

29 August 2022

ASX/PNGX | Announcement

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Sydney NSW 2000
Australia

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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.

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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

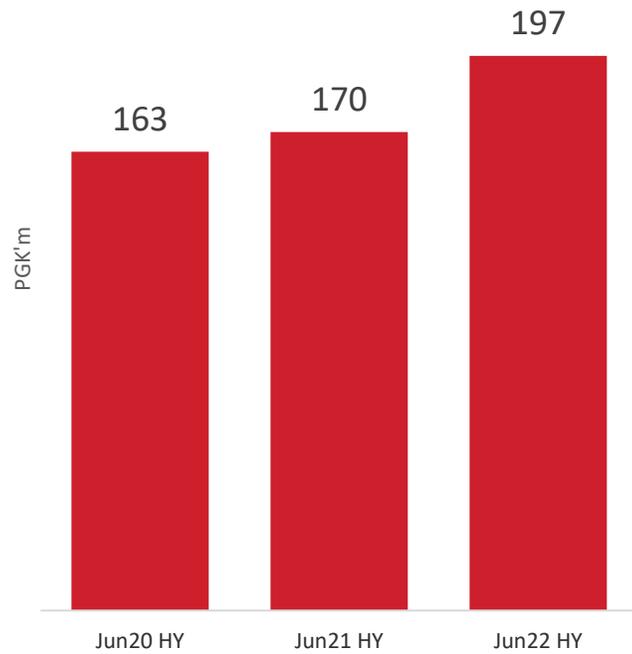
Return on Equity 15.9%, up 14%

Earnings per share 6.3 cents (AUD) up 24%

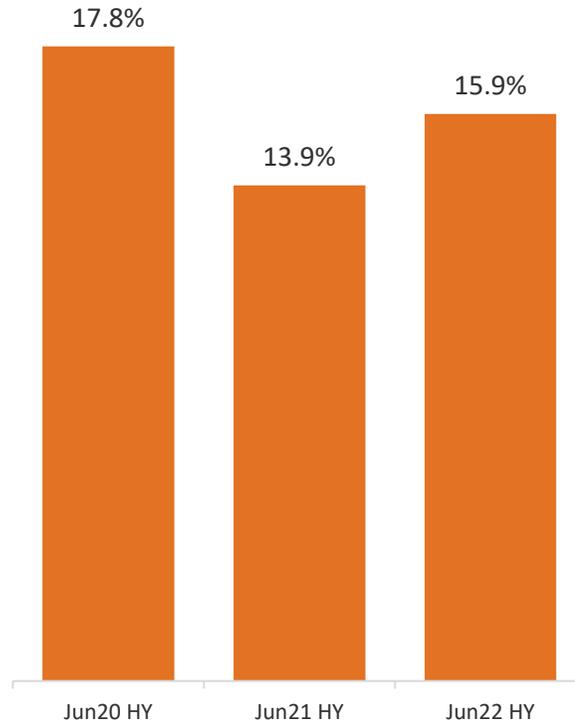
1H22 Highlights strong revenue growth



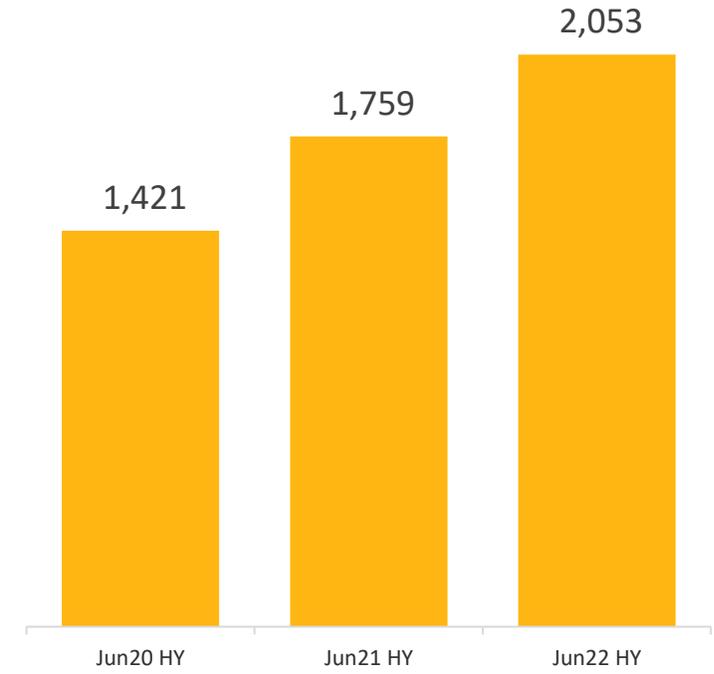
Revenue



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.



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.



Together it's possible

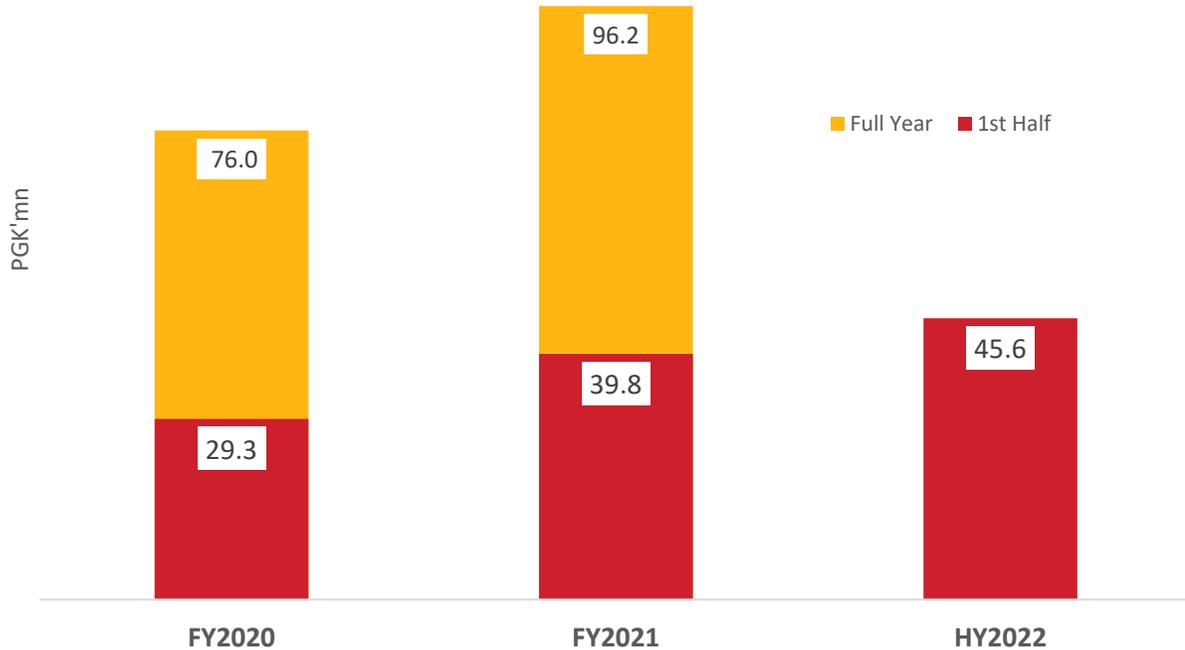
2022 Half Year Results

	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

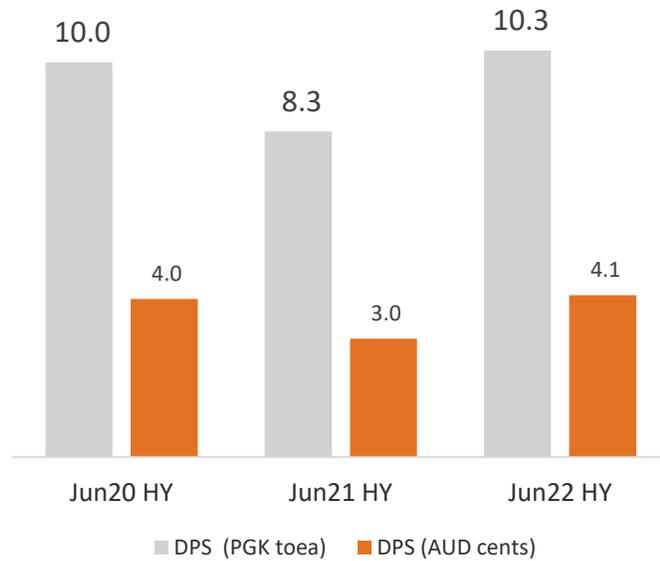


- Core business continues to perform against expectations
- Less Capital intensive lines of business contributing 38% to income.
- Staff costs reduced to 39% of total costs compared to 42% against pcp.
- Admin costs up 18% on pcp reflecting the expense of non-recurring items and the application of the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

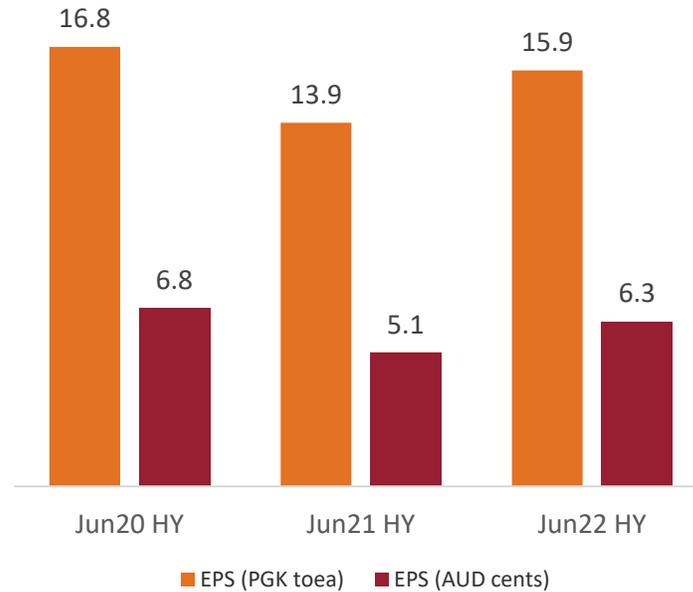
Shareholder Returns



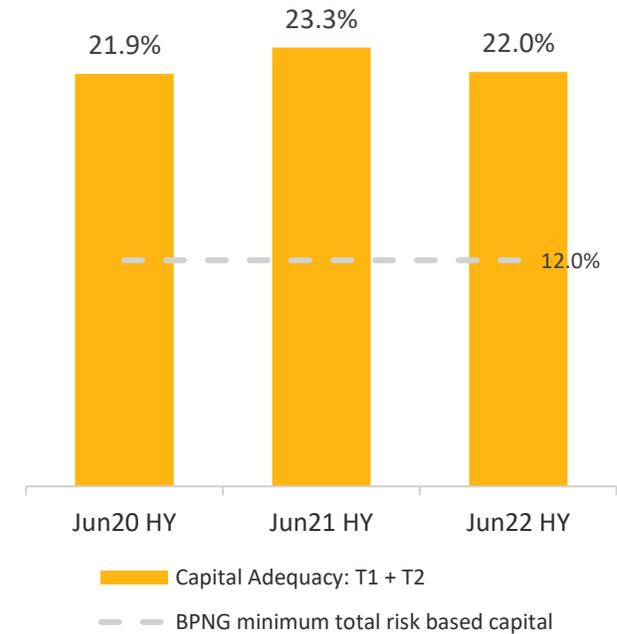
Dividend per Share



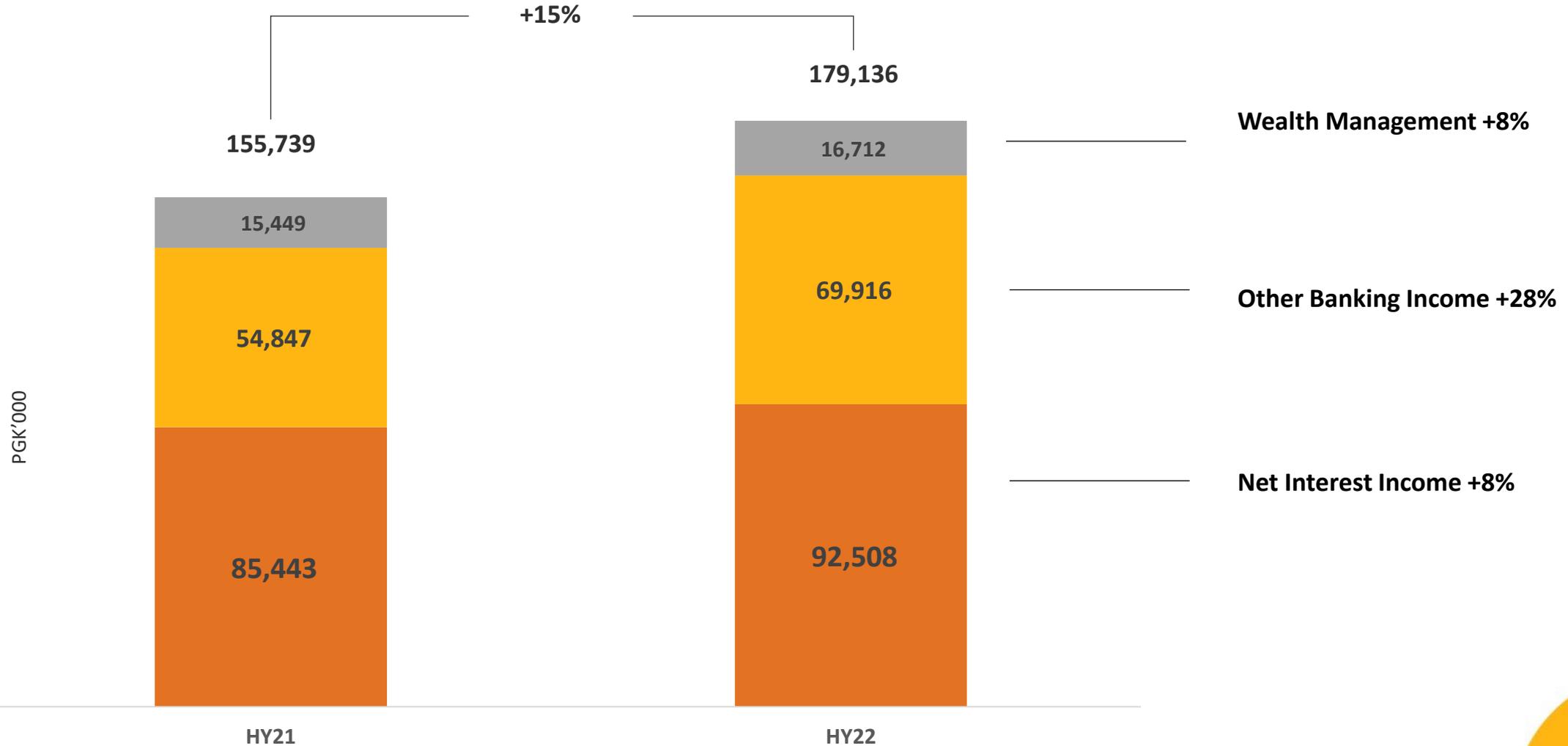
Statutory Earnings per Share



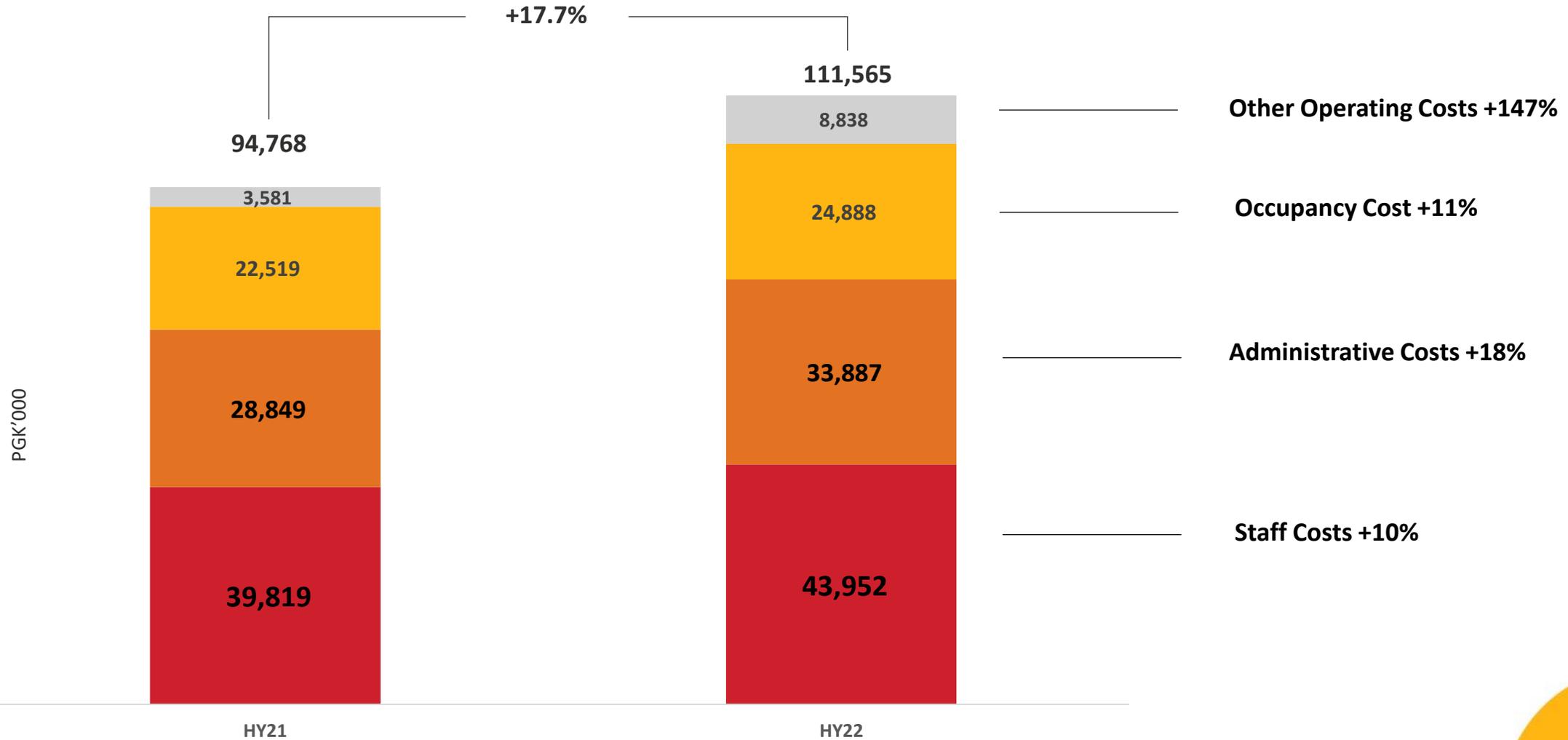
Capital Adequacy



Total operating income

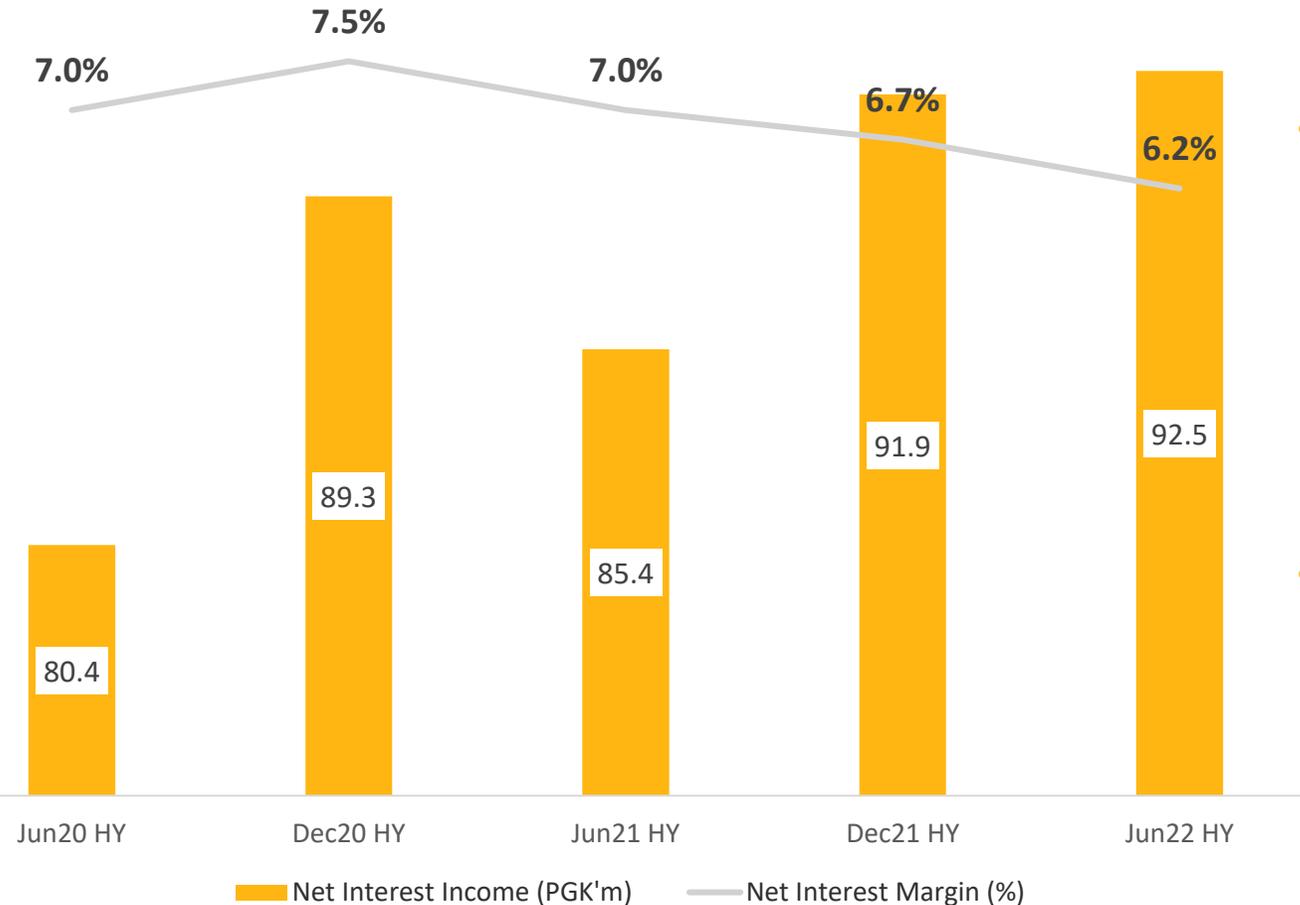


Operating expenses



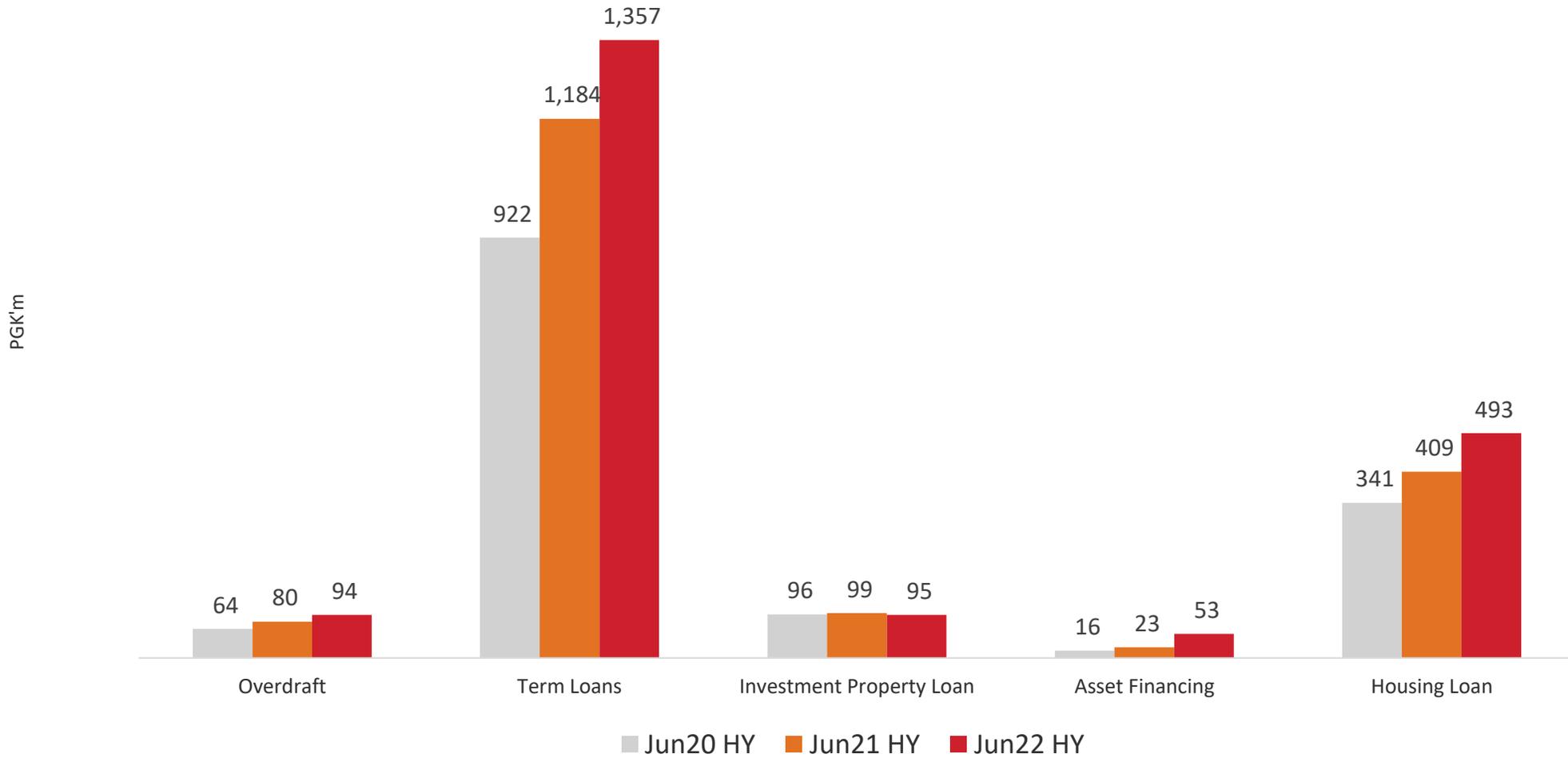
Net Interest Margin

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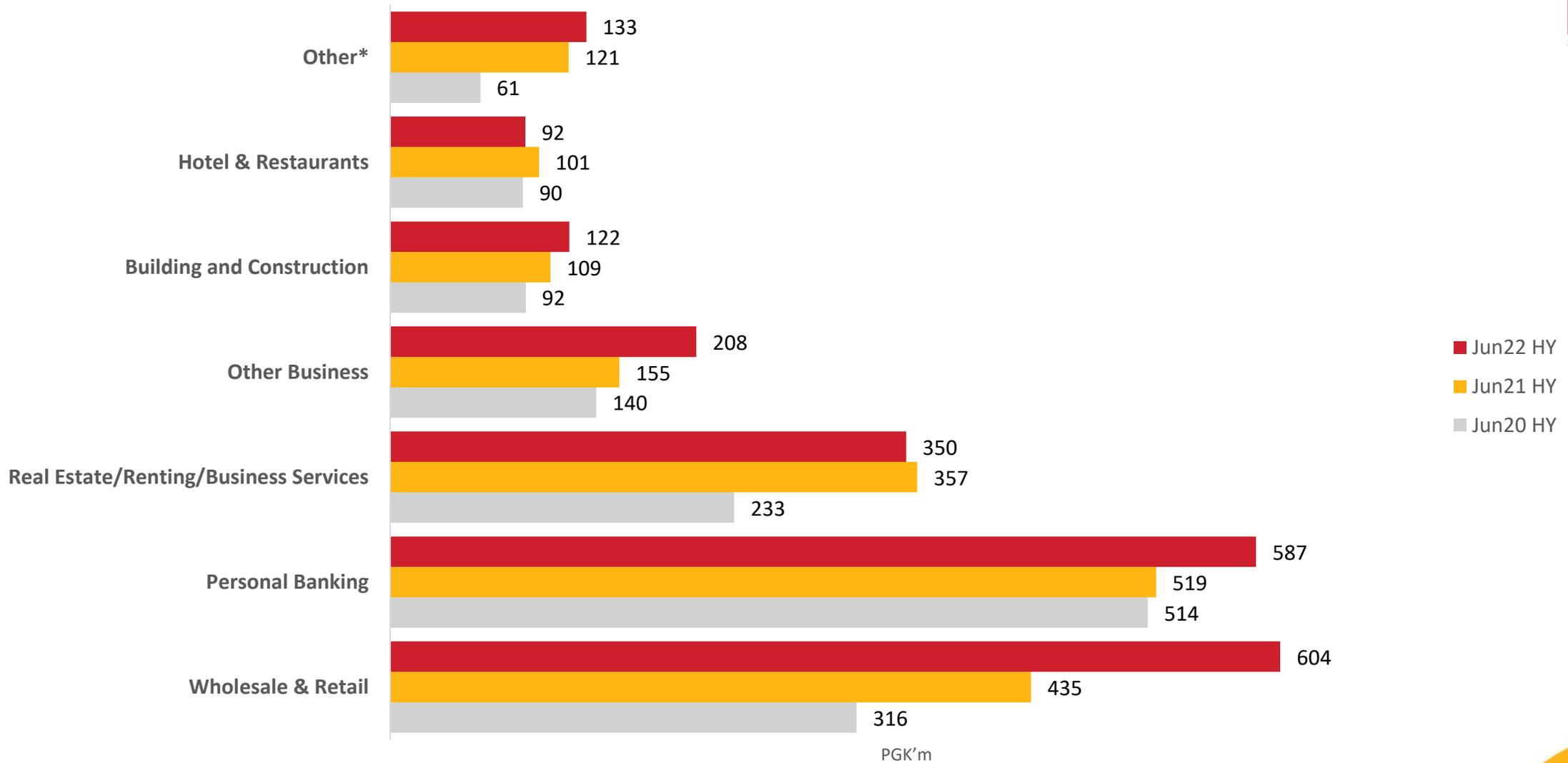


- NIM movements impacted by:
 - Lower yields on central bank treasury bills which are expected to normalize and improve over 2h 2022
 - Strong growth in corporate wholesale deposits and link to FX growth
 - Deliberate participation in corporate lending, including syndicated transactions
 - PNG business cycle where first half volumes are historically lower than 2nd 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

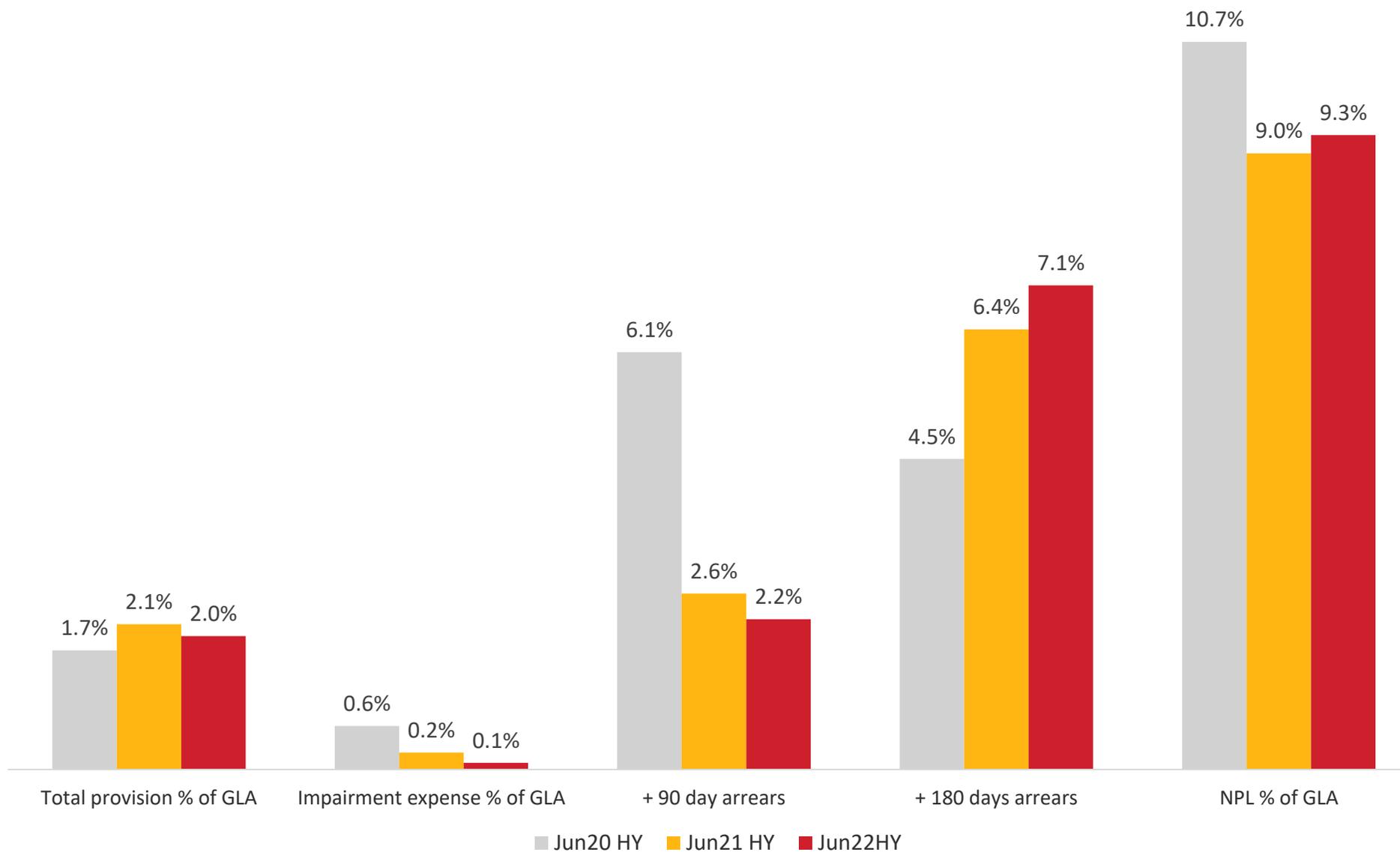


Asset Quality

Gross Loans and Advances

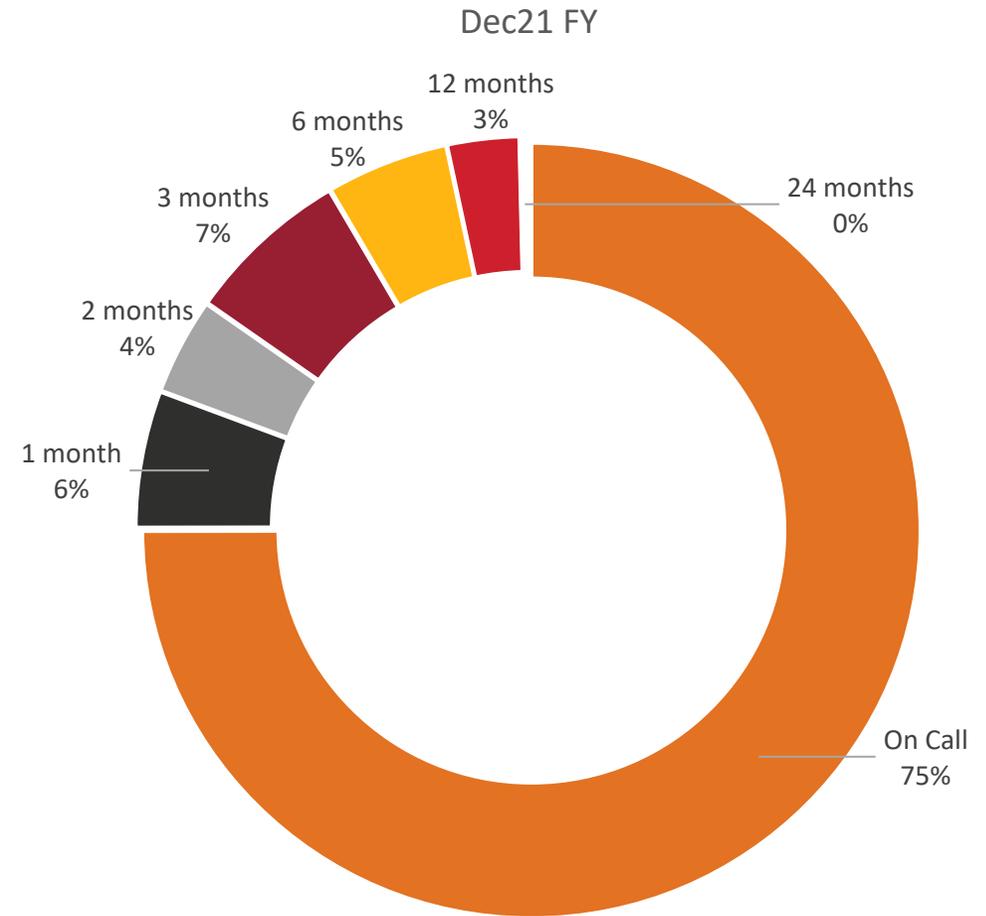
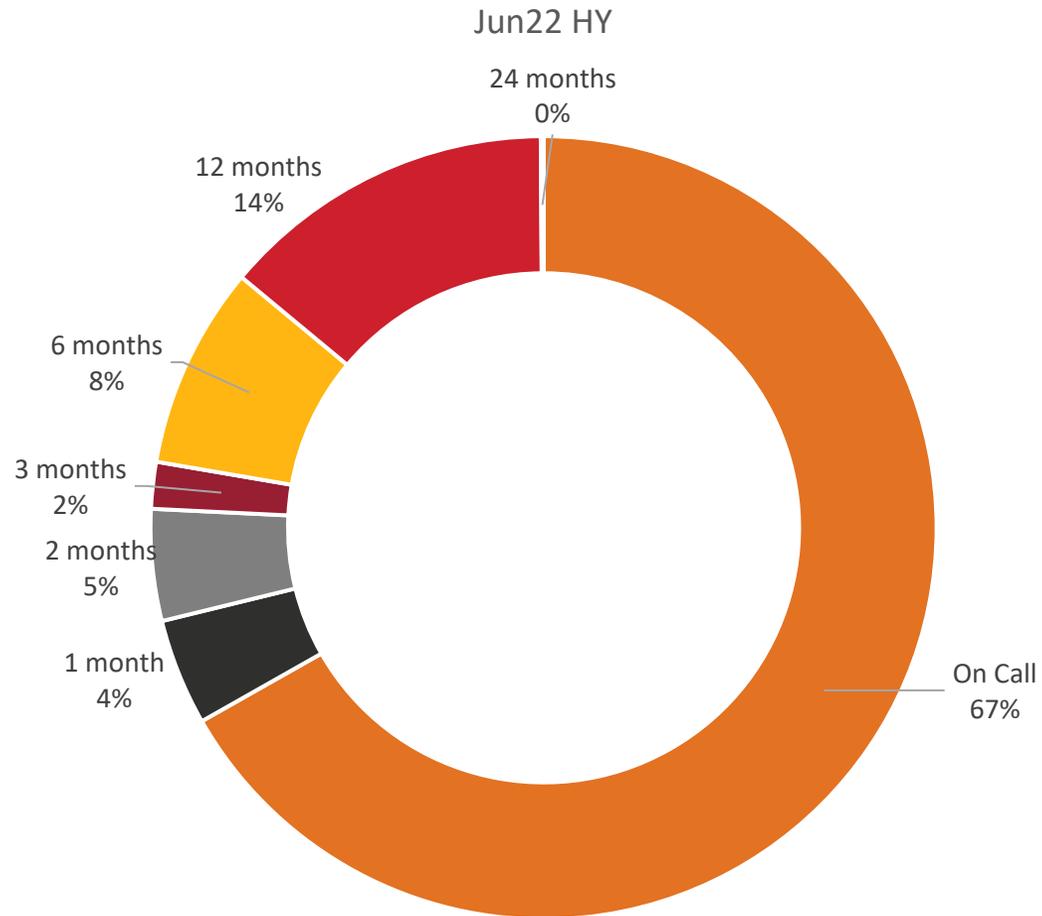


Together it's possible

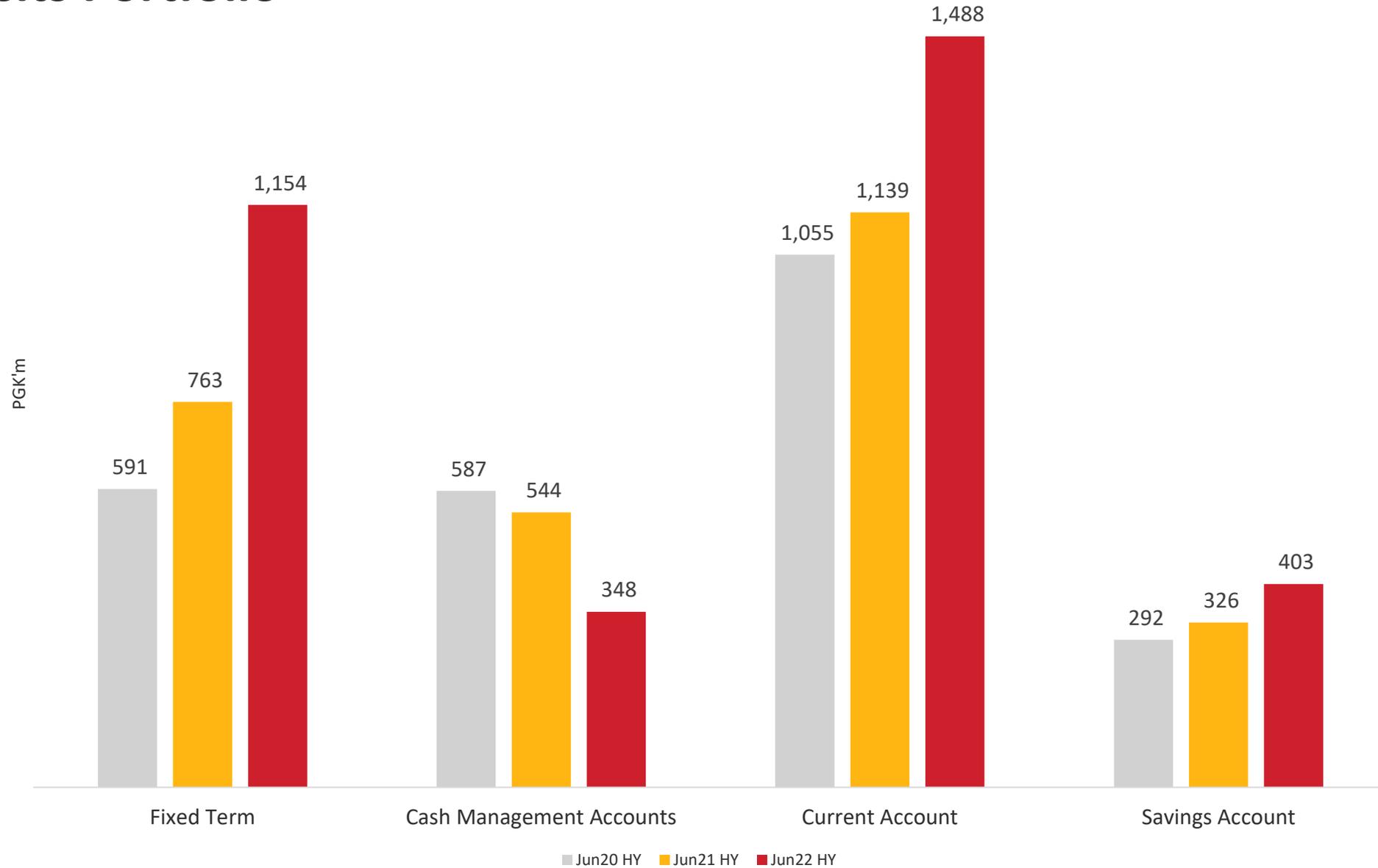


Deposits Tenure

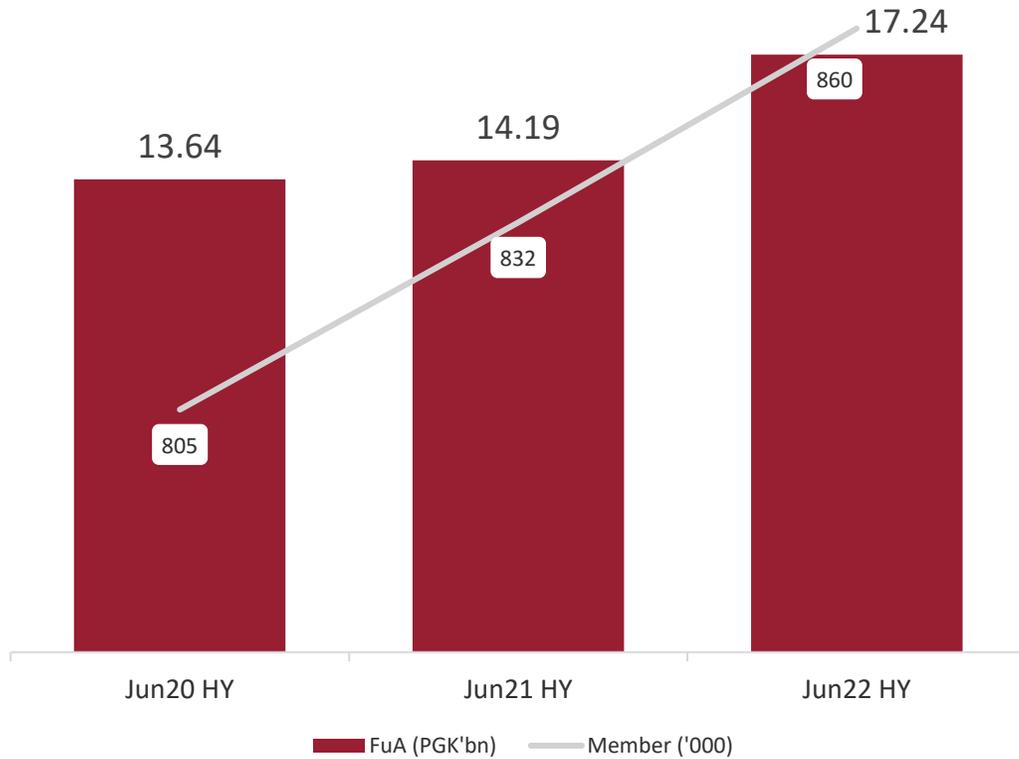
Funding duration has lengthened. 12 months term deposits increased from 3% to 14% over 6 months



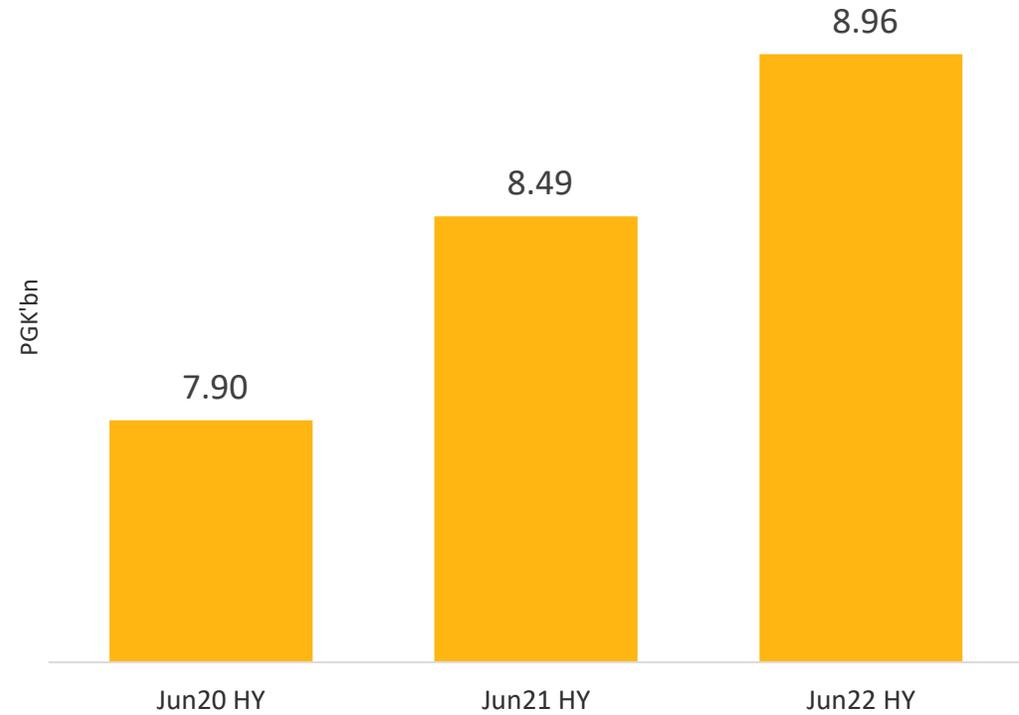
Deposits Portfolio



Funds under Administration



Funds under Management



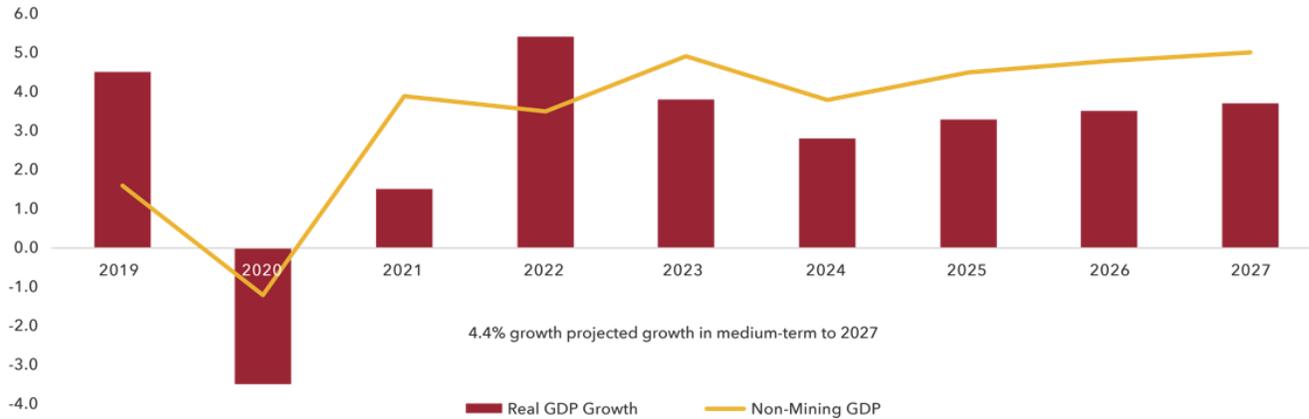
Outlook.



PNG Economy.

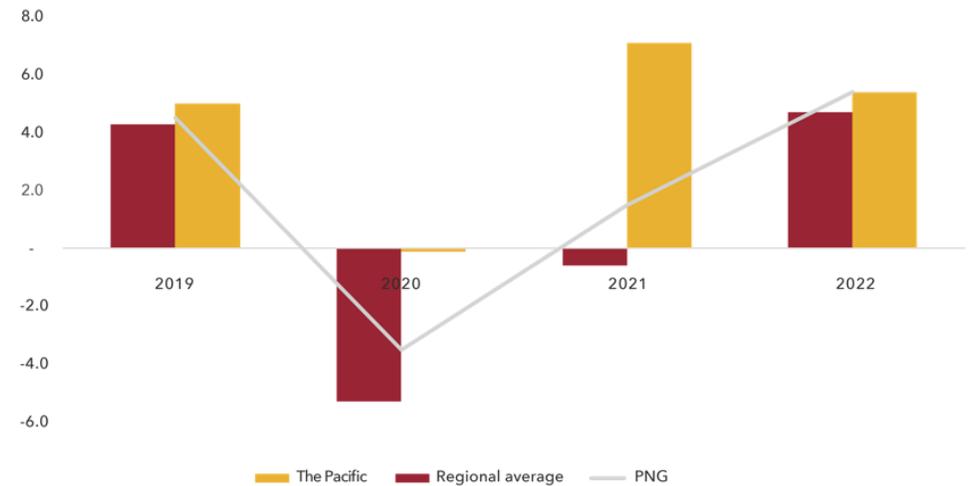


5.4% Real Growth forecasted in 2022



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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