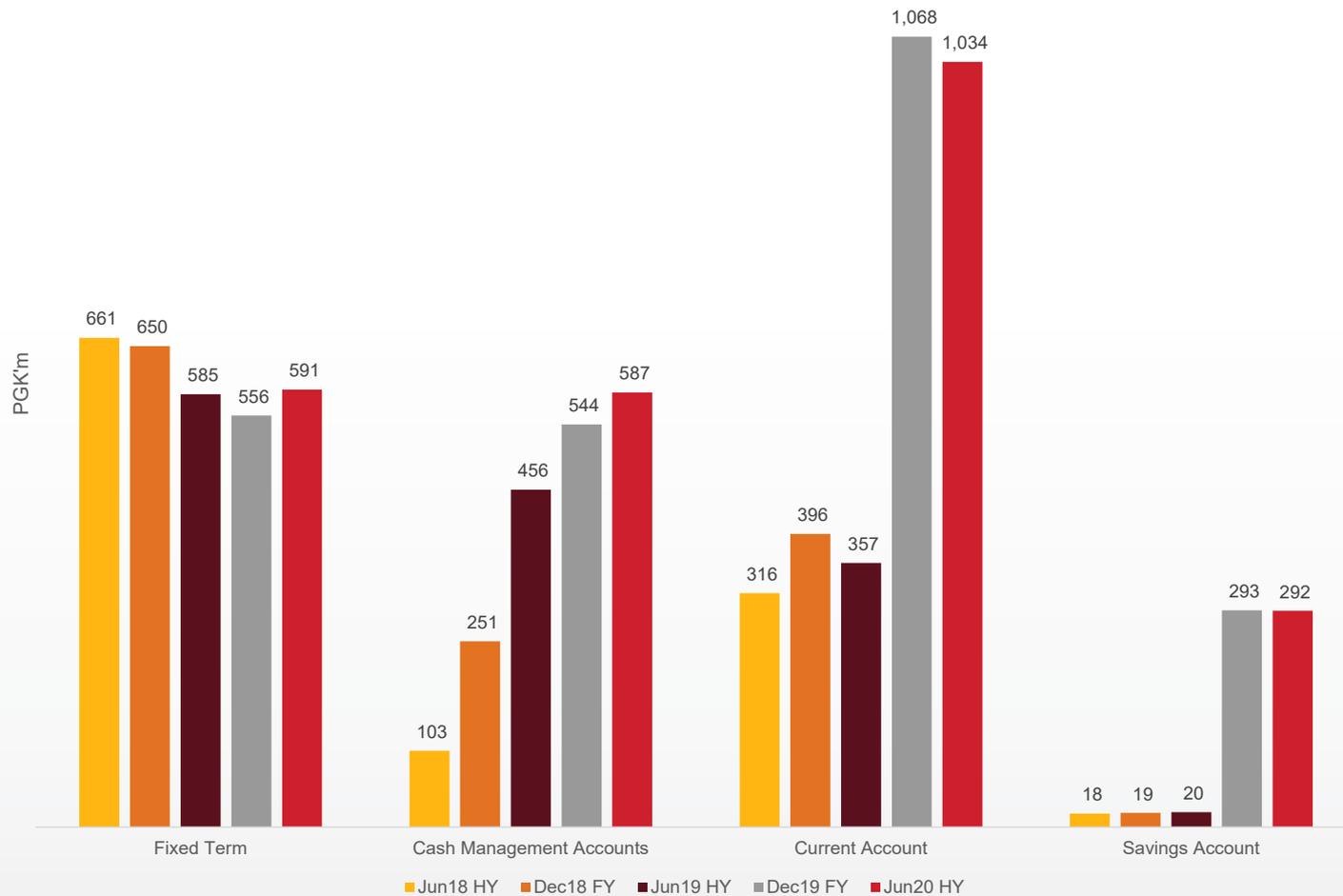
Market share percentage - lending



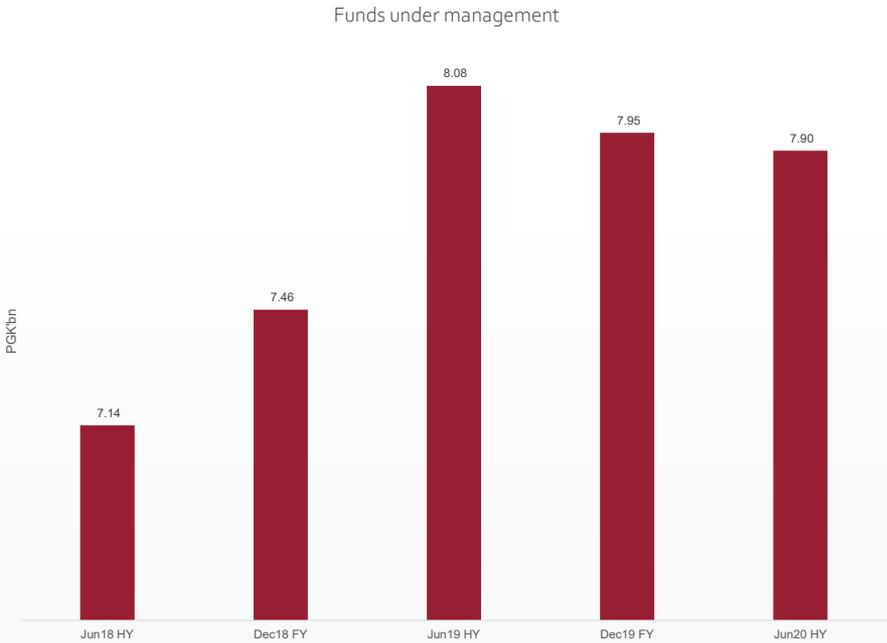
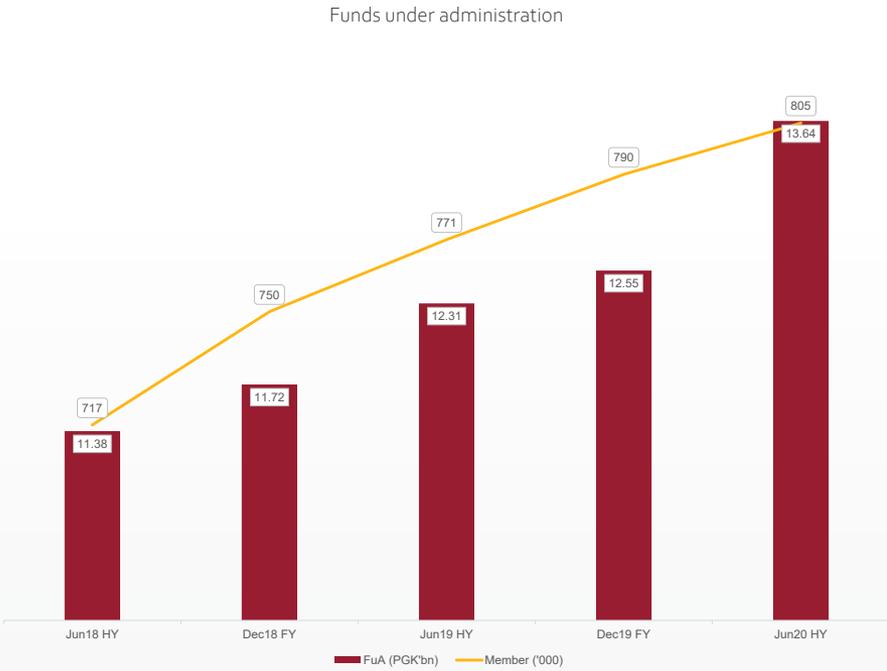
Market share percentage - deposits



DEPOSIT MIX



WEALTH MANAGEMENT





together it's possible



www.kinabank.com.pg