

14 October 2024

## ASX/PNGX | Announcement

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Sydney NSW 2000  
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PNGX Markets  
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Port Moresby 121  
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### BY ELECTRONIC LODGEMENT

## Investor Presentation Notice

Kina Securities Limited (ASX:KSL | PNGX:KSL) (Kina) is pleased to announce that it will be featured in a webinar hosted by Smartkarma on Tuesday 15 October 2024.

### Event Details:

- **Date:** Tuesday 15 October 2024
- **Time:** 5:00pm SGT / 8:00pm AEST
- **Speakers:** Mr Greg Pawson (Managing Director & CEO), Mr Johnson Kalo (CFO & Company Secretary) and Mr Deepak Gupta (EGM Wealth & Corporate Advisory)
- **Registration Link:** [Smartkarma Webinar](#)

**How to Register:** Participants can register for the webinar by visiting the link provided above. After registering, participants will receive a confirmation email with details on how to join the webinar.

*For further information:*

**Johnson Kalo**  
CFO and Company Secretary  
Email: [Johnson.Kalo@kinabank.com.pg](mailto:Johnson.Kalo@kinabank.com.pg)



**Kina Securities Limited**

***Presentation to clients of Smartkarma***

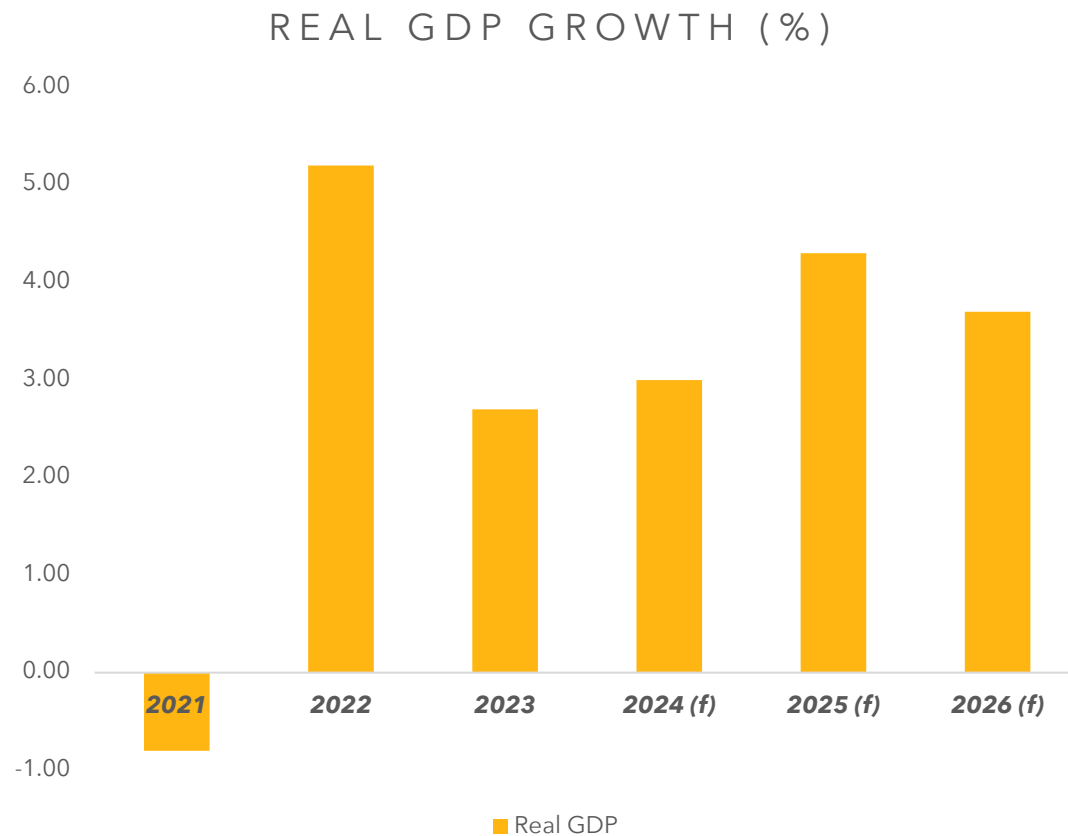
Greg Pawson - Managing Director & CEO

Johnson Kalo - Chief Financial Officer

Deepak Gupta - Executive General Manager Wealth Management & Corporate Advisory

15 October 2024

# Macro Update.



Source: 2024 National Budget; Bank of PNG (2024 March Monetary Policy Statement)

## **Macro growth stable in medium-term**

- Real GDP growth for this year is forecasted at 3%, from 2.7% in 2023.
- Mining sector growth with Porgera Mine resuming and spill over effects into non-resource sector.

**Retail/Wholesale sector** has been driving activity over the past 3 years: consumer demand still relatively strong.

**Inflation** averaging 4.3% (last 3 years), with forecast of 5% this year with imported inflation pressures. Being managed through careful Central Bank intervention.

## **Interest Rates have been trending up with tightening monetary policy**

Central Bank currently in a monetary tightening cycle to manage inflation pressures. Higher yields in 2024 for Government Securities.

## **FX situation has improved**

Competitive exchange rate with more export flows starting to clear out backlog of import orders. Waiting times have dramatically fallen, now with capital investment flows supported by the Central Bank.

# Major Resource Project Update

Medium term outlook post-2026 is still very bullish on PNG economy with major capital projects totalling nearly \$30billion over 8-10 years of construction.

<b>Project</b>	<b>US\$ billion</b>	<b>Start Date</b>
Papua LNG (Total)	10.00	2026
P'nyang LNG (ExxonMobil)	12.00	2027
Wafi-Golpu (Newmont/Harmony)	5.40	2028

## ***Kina Bank's Vision.***

To be the most dynamic, progressive and accessible financial services company in the Pan Pacific.

"PNG's leading digital bank."



# **Kina Bank - Overview.**

- Kina Securities Limited (Kina Bank) was established in 1985 and is Papua New Guinea's second largest bank and financial services company.
- Kina Bank offers customers end-to-end financial solutions - from savings accounts to business loans, investments to mortgages, financial advice and investment management.
- 50% of revenues come from lending and 50% from non-banking services.
- Kina Bank is listed on the Australian Securities Exchange (ASX:KSL) and the PNG's Stock Exchange (PNGX:KSL).



# Key milestone.

1986

Kina begins operations as Kina Finance Limited

2004

Kina Funds Management launched. Kina Asset Management Limited launched. Kina becomes founder of PNG Credit Bureau

2013

Kina Wealth Management established

2018

Rebrand to Kina Bank. Divestment of founding shareholder Fushan Investment

2020

- Divested Esiloan portfolio to MiBank
- Kina becomes digital service provider to MiBank
- Simplified corporate structure
- Strengthened capital base with a non-renounceable equity offer

1998

Launch of Kina Finance and Kina Investment Superannuation Services

2012

Kina Ventures Limited registered

2015

Acquisition of Maybank PNG to become PNG's fourth largest bank. Lists on ASX and PNGX

2019

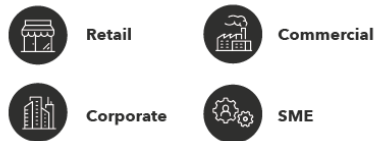
Kina acquires 15% stake in Microfinance Bank Limited (MiBank). Kina completes acquisition of ANZ PNG's retail, commercial and SME business to become PNG's second largest bank. ADB welcomed as major shareholder

# 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



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



# Overview.

## **Organic growth momentum**

- Gross revenue up 17%
- Underlying NPAT up 7%
- Statutory NPAT down 9%, materially impacted by fraud loss provision of PGK13.5m (pre -tax) and PGK7.4m (post-tax)
- Deposit up 8%, Lending up 12% vs June 2023

## **Diversified Revenue growth**

- Interest on loans up 16%
- Digital revenue up 35%
- FX revenue up 71%

## **Shareholder returns**

- Statutory RoE of 13.2%
- Underlying RoE of 15.6%
- Earning per Share 5.5 cents and Dividend per Share 4.0 cents

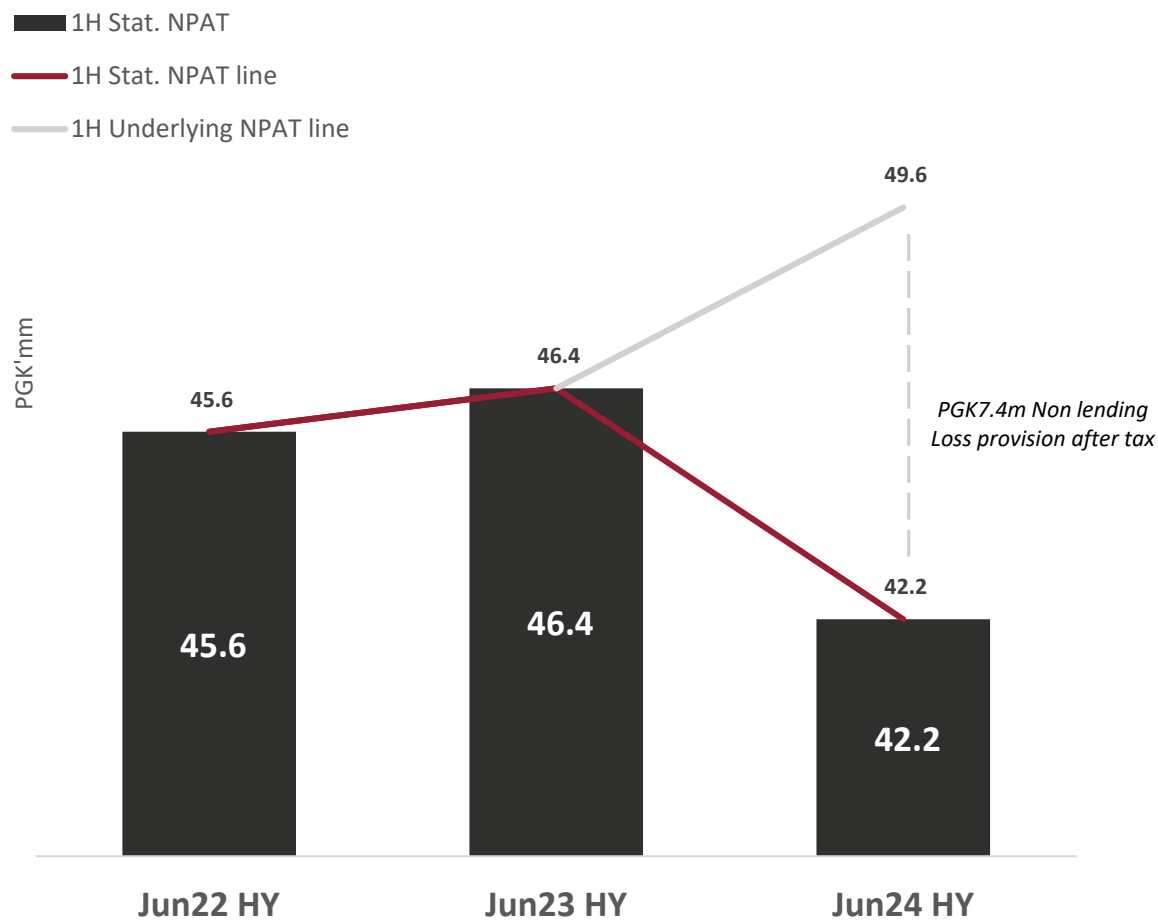


# Financial Highlights.

## 2024 Half Year Results

	<b>Jun-24</b>	<b>Jun-23</b>	<b>Movement</b>
Net Interest Income (PGK m)	111.6	98.1	14% ↑
Foreign Exchange Income (PGK m)	37.0	21.6	71% ↑
Underlying Cost to Income (%)	58.9	56.2	(270bps) ↓
Underlying Return on Equity (%)	15.6	15.2	40bps ↑
Ordinary Dividend (AUD cents)	4.0	4.0	-
Total Capital Ratio (T1 + T2) (%)	19.3	20.8	(150bps) ↓

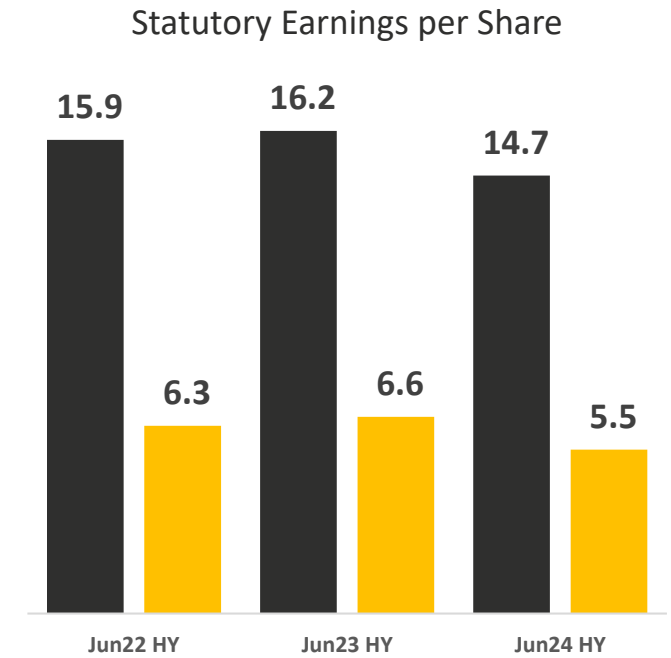
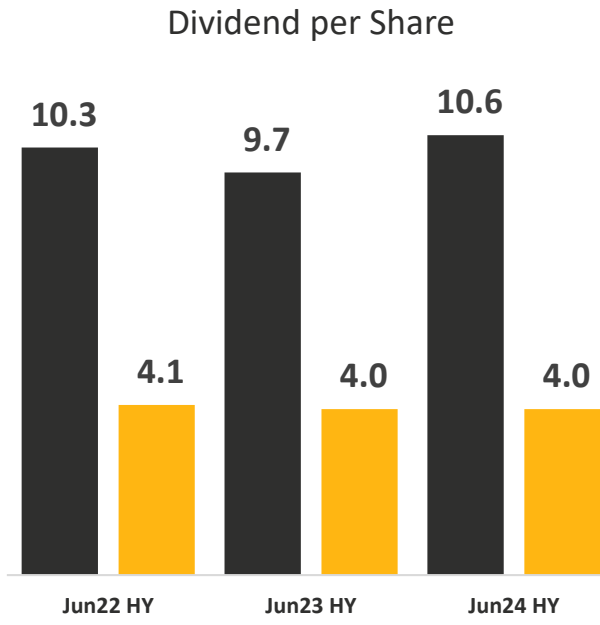
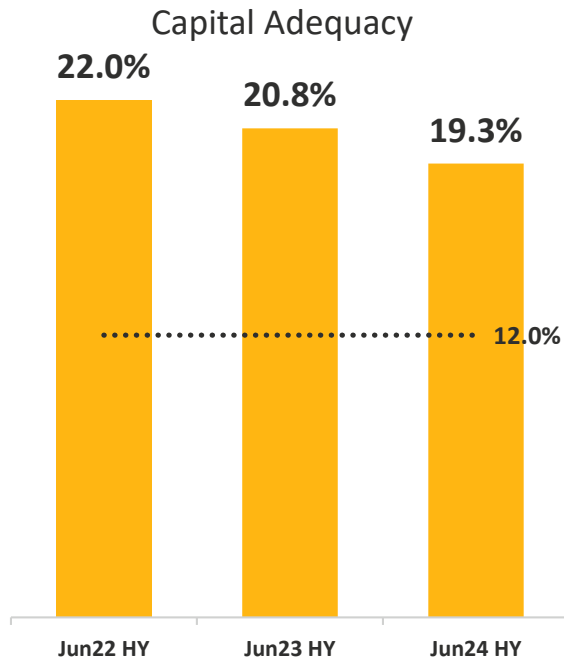
# 1H NPAT impacted by one-off expense.



- Statutory NPAT declined by 9% YoY to PGK42.2m, impacted by non-lending loss provision of PGK7.4m after tax.
- Commercial loans and foreign exchange income driving core business performance.
- Digital channel continues to boost fees and commissions income.
- Less capital intensive lines of business contributing close to 50% of income.

# Shareholder Return.

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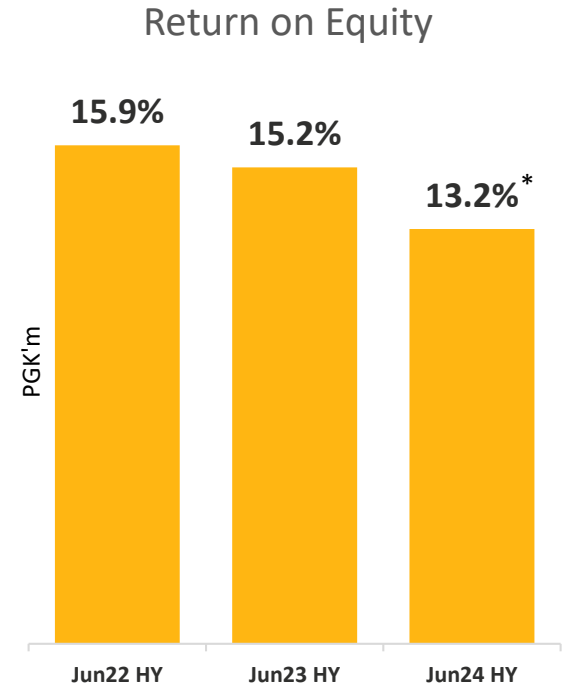
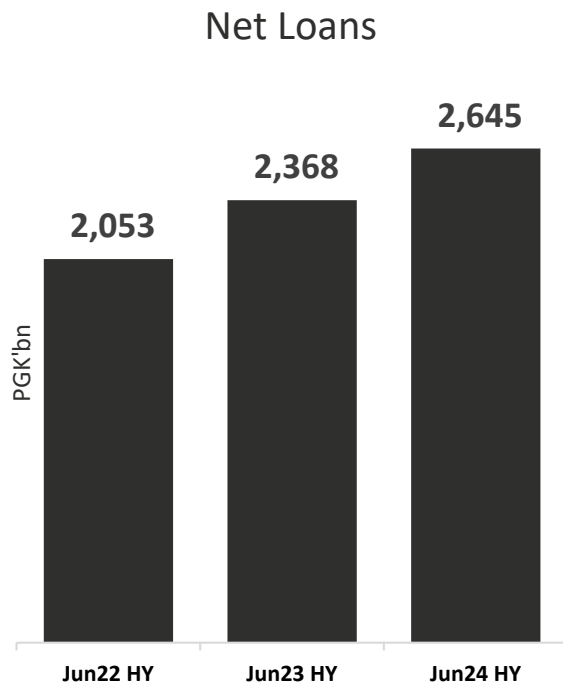
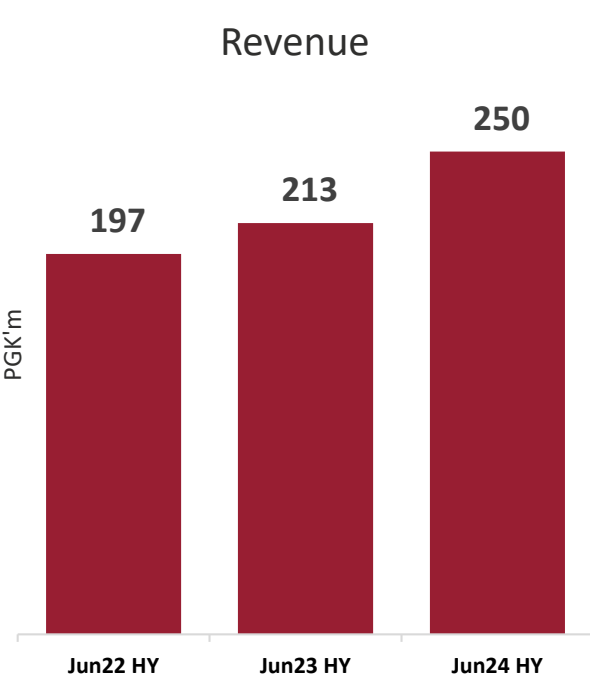


Capital Adequacy: T1 + T2

..... BPNG minimum total risk based capital

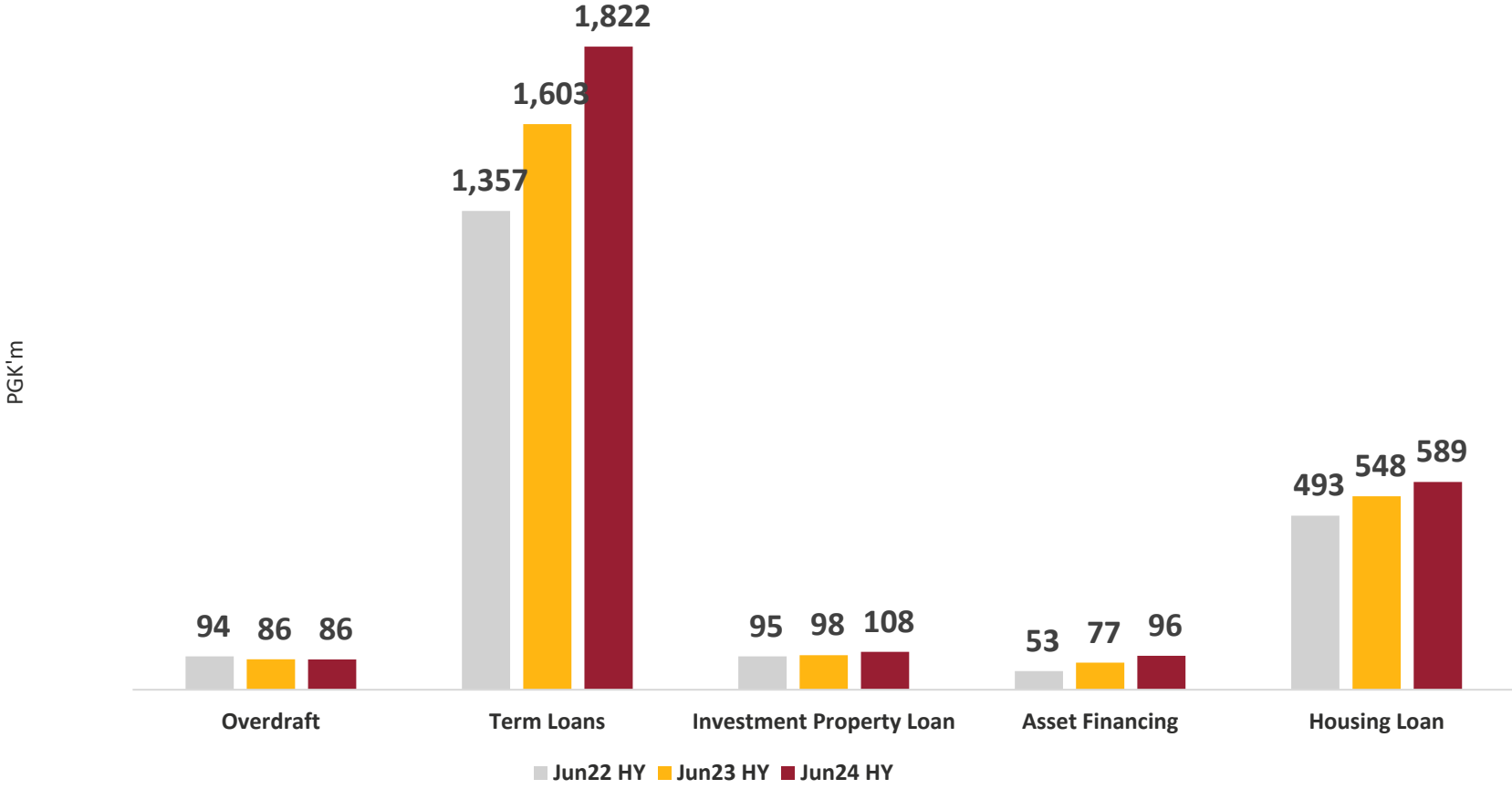
# Solid Revenue and Loan Growth in 1H.

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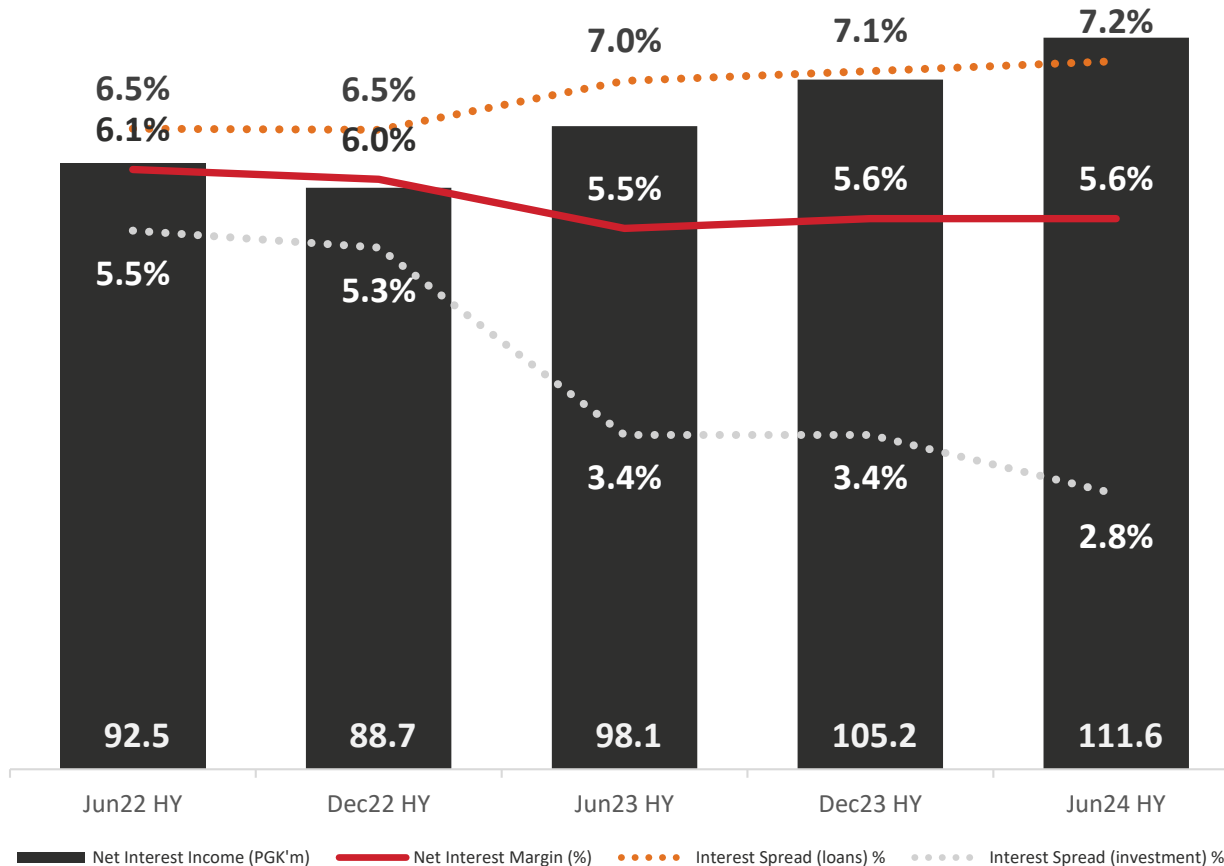
\* Underlying ROE would have been 15.6%

# Loan portfolio growth.



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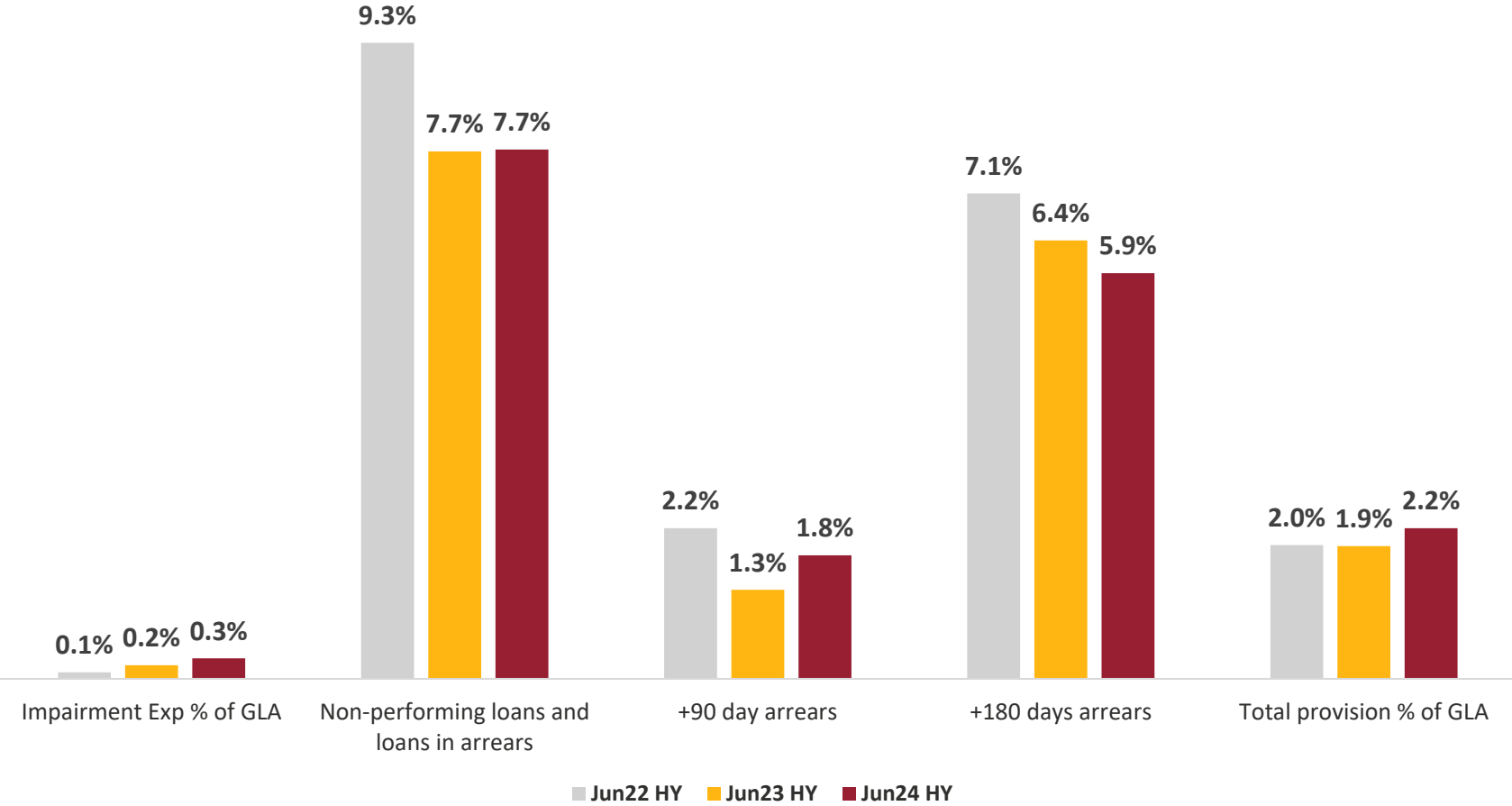
# Net Interest Margin.



- **NIM movement impacted by:**

- Solid growth in commercial lending continues to hold NIM at 5.6%
- Lower yields on central bank and treasury bills.
- Growth in corporate wholesale deposits with link to FX flow.

# Asset Quality.

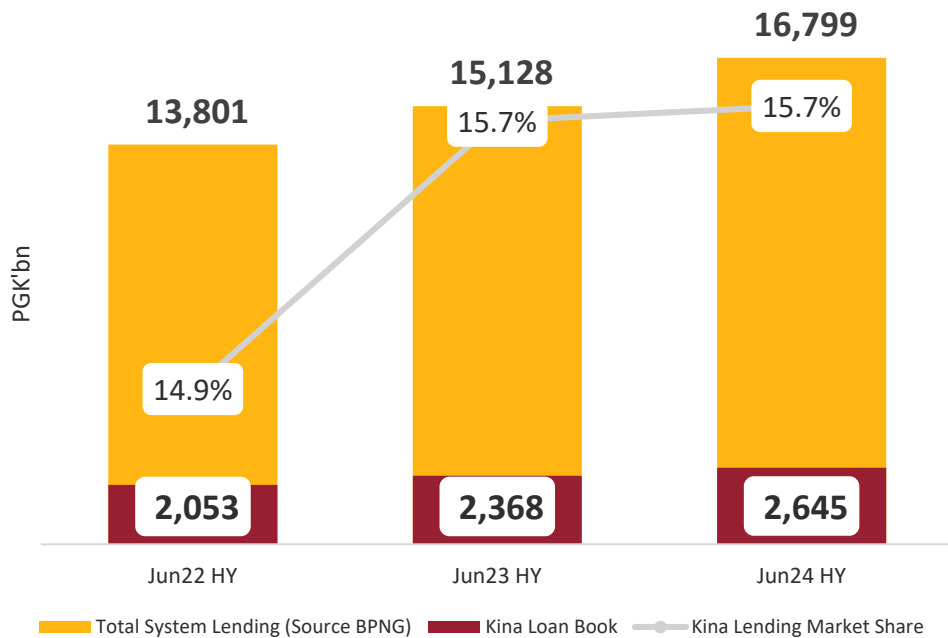


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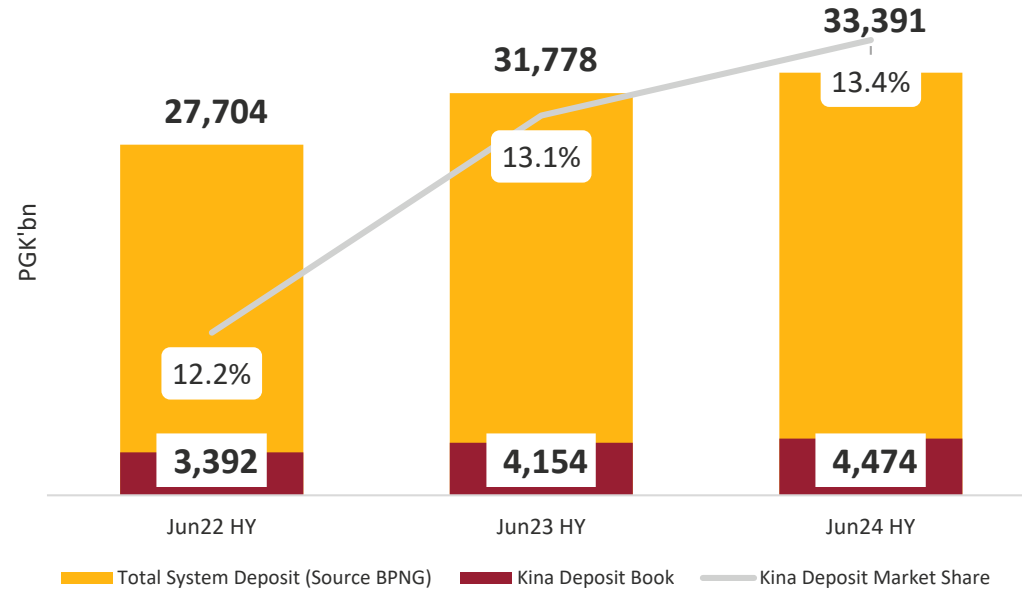


# Market Share.

Market share percentage - Lending



Market share percentage - Deposits



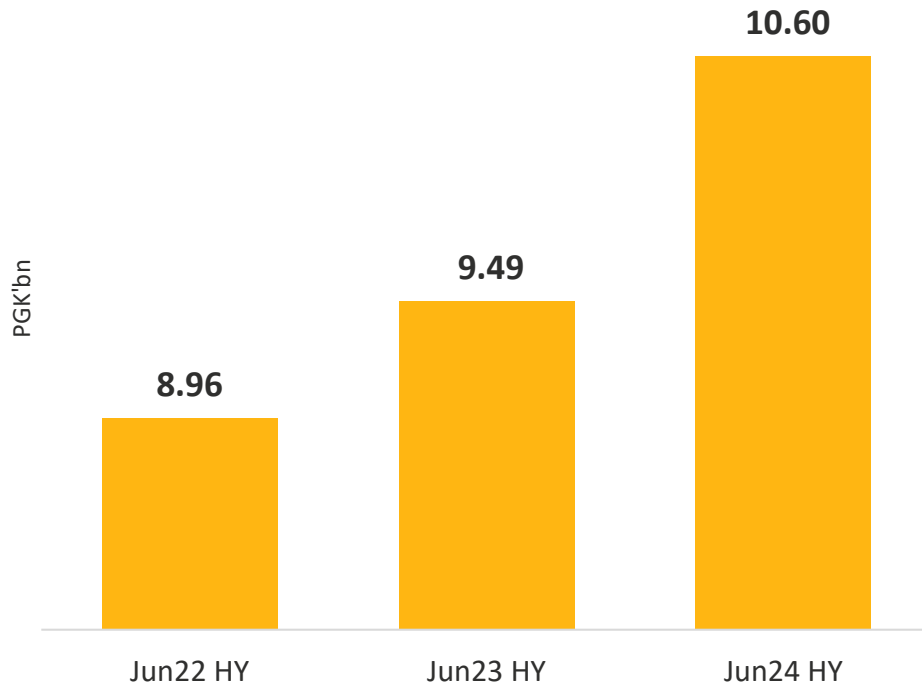
# ***Kina Bank - non lending operations.***

- It is also the largest wealth management business in PNG, with more than PGK11 billion funds under management.
- As the country's largest fund administrator, it administers accounts on behalf of more than 938,000 beneficiaries whose funds total almost PGK19 billion.
- Kina Bank is also the leading stockbroking company in PNG.

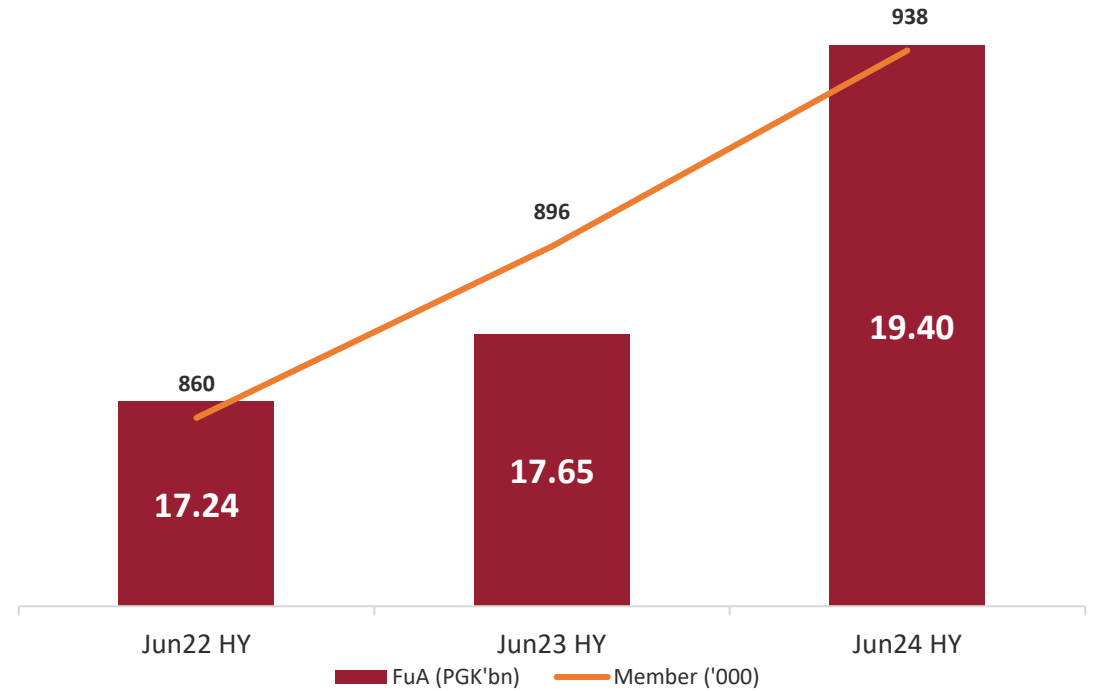


# Kina Wealth.

Funds under Management



Funds under Administration





***Thank you***

***For more information:***

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