Kina Securities Ltd

Half Year Results – 30 June 2017

24th August 2017

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Corporate Highlights

CIMB appointed as USD Correspondent Bank

Transaction accounts increased by 10%

Opened new Vision City outlet

Loan growth – up 13% from 2H 16

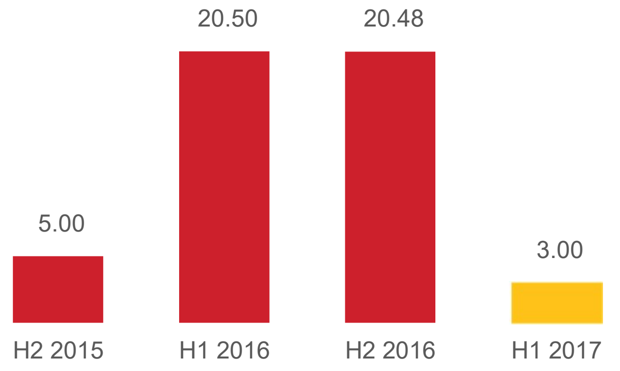
Loan market share growth - from 3.7% (1H 16) to 5.6%

Trade finance agreement with ADB to facilitate trade finance

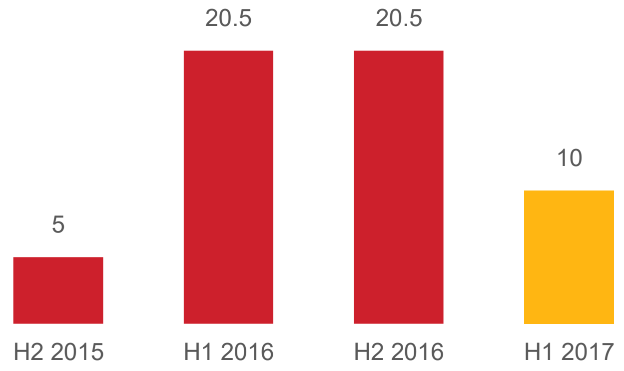
Realignment of deposit based from high cost to low cost

Financial highlights – H1 2017

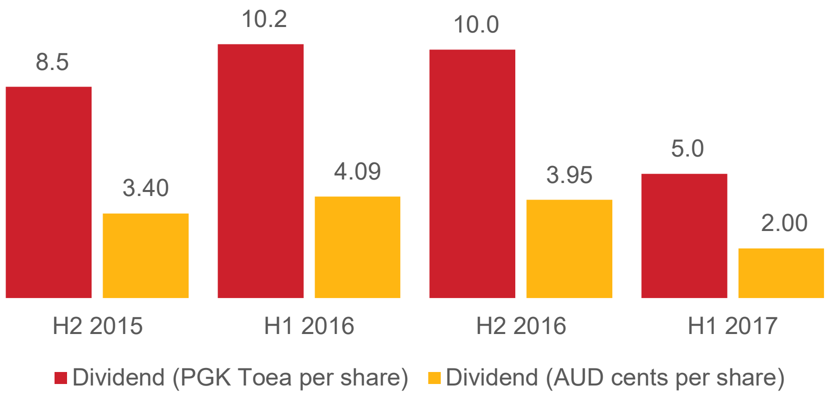
Statutory NPAT (PGK$m)



Underlying Profit (PGK$m)

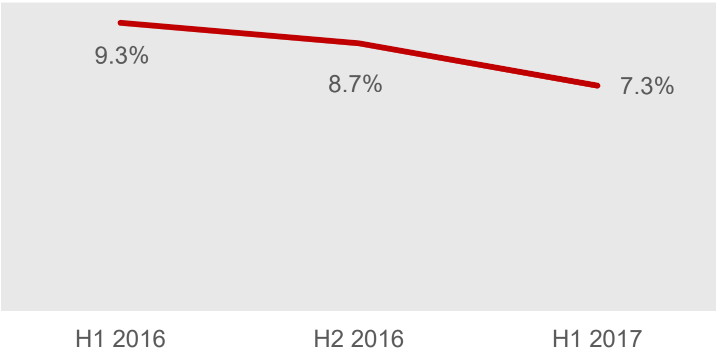


Dividend per share

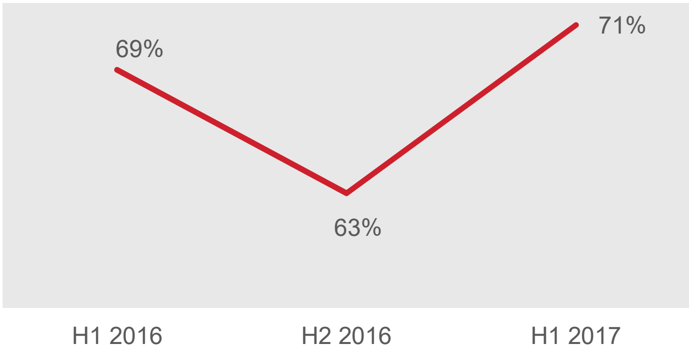


Financial ratios

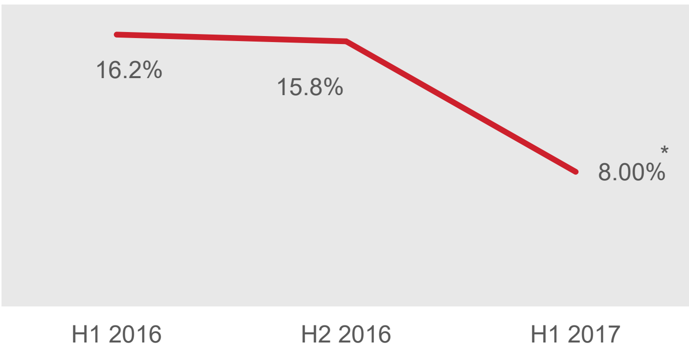
Net interest margin



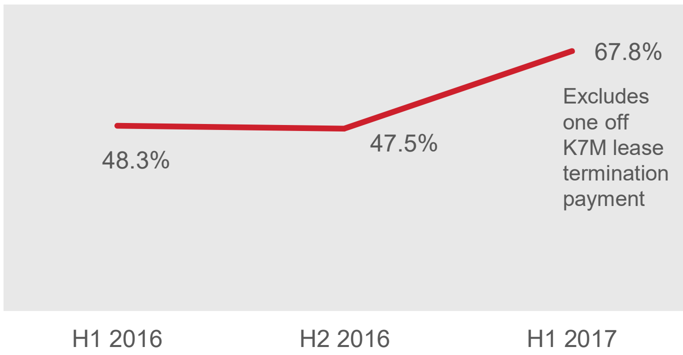
Loans to deposit ratio



Return on Equity (Annualised) (%)



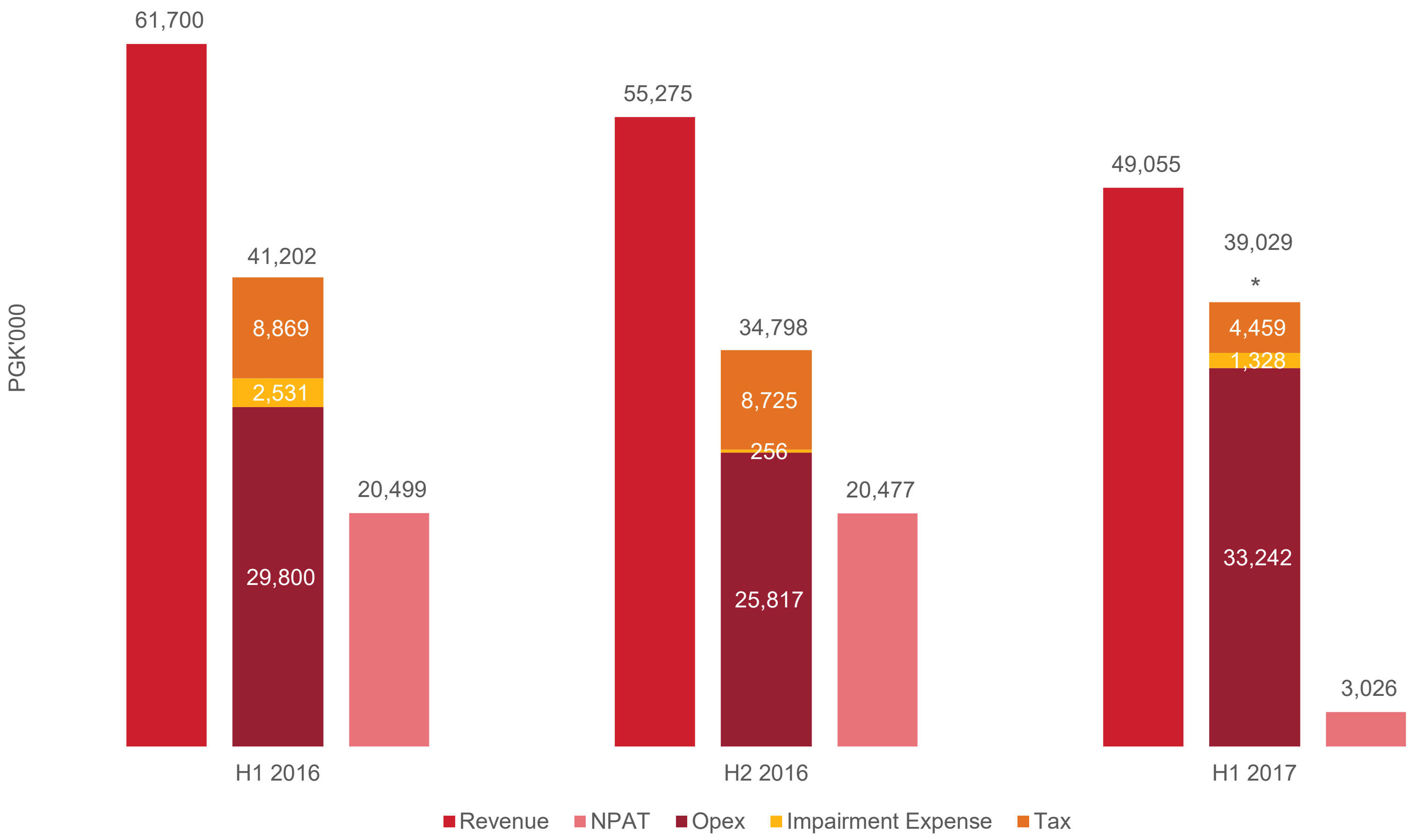
Cost to income ratio%



*Based on underlying profit

**Cost to income ratio was calculated as total revenue divided by total expenses (excluding impairment and income tax expenses)

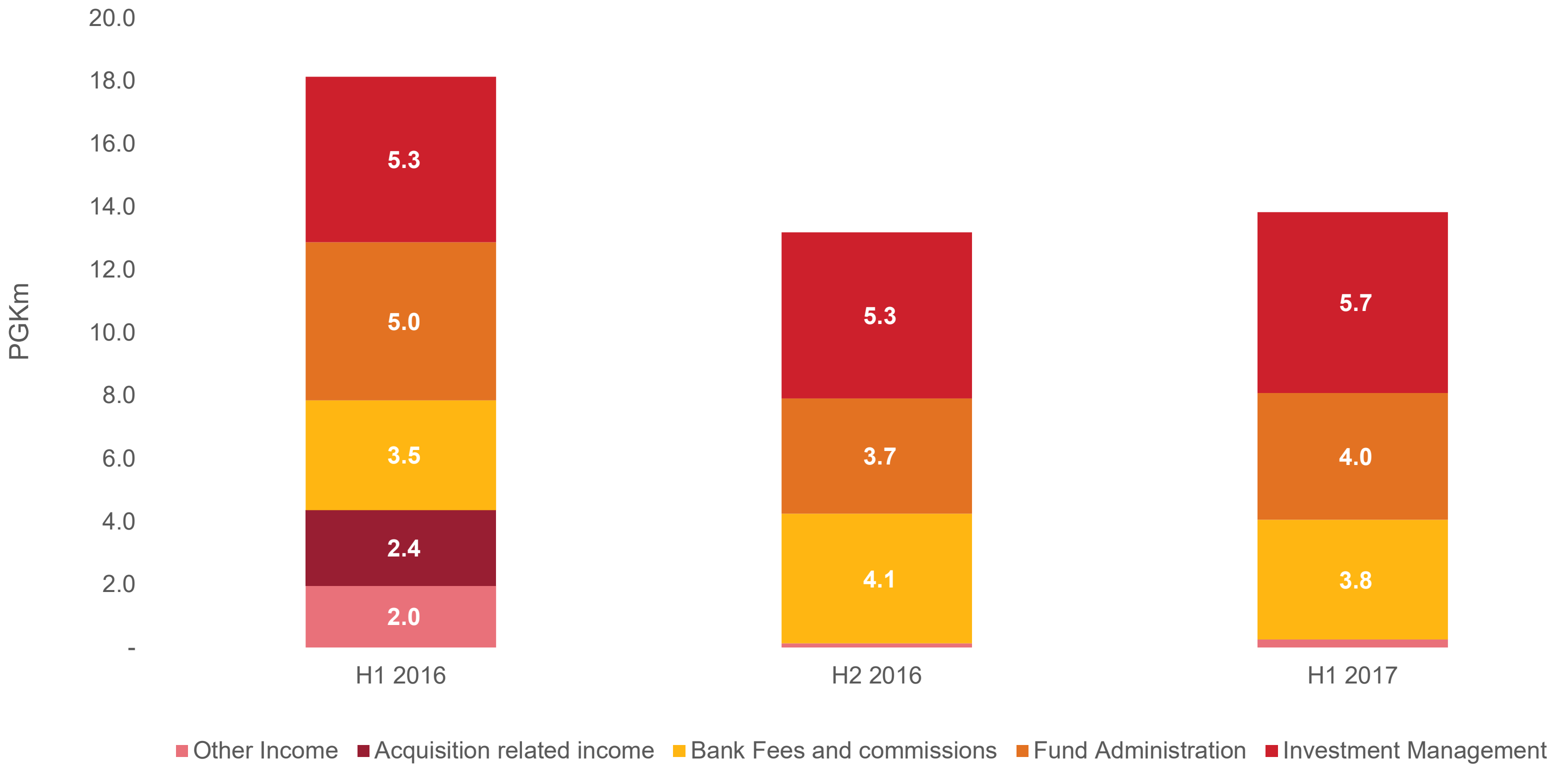
Profitability



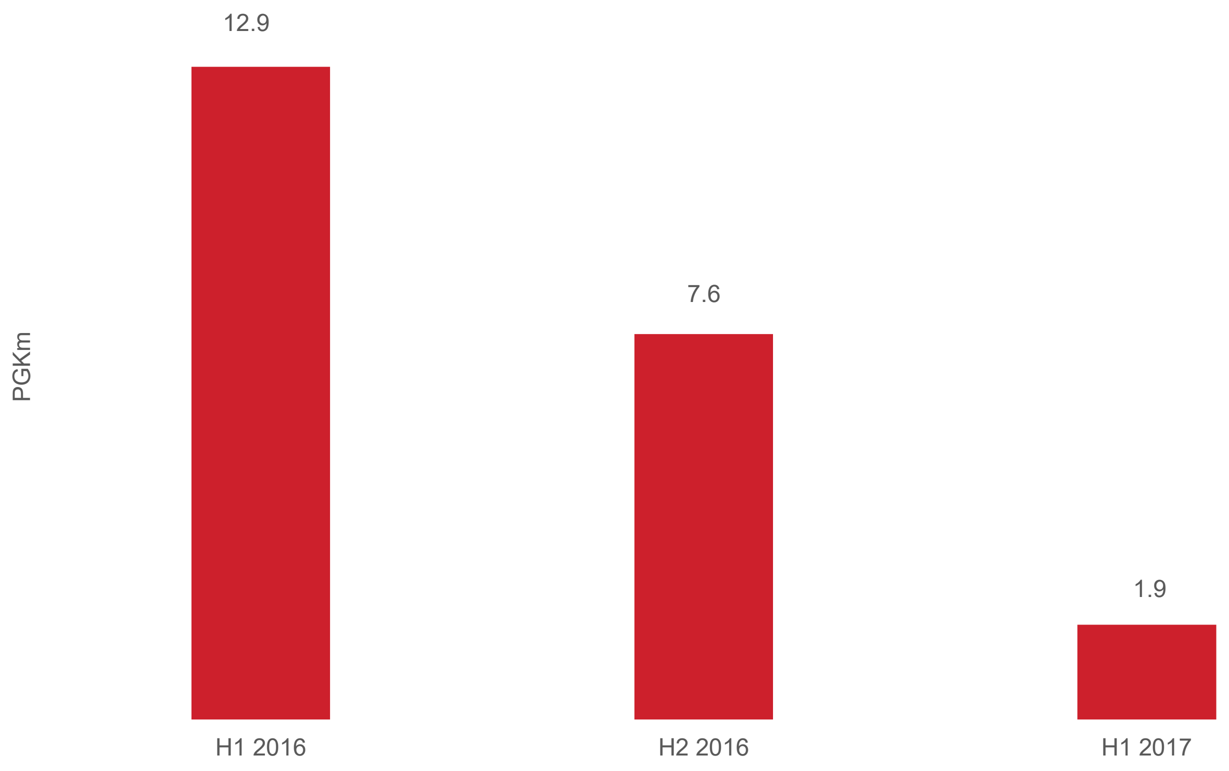
*Does not include K7m loan termination expense

Non-interest income

Non-interest income **excluding** FX Income



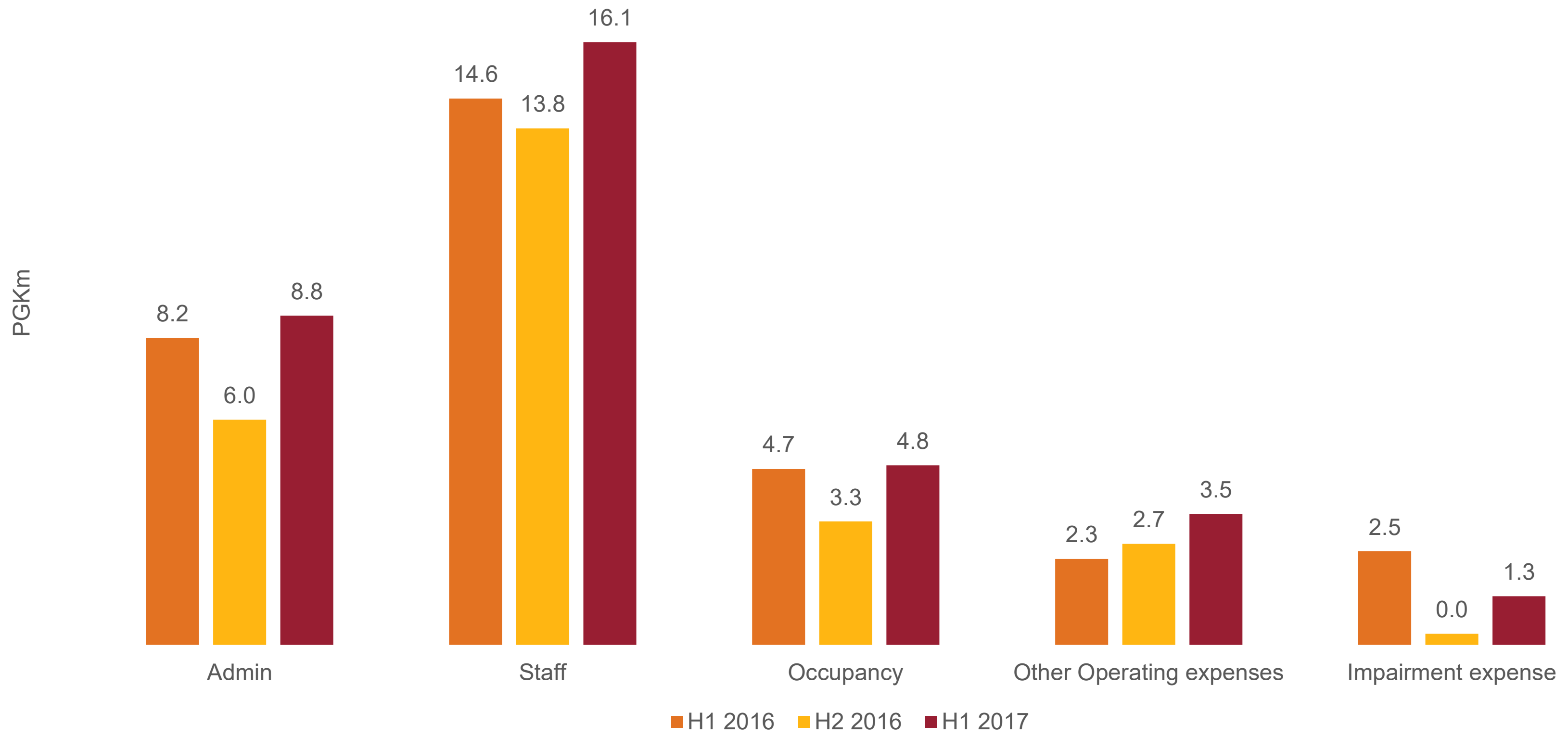
Foreign exchange income



H1 2017 reflects the K10m shortfall compared to H1 2016 due to lack of USD correspondent bank

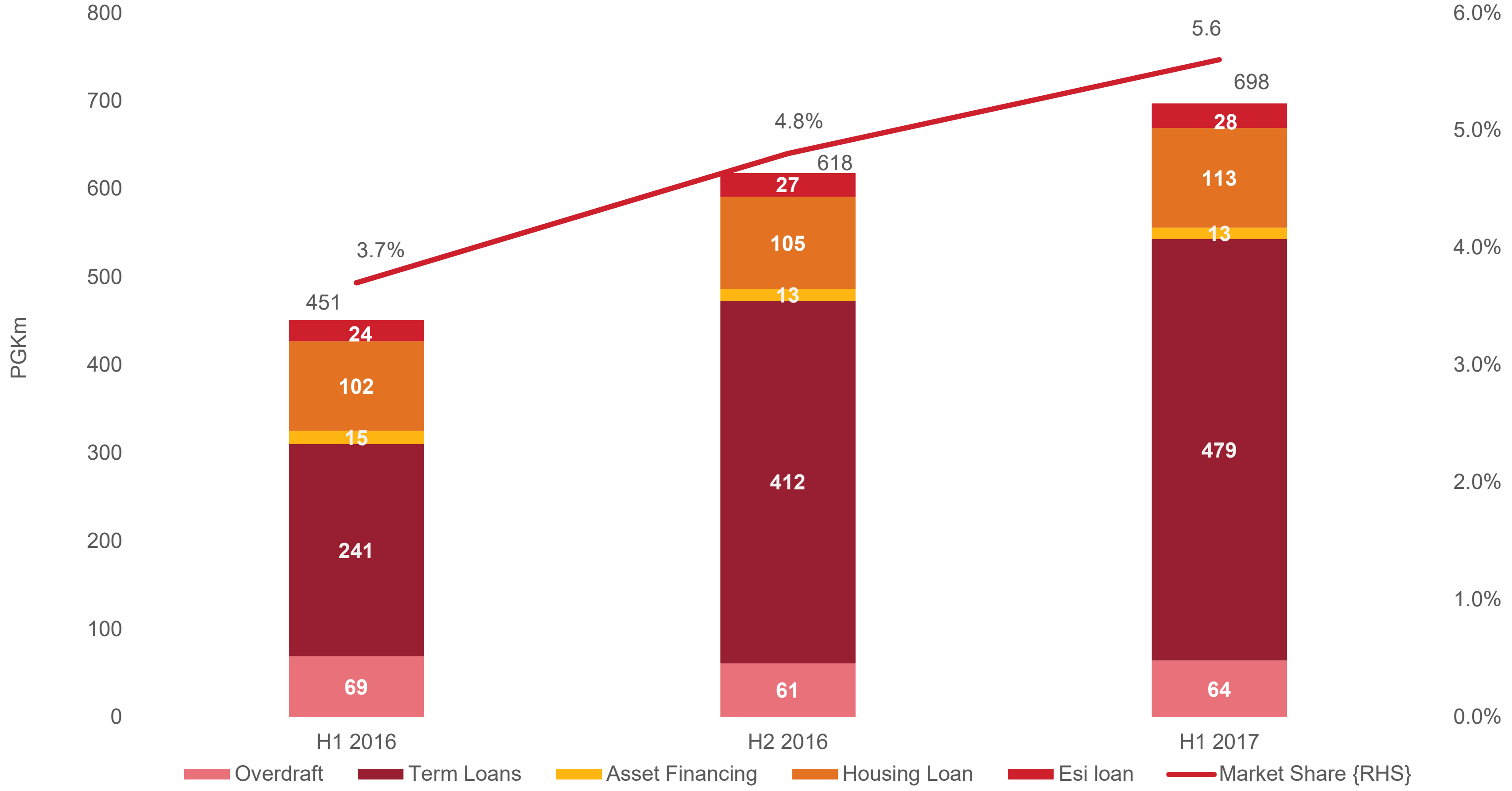
H2 2016 represents a three month shortfall compared to H1 2016 due to closure of USD correspondent bank

Expense management



Expense **excludes** one off lease termination of PGK 7m

Loan book growing



Figures are gross loans excluding provisions

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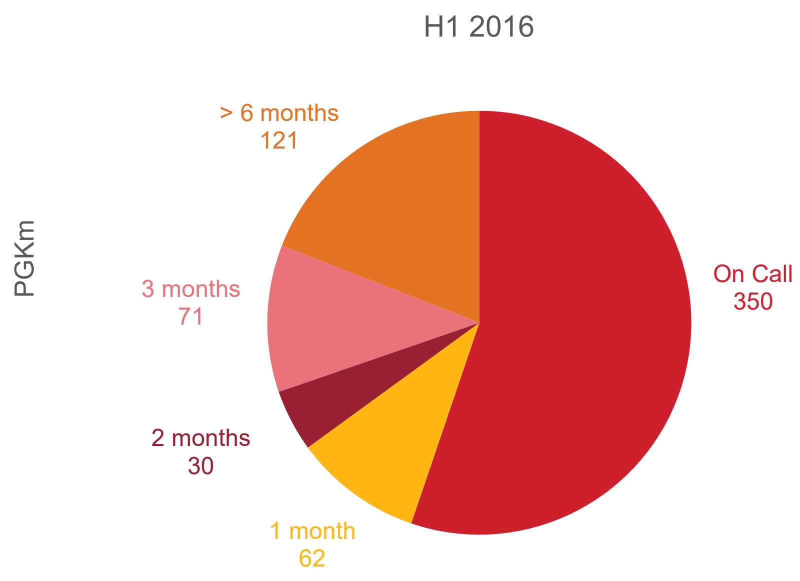
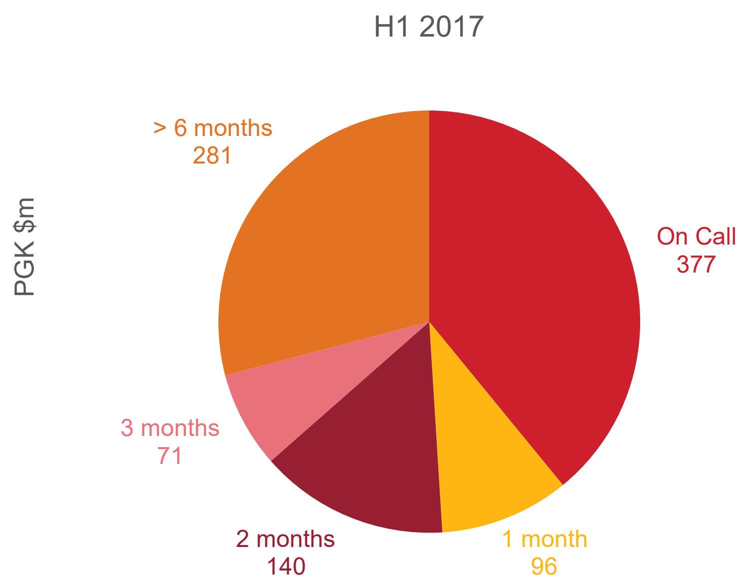
Funding and liquidity profile





*Reducing reliance on on-call money

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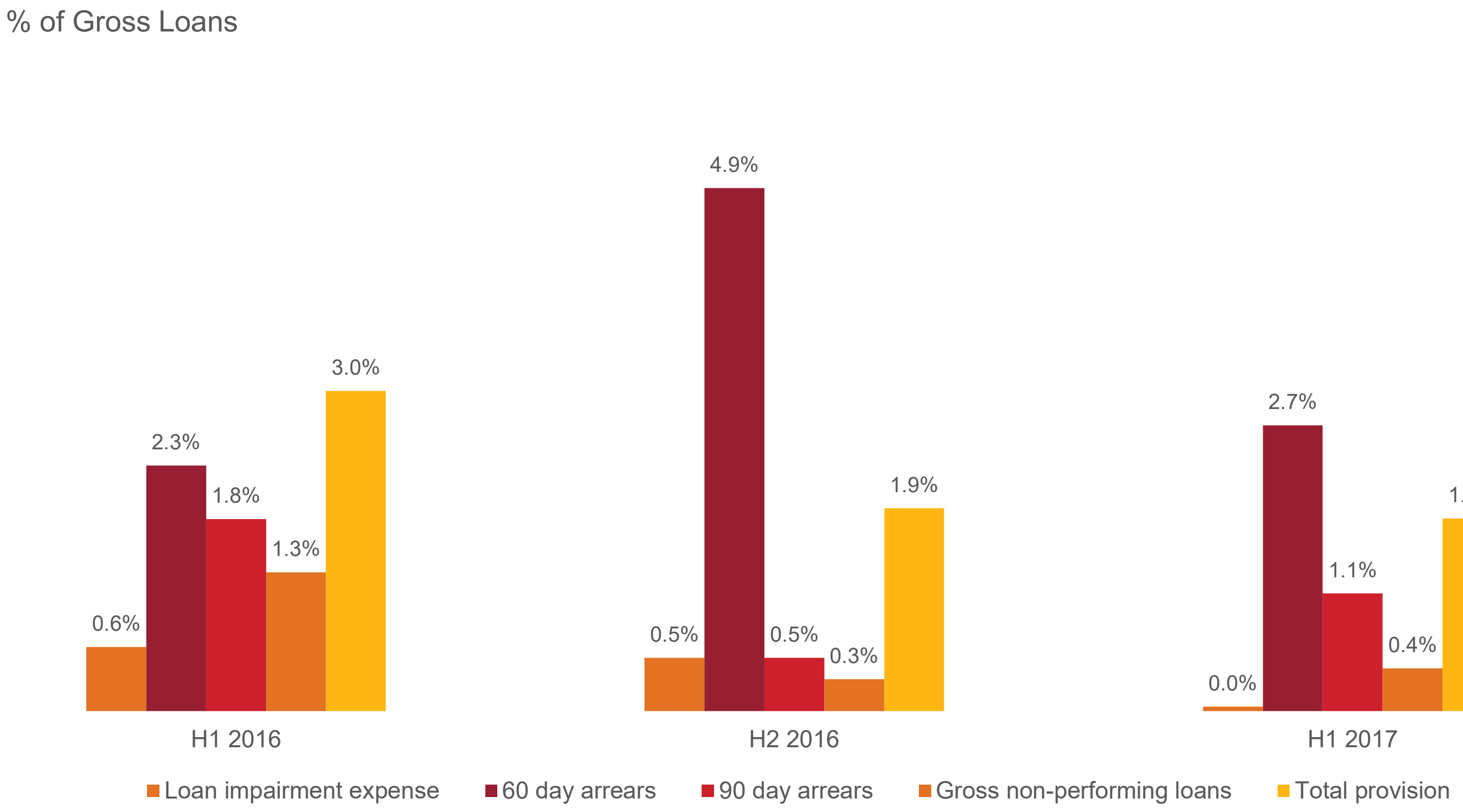
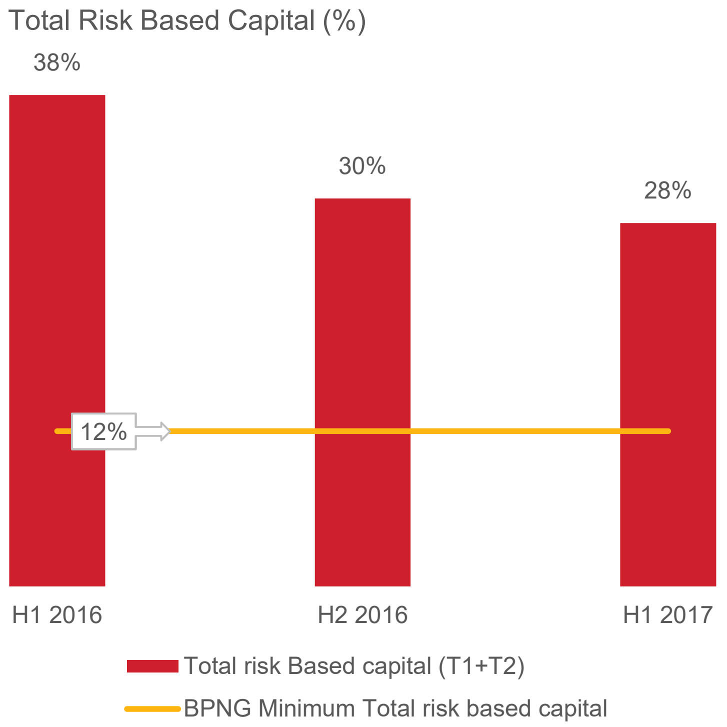
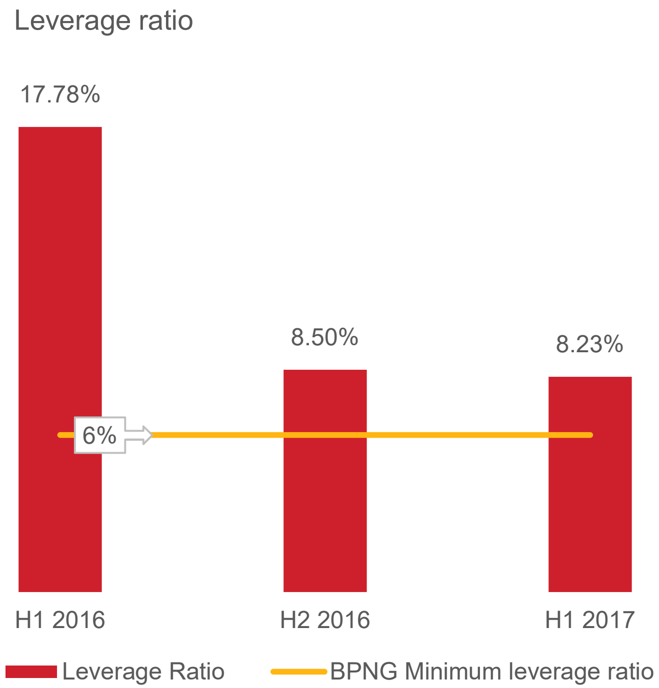
Asset quality management

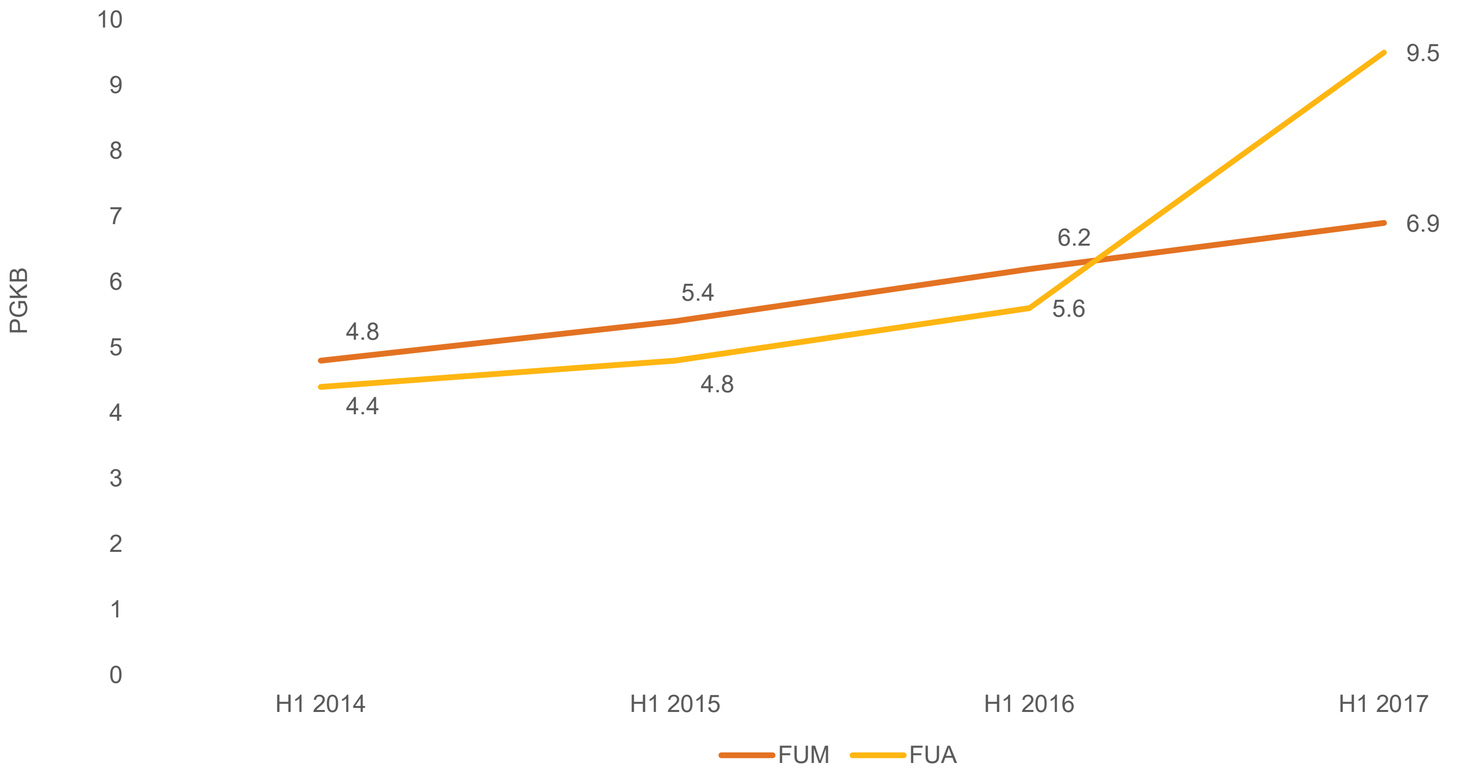


Capital adequacy





Funds Under Administration (FUA) and Funds Under Management (FUM)



- FUA boosted by Nasfund transaction (Nasfund onboarded at 1/7/2017)
- FUM maintains year-on-year growth

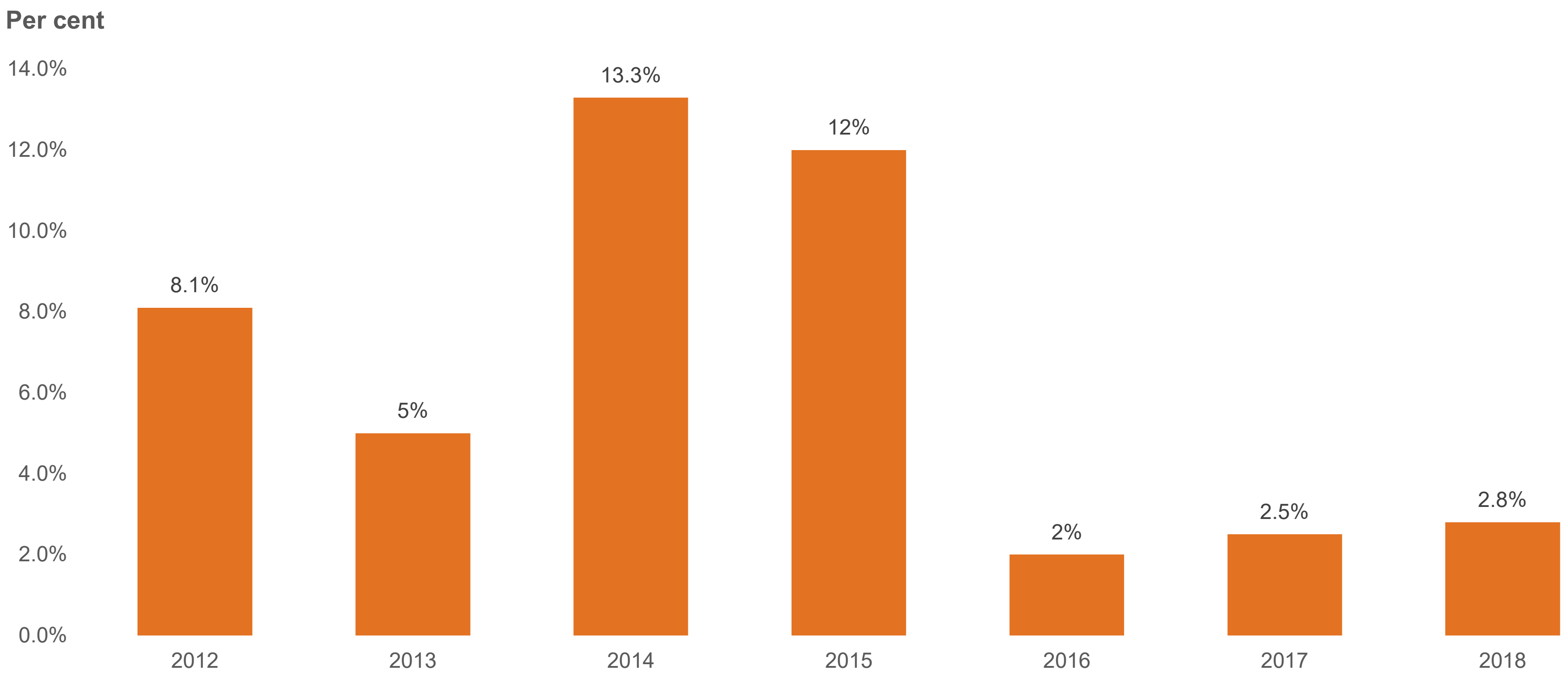
Our Strategy

Our strategy for growth.

We will deliver shareholder value and proactively move to lift market share by:

Economy

PNG – GDP Growth (% per year)



Source: Asian Development Bank

PNG – economic outlook

The PNG economy is projected to grow at 2.5% in 2017 and by 2.8% in 2018 (Asian Development Bank)

Prices for PNG's **key mineral exports** are still trending at low levels, but better than in 2016

FX conditions slightly improving

2017 national elections impacted business growth

Business sentiment improving i.e. Oxford Business Group CEO survey

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In 2018, more than **15,000 overseas visitors** will come to PNG over the coming year for APEC, spending an estimated K100 million plus

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APEC will provide further investment in infrastructure and services

Priorities

Operational priorities

Kina remains focused on delivering its key operational priorities for 2017. These include:

Continued growth of the low cost deposit base.

Leveraging our relationships with key superannuation funds to facilitate cross-selling opportunities.

Completing our **technology transformation** including expanding our suite of personal and business banking products and services e.g. mobile applications and internet banking for retail and corporate customers.

Profitable, quality lending growth.

Financial priorities

Net interest margin **7- 9%**

Cost to income ratio **< 50%**

Loans to deposit ratio **< 70%**

Strong capital position

Conservative provisions

Good EPS growth

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The end