

Kina records strong profit growth, lifts dividends

Results Highlights for six months to June 2016

	30 Jun 2016	31 Dec 2015	30 Jun 2015	% Change Jun 2016 vs Jun 2015
Net profit after tax (PGK m)	20.5	0.41	4.5	+350
Net Loans (PGK m)	437	374	209	+109
Dividend (AUD, cents per share)	4.09	3.4	n/a	n/a

Operating performance and earnings

Rapidly growing PNG financial services company, Kina Securities Limited, has reported a net profit of PGK20.5 million for the six months to 30 June 2016, up 350% from the first half of 2015.

The results confirm the benefits of Kina's PGK349 million acquisition of Maybank PNG, completed in September 2015, which effectively doubled the size of the Kina business.

The Company has declared an interim dividend of A4.09 cents per share, which follows the dividend of A3.4 cents per share paid for the full year to December 2015.

The results are for the first full six months period for the merged Kina/Maybank business, and the first since the highly successful public float of the Company in July 2015.

Chief Executive Syd Yates said the results were pleasing and demonstrated that the merger was delivering excellent returns for shareholders.

"The Company has made great progress in the past six months. Our lending has increased sharply, and our asset quality is sound.

"Despite the slowdown in the PNG economy, we are continuing to enjoy solid growth in lending, and we see great potential to grow further in the coming years by providing innovative products and quality service to our customers.

"The merger of the Maybank and Kina businesses created a new financial services business in PNG and positions the company to take a leading role in the development of the emerging PNG financial services industry," he said.

Kina is now well established as PNG's fourth largest bank with lending assets growing to PGK437 million, up 17 percent from PGK374 million at December 2015 (34% annualised).

The bank recorded net interest income of PGK31.2 million in the half year to June 2016 compared to K16.7 million in the half year to June 2015

Non-interest income totalled PGK30.5 million for the half year, up from PGK9.7 million in the June half of 2015, with the increase primarily driven by foreign exchange income.

Compared with the prior comparable June half, total operating income more than doubled to PGK61.7 million, reflecting the solid fundamentals of the merged banking business.

Overall asset quality remains sound. The loan impairment increased compared with the prior half year, reflecting more subdued general economic conditions in PNG, however, impairment expense remained relatively low at PGK2.5 million, equal to just 0.6 % of gross loans and advances. Gross non-performing loans totalled PGK6 million, equal to 1.4% of gross loans and advances.

The underlying security of the business is exceptionally strong, with regulatory capital (T1+T2) at 31% of Risk Weighted Assets, compared with regulatory required minimum of 12%. The Board elected to maintain this position in order to leverage growth opportunities, both organic and inorganic.

Outlook

Kina continues to make solid progress in the development and consolidation of its business following the Maybank merger completed last year.

The medium term outlook for the PNG Economy remains positive in the 2016 Mid-Year Economic & Fiscal Outlook. While GDP growth has been revised down to 2.2 percent, the market segments that are the focus of the Kina Securities business have so far remained reasonably resilient.

"Our staff have worked tirelessly to continue to deliver the best possible products and services for our customers, and I look forward to reporting further encouraging profit results for the full year," Mr Yates said.

For further information:
Joe Dowling
+61 421 587755