



Kina Securities Limited

FULL YEAR RESULTS 2024

28 February 2025

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Ivan Vidovich

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Ivan Vidovich &
Johnson Kalo

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Ivan Vidovich

Overview.



Delivering our strategy.



Growth & Prosperity

- **Loan book growth:** 13% increase due to strong drawdown performance and active pipeline management in business lending.
- **Foreign exchange revenues:** 68% rise from increased customer inflows, major account onboarding, and BPNG's interventions.
- **Digital channels and partnerships:** 27% year-on-year growth, driven by merchant and bill payments, visa volumes and Kina's strong foundational position in e-commerce.



Resilience

- **Cybersecurity and Data Centre:** Ongoing investments and improvements through the Security Operations Centre and Data Centre uplift program.
- **Loan impairment provisioning:** Updated models with quantifiable techniques for better predictive capabilities, aligning with international financial reporting standards.



Service Excellence

- **Digital Hubs:** Improved accessibility with a hybrid in-person and digital, cashless banking model.
- **Lending customer experience:** Programs being developed, leveraging out technology partner, WLTH's, expertise and technology solutions.
- **Innovation recognition:** Acknowledged by strategic partners such as VISA as being one of the most innovative banks in the Pacific region.



Dynamic People

- **Employee value proposition:** Ongoing training and capability development to foster a dynamic and innovative company.
- **People Day:** Focus on succession planning to ensure business continuity, develop leaders, and minimize disruptions during transitions.



Sustainable Communities

- **Strongim Komuniti Grant (SKG) program:** Kina staff assisted with 14 small-scale projects across 11 provinces and the Autonomous Region of Bougainville.
- **Litehaus International partnership:** Funded computer labs in several schools in PNG.
- **Youth programs:** Twelve youths completed the Archer Leadership Program and graduated from the Motu Koita FODE Program, both supported by Kina.

Profitable, sustainable growth.

Organic growth momentum

- NPBT up 5%
- Underlying NPAT up 7%
- Lending up 13%
- Net Interest Income up 9%

Non Interest Income

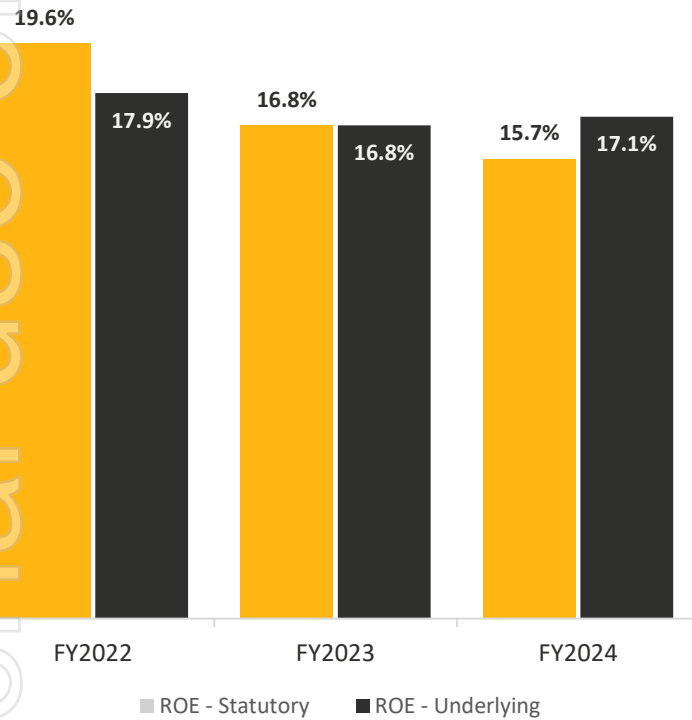
- FX Income up 68%
- Digital Channels up 27%
- Wealth Management Income up 28%

Shareholder returns

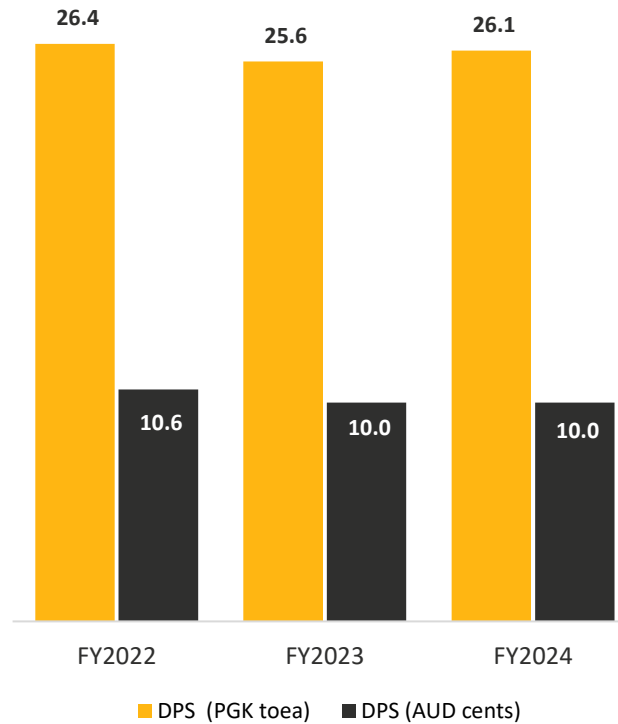
- Full year dividend per share of 10.0 cents (AUD), unchanged year on year

Shareholder return.

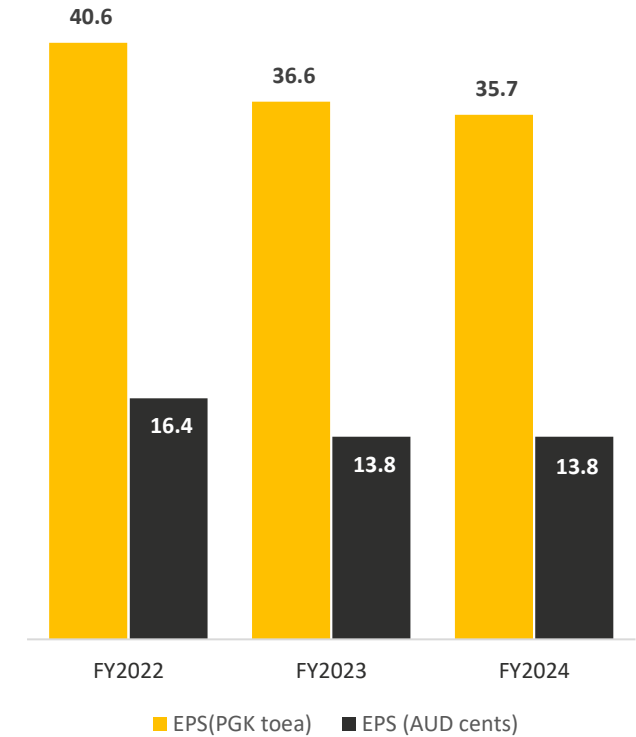
Return on Equity



Dividend per share



Statutory Earnings per Share



Financial Results.



Financial Highlights.

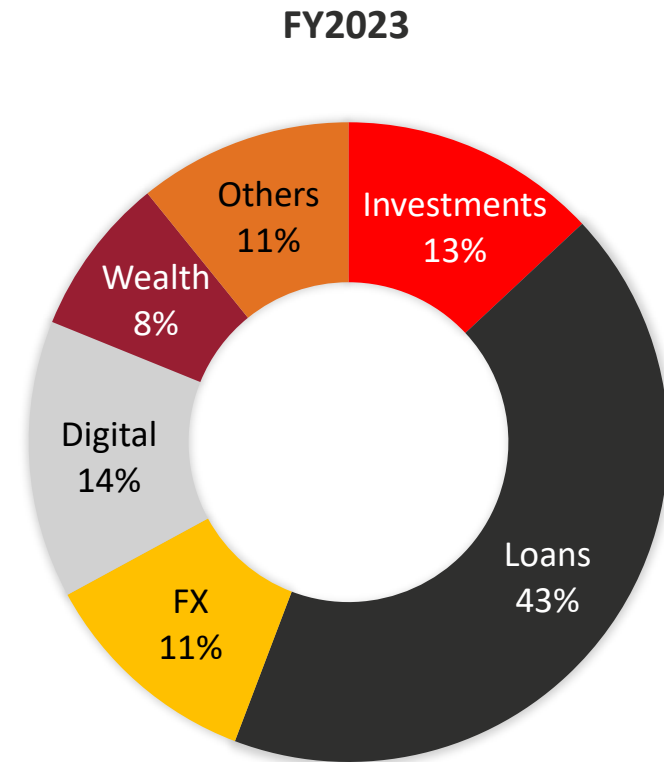
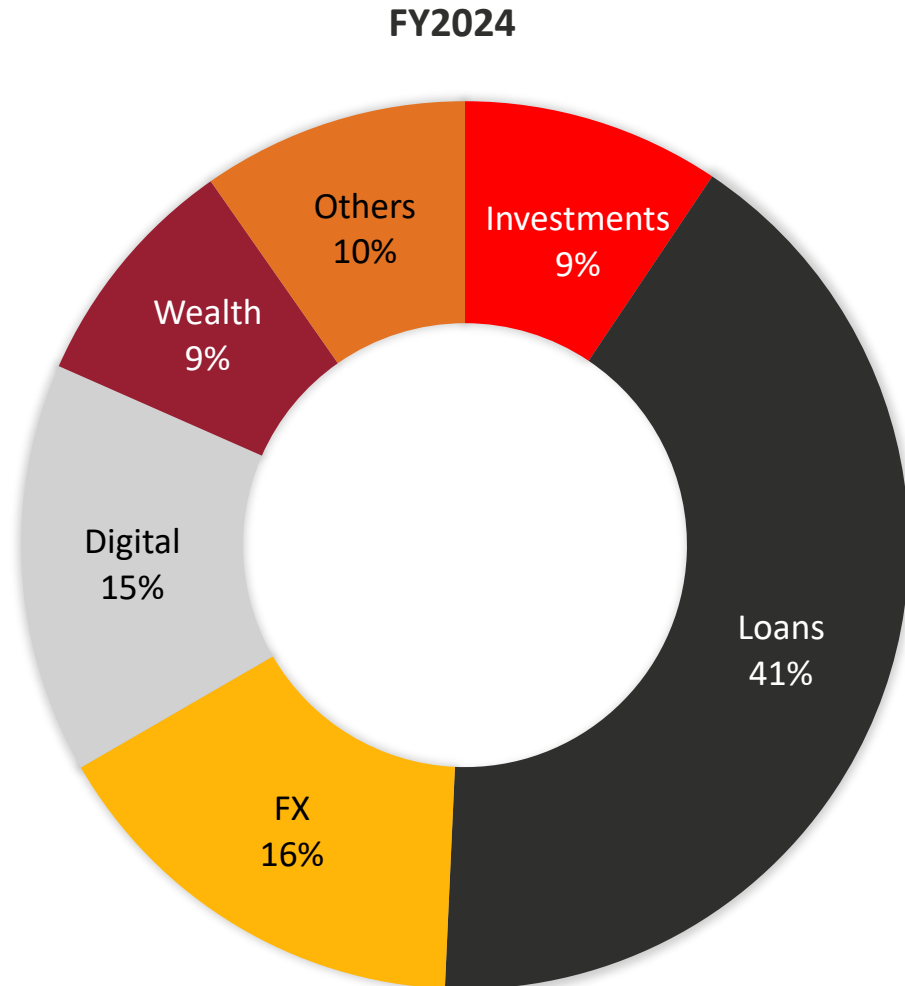
	FY2024	FY2023	Movement %	
Net Interest Income (PGK m)	222.2	203.3	9%	●
Revenue (PGK m)	488.8	404.2	21%	●
Net Profit before Tax (PGK m)	184.1	175.5	5%	●
Underlying NPAT (PGK m)	111.9	105.0	7%	●
Statutory NPAT (PGK m)	102.5	105.0	(2%)	●
Cost to income ratio (%)	58.6	54.2	8%	●
Underlying ROE (%)	17.1	16.8	2%	●
Ordinary Dividend (AUD cents)	10.0	10.0	-	●
Total Capital Ratio (T1 + T2) (%)	18.4	20.0	(8%)	●

Statutory vs operating earnings.

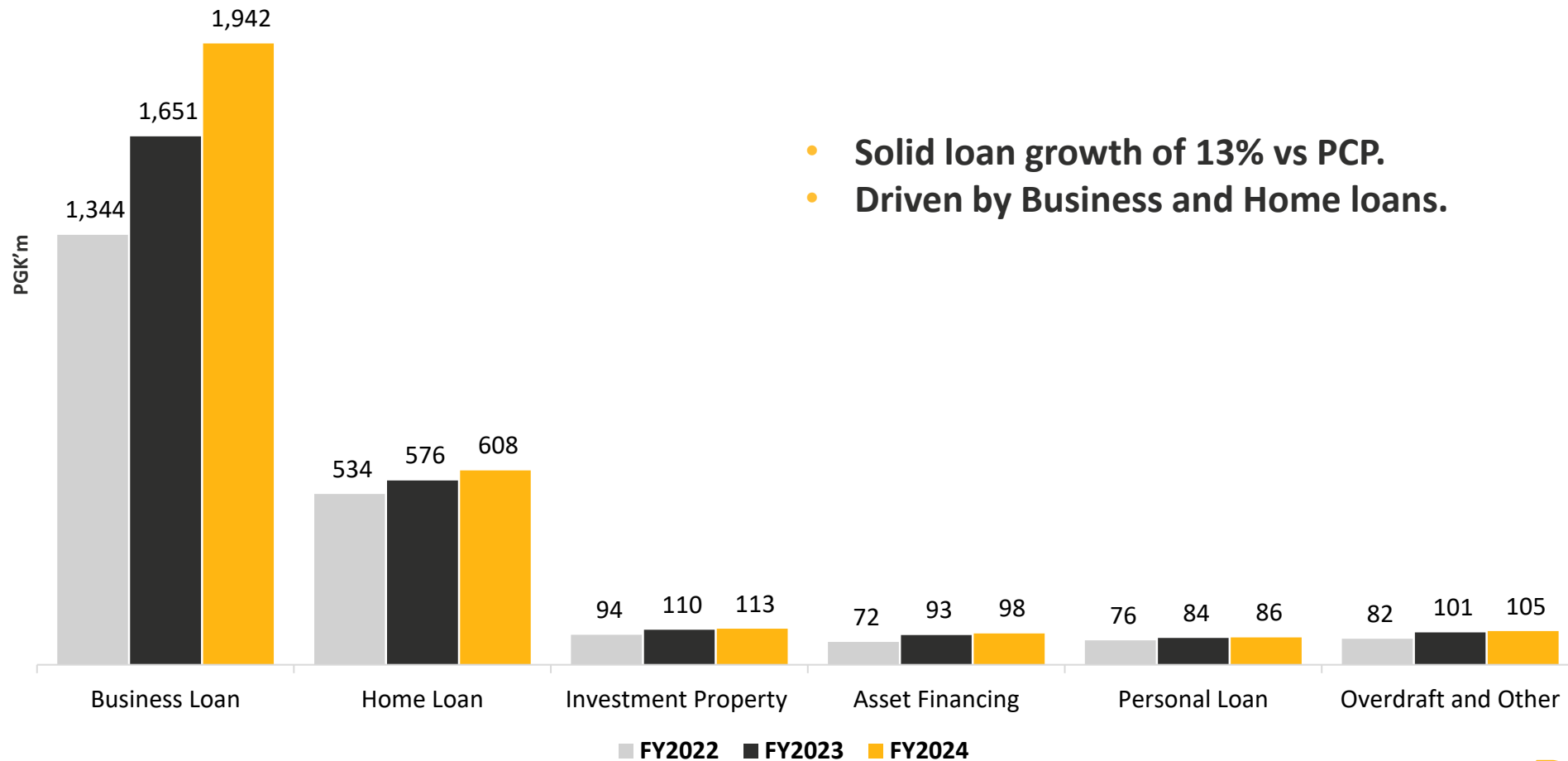
Statutory NPAT		1H (PGK'000)	2H (PGK'000)	FY (PGK'000)
	FY2024	42,241	60,227	102,468
	FY2023	46,367	58,598	104,965
	% change	(8.9%)	2.8%	(2.4%)
Operating NPAT		1H (PGK'000)	2H (PGK'000)	FY (PGK'000)
	FY2024	42,241	60,227	102,468
<i>Add back:</i>				
	Deferred tax adjustment	-	9,403	9,403
	Post tax fraud incident provision	7,141	-	7,141
Operating NPAT	FY2024	49,382	69,630	119,012
Operating NPAT	FY2023	46,367	58,598	104,965
	% change	6.5%	18.8%	13.4%

Revenue.

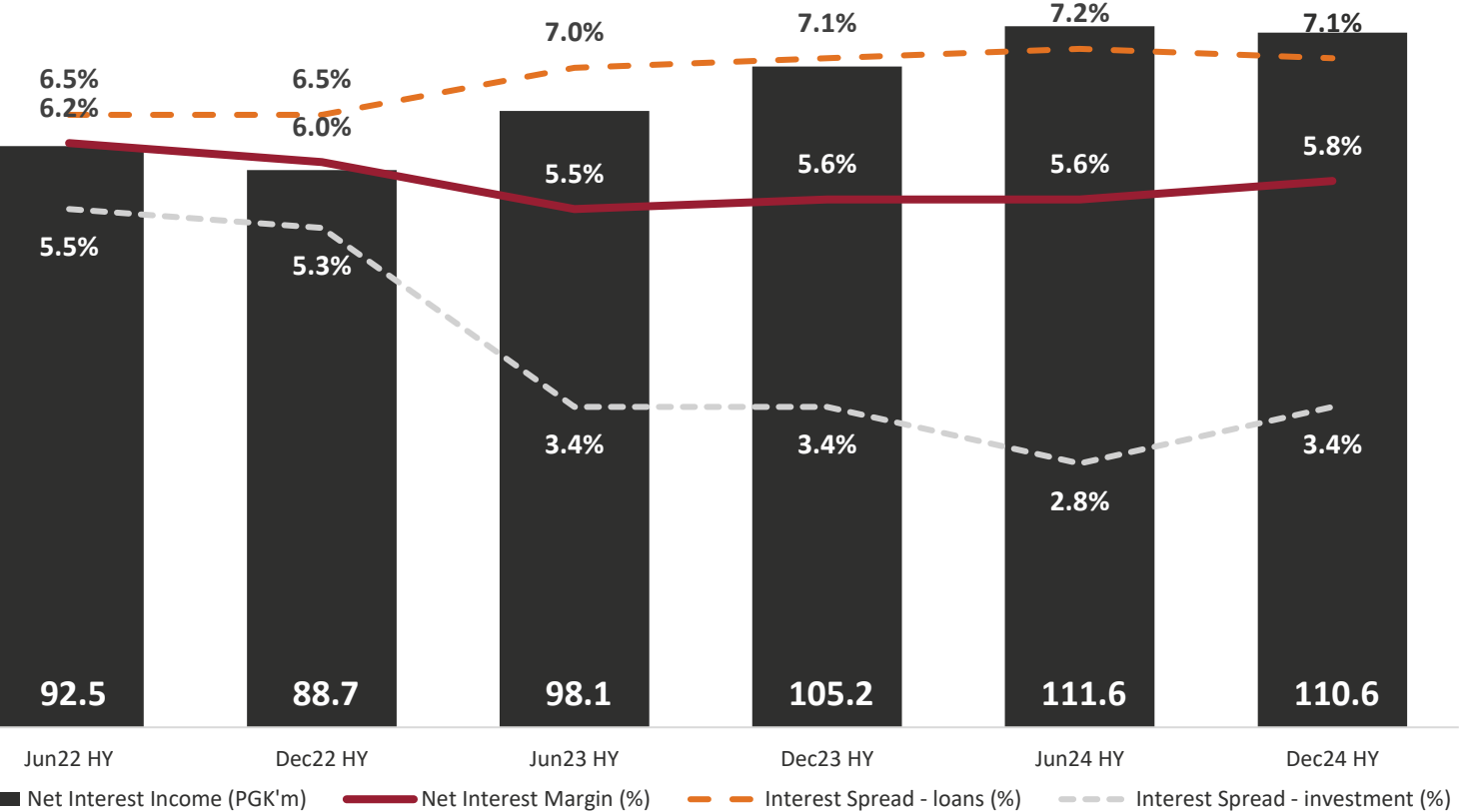
- FY24 revenue propelled by interest income on loans, foreign currency and digital channels.



Loan growth of 13%.



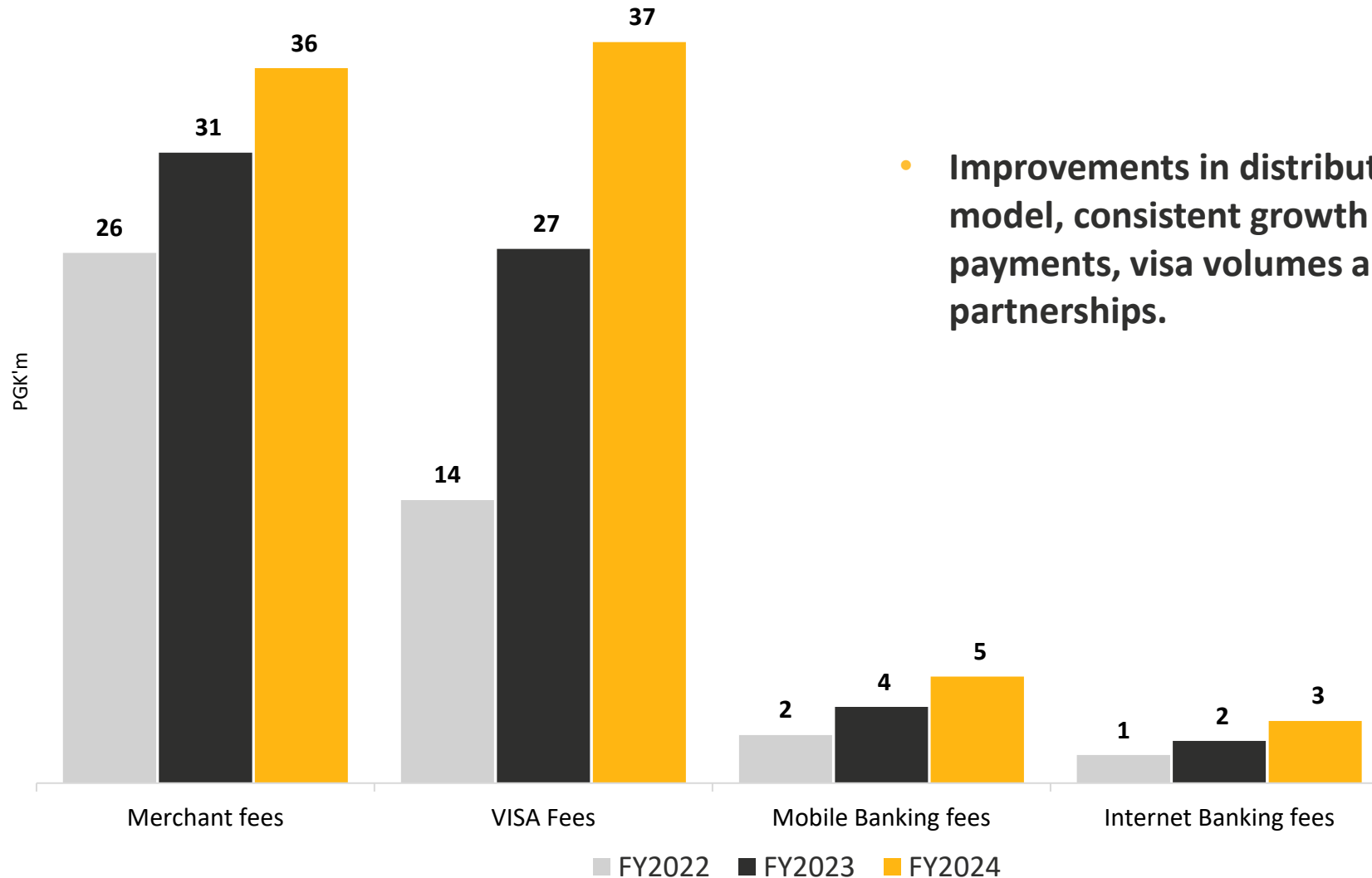
Net Interest Margin.



NIM impacted by:

- Gradual lift in the 2H on treasury bill yield rates.
- Solid growth in commercial and home lending
- Stable growth in corporate wholesale deposits

Digital Revenue 27% growth.

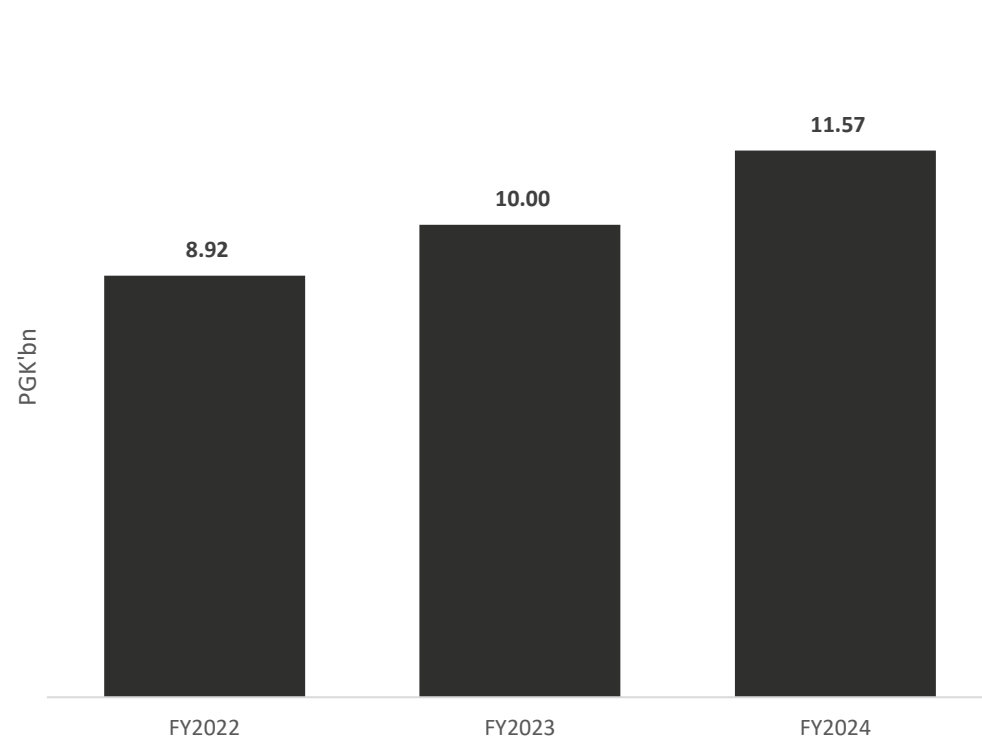


- Improvements in distribution operating model, consistent growth in merchant and bill payments, visa volumes and e-commerce partnerships.

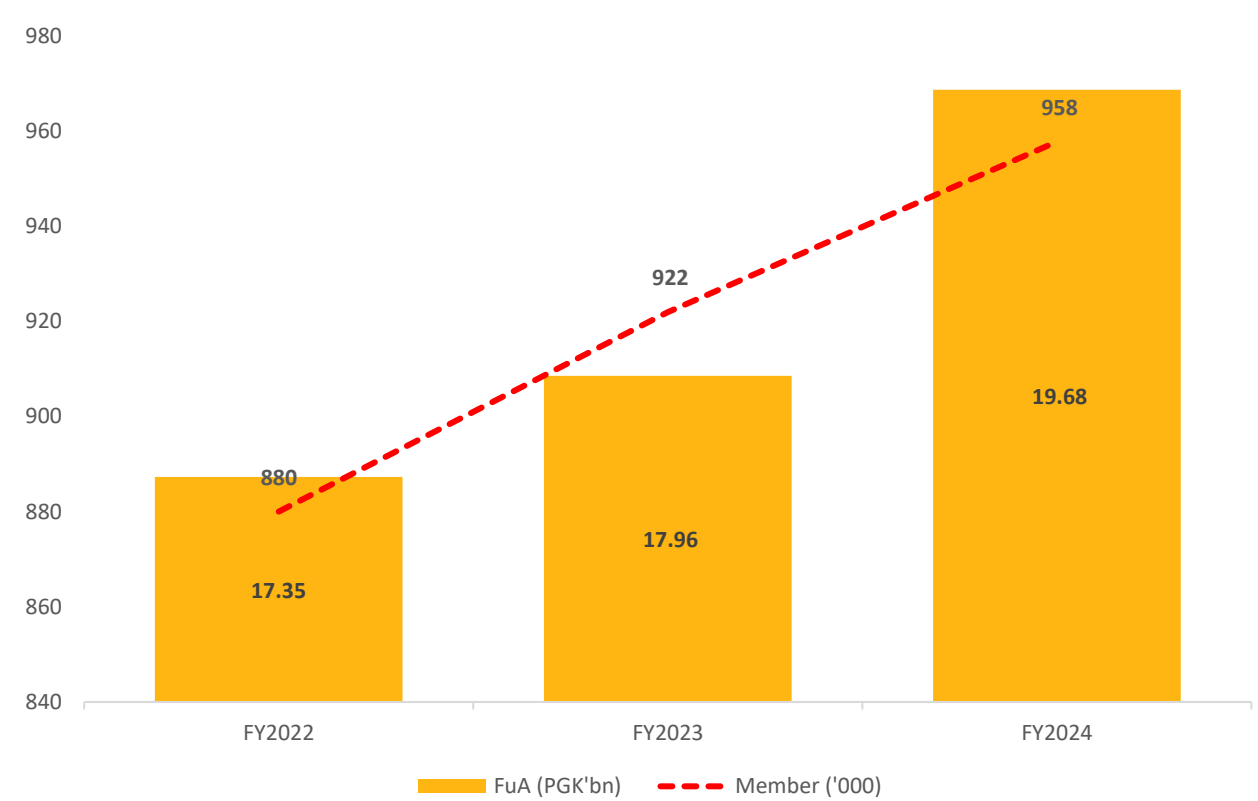
Kina Wealth.

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Funds under management (FuM)



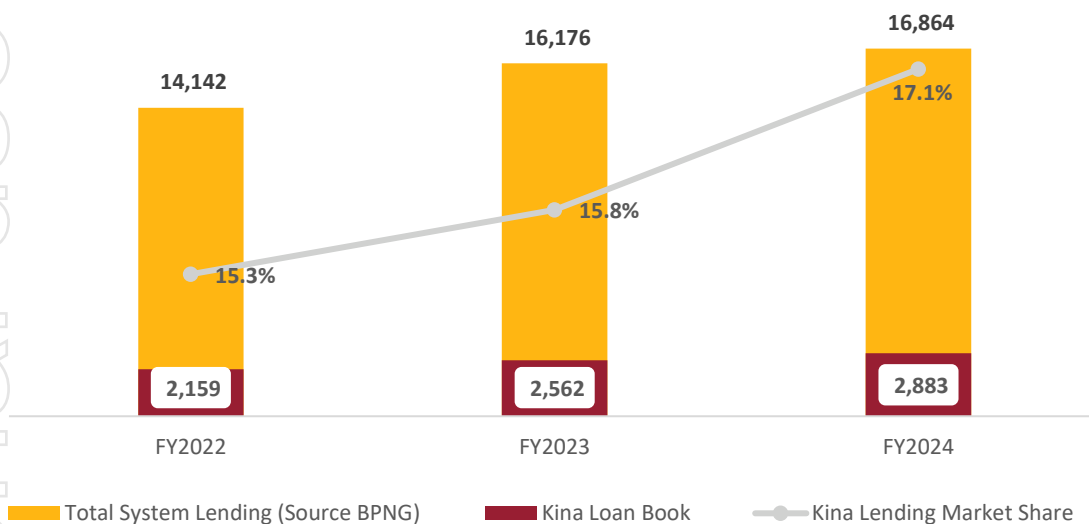
Funds under administration (FuA)



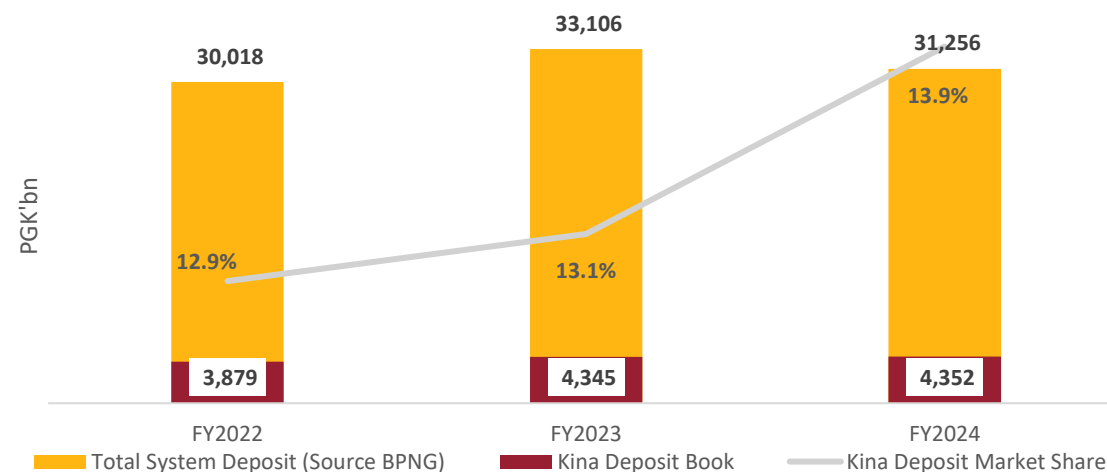
Market share gains.

- Capitalising on opportunities for deposit and lending market share growth in PNG.

Market share percentage - lending



Market share percentage - deposits



Corporate Tax.

- In December of 2024, the PNG Government announced a gradual decrease in Corporate Income Tax on Commercial Banks from 45% to 40% for 2025 and 35% for the 2026 fiscal year.
- The increase in rate was effective as of 1 January 2025.
- KSL's deferred taxes at December 2024 were revalued at the new rate in line with IFRS resulting in an increase in tax expense of K9.4m in 2024 statutory NPAT.

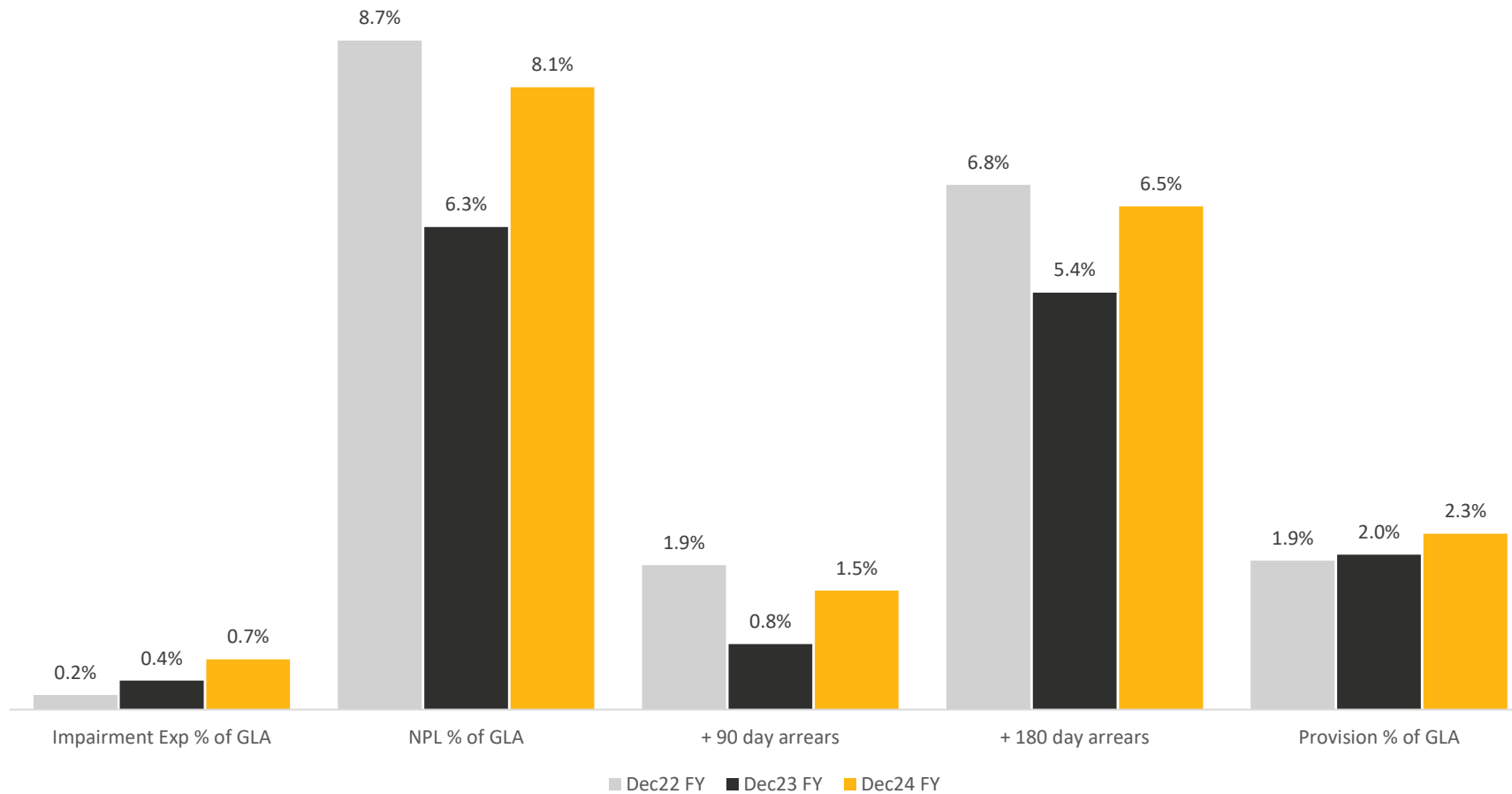
	2022	2023	2024	2025	2026
Standard rate	30%	30%	30%	30%	30%
Small banks	30%	45%	45%	40%	35%
KSL blend*	30%	42%	42%	39%	33%
Big banks**	30%	45%	45%	44%	43%

*Blended tax rate: after consolidating the tax rate for non-bank entities, KFM and KISS, which are taxed at standard rate of 30%

** Big banks: banks with annual earnings above PGK300m

Asset Quality.

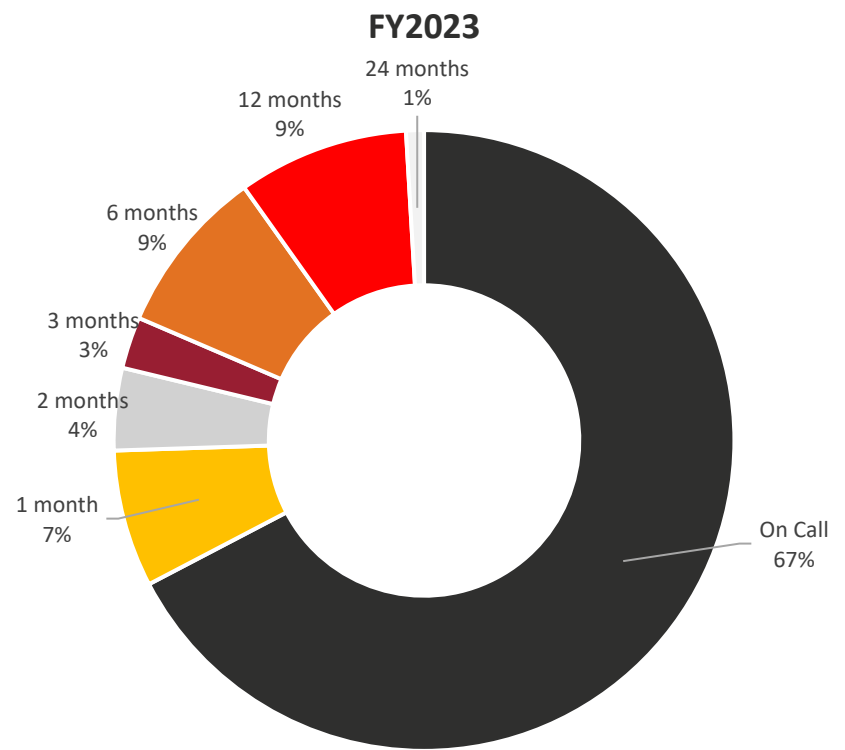
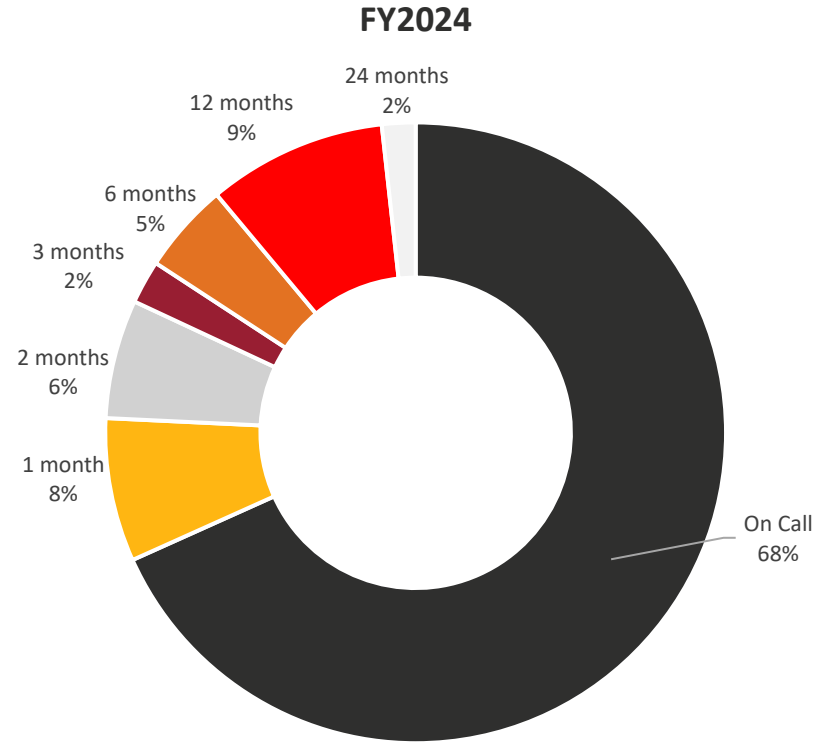
- Overall portfolio quality remains solid.
- Elevated risk mainly in personal loan portfolio.



Deposit tenure.

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- Year on year, deposit profile stability.

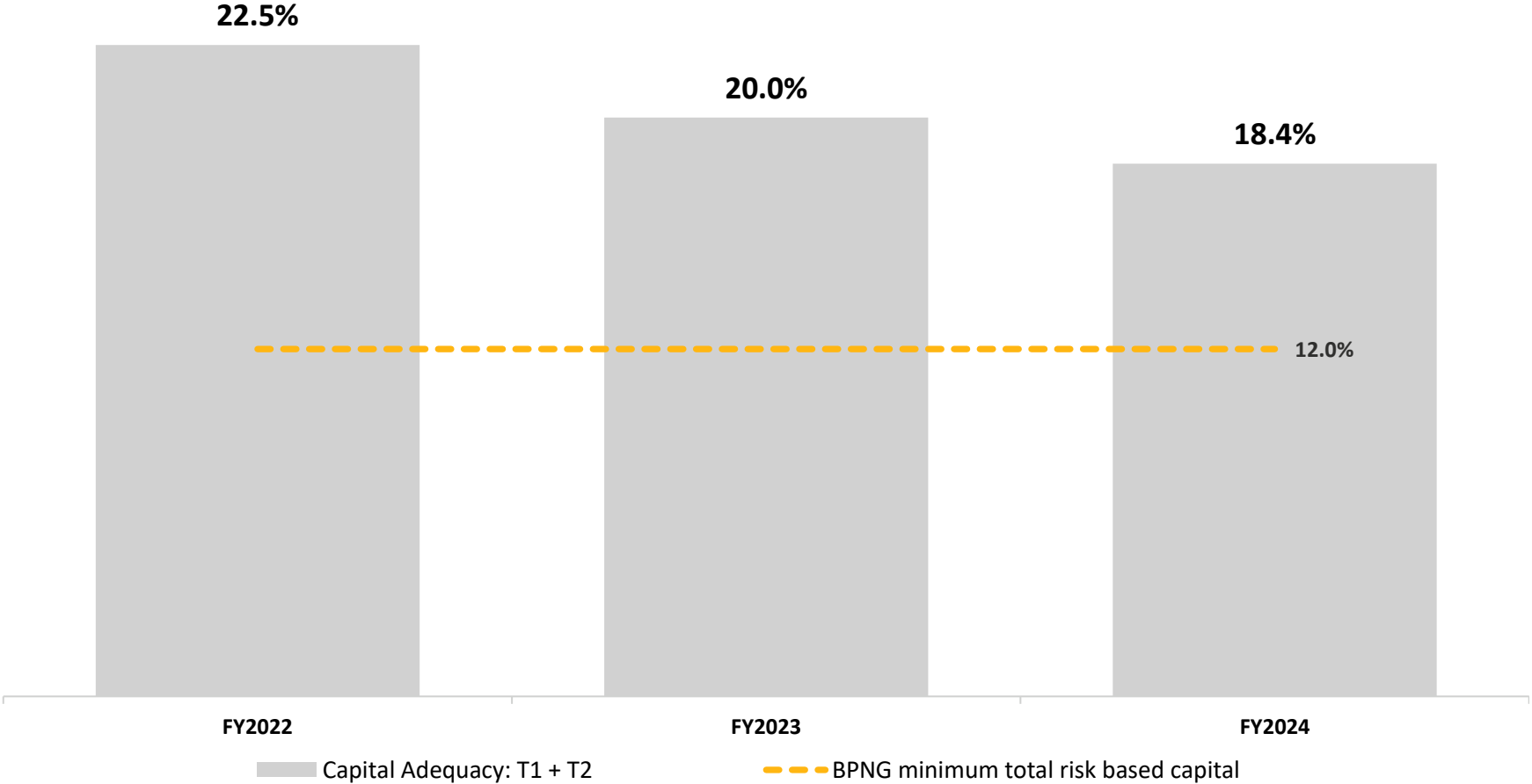


■ On Call ■ 1 month ■ 2 months ■ 3 months ■ 6 months ■ 12 months ■ 24 months

■ On Call ■ 1 month ■ 2 months ■ 3 months ■ 6 months ■ 12 months ■ 24 months

Capital adequacy.

- Capital adequacy maintained in KSL's target range, providing capacity for growth and supporting risk weighted assets of K2.8b and total assets of K5.2b



Strategy and Outlook.



Values.

Vision.

Our Vision is to be the most dynamic, progressive and accessible financial services organisation in the Pan Pacific region.

Purpose.

Our defining purpose is to constantly improve the prosperity of the people, communities, and markets that we serve.

Our Strategy.

Prosperity for our communities is Kina's DNA. Serving our communities, supporting the growth of Papua New Guinea and continually developing innovative customer-led solutions is at the core of our organisation.

Priorities.



GROWTH & PROSPERITY



BUILDING RESILIENCE



SERVICE EXCELLENCE



DYNAMIC PEOPLE



SUSTAINABLE COMMUNITIES

Our Values.

F. I. R. S. T.



Fairness.

Guides equity and justice, ensuring opportunities for all to thrive.



Inspire.

Sparks creativity, fuels perseverance, drives change and touches hearts.



Responsive.

Fosters trust and satisfaction by addressing peoples' needs promptly and effectively.



Serve.

Embodies empathy, compassion, kindness and enriching our customers' lives.



Together.

Is a team who entrust each other.

Continuity of Strategy through CEO transition.

- PNG's challenger bank
- A diversified portfolio, right for PNG's market context
- Bias towards digital solutions and partnerships
- Inorganic growth exploration
- Opportunity and growth at the heart of culture

Efficient growth.

One off costs FY24

- Fraud incident.
- January 10 civil unrest.
- Professional services for capability uplift in technology and risk.

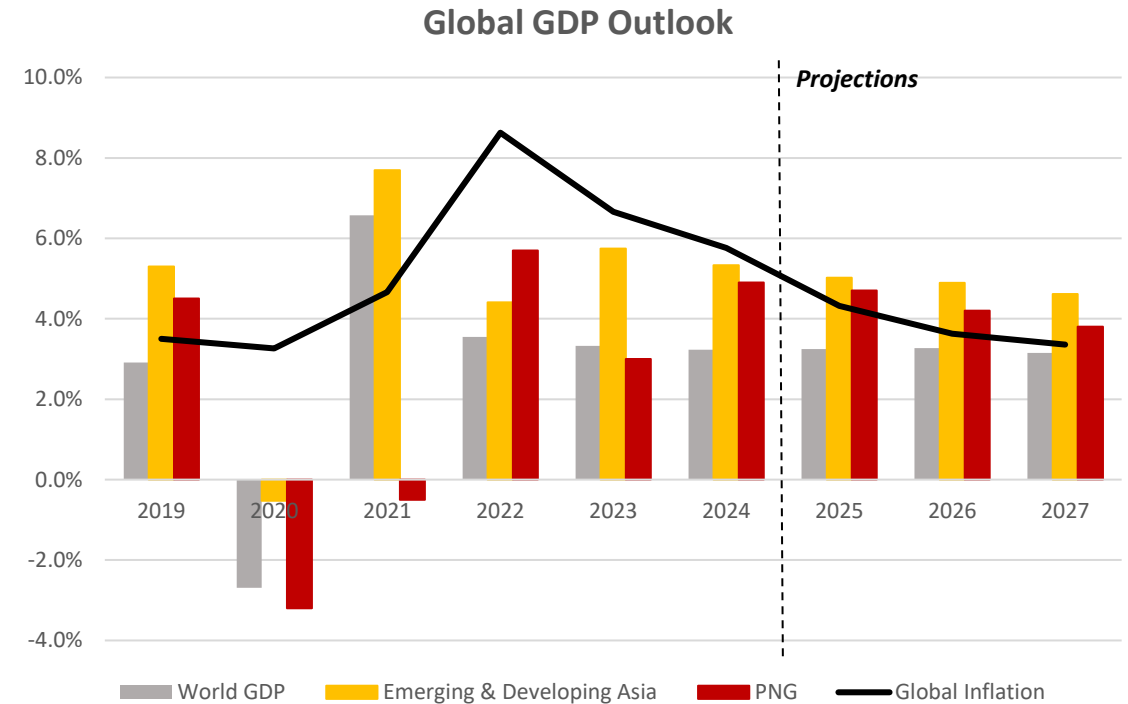
Management focus

- Budget control.
- Operating model, process improvement, and digitisation over the medium to long term.

Economy.

GLOBAL OUTLOOK

- **Global growth is projected at 3.3% in 2025 and 2026**, below the historical average of 3.7% (2000-2019).
- **Global headline inflation is expected to decline to 4.2% in 2025 and 3.5% in 2026**, converging back to target earlier in advanced economies than in emerging markets. Australian and New Zealand Central Banks have already cut interest rates this year, noting the slowing consumer demand and easing price pressures.
- **Policy uncertainty, trade frictions, and geopolitical tensions remain elevated, posing risks to the global economic outlook.**
- **In emerging market and developing economies, growth in 2025 and 2026 is expected to remain steady** from 2024 levels.
- **China's growth in 2025 is revised upward (from 4.5%) by 0.1 percentage point to 4.6%**, due to carryover from 2024 and a fiscal stimulus package offsetting trade policy uncertainty and property market drag. Growth is projected to remain stable at 4.5% in 2026 as trade policy uncertainty dissipates and retirement age increase slows labour supply decline.

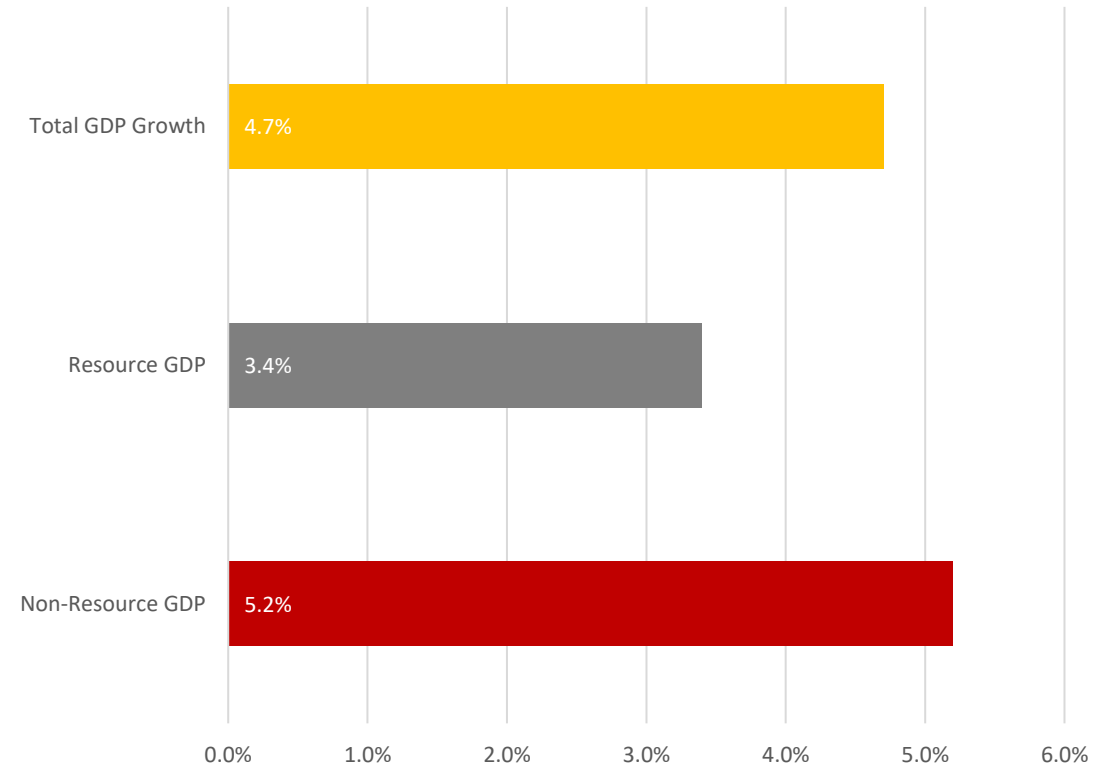


Economy.

DOMESTIC OUTLOOK

- PNG's real GDP is projected to grow by 4.9% in 2024 and 4.7% in 2025.
- The resource sector is anticipated to grow by 5.9% in 2024 and 3.4% in 2025, with higher output from major mines coinciding with historically high gold prices.
- Non-resource sector output is forecasted to grow by 5.2% in 2025 with increased agriculture production, continued public infrastructure investments, and strong agriculture commodity prices. Exports will continue to be supported by a depreciating currency.
- Wholesale and retail trade, coffee, cocoa, fisheries, construction, ICT, transport, and the financial and insurance sectors will experience solid growth in 2025.
- Risks to the growth outlook include increasing security costs associated with law and order conditions, continued disruption at the Porgera mine site affecting resource sector output, and imported inflation risks due to the current exchange rate policy stance.
- In the medium term, the finalisation of financial agreements for major oil and gas projects heading into 2026 will be a major positive underwriting economic performance going forward.

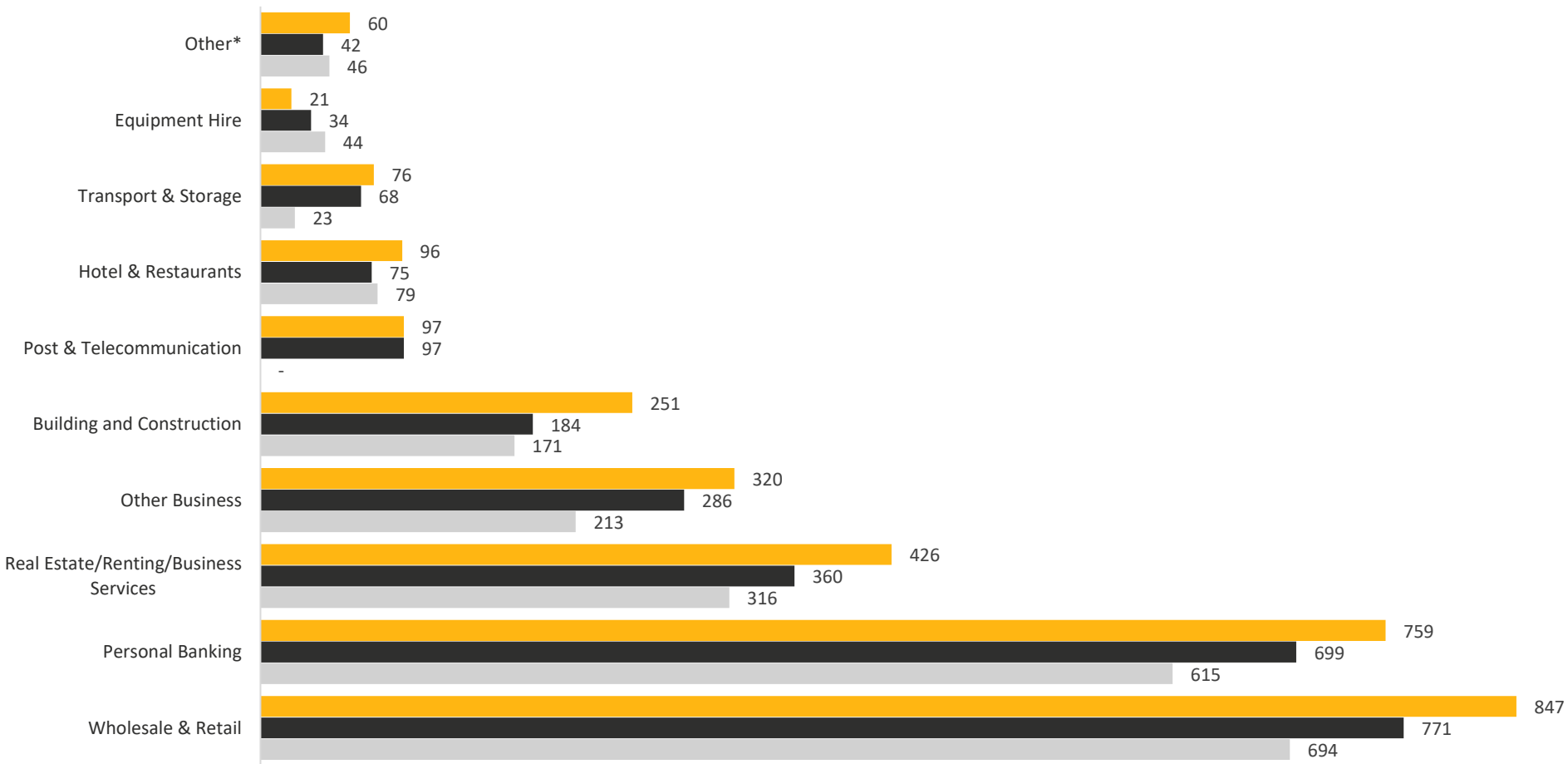
2025 PNG Growth Forecasts



Appendices.



Loan portfolio by industry.



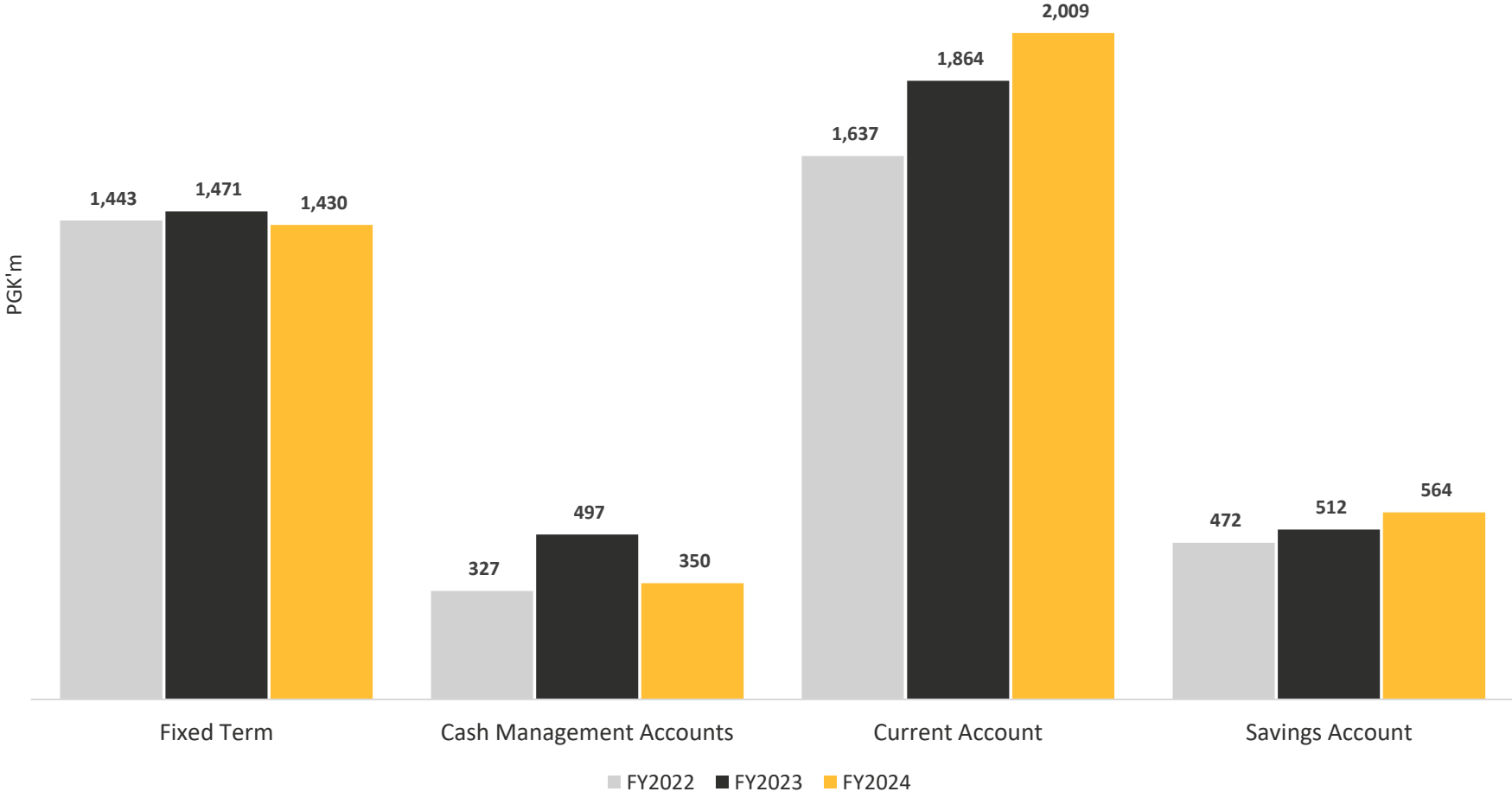
*Other: Agriculture, Fishing, Forestry, Mining, Manufacturing, Utilities, Financial Intermediation

PGK'm

FY2024 FY2023 FY2022

personal use only

Deposit by products.



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Thank you.

