

29 August 2022

## ASX/PNGX | Announcement

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Down Town, Port Moresby 121  
Papua New Guinea

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### BY ELECTRONIC LODGEMENT

#### 1H 2022 - Consolidated Financial Statements

Please find attached for release to the market, Kina Securities Limited's (ASX:KSL | PNGX:KSL) *1H 2022 Consolidated Financial Statements*.

ENDS

This Announcement was authorised for release by Kina Securities Limited's Board of Directors.

*For further information:*

**Samantha Miller**  
Executive General Manager Investor relations, Corporate Affairs and ESG  
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**KINA SECURITIES LIMITED  
AND ITS SUBSIDIARIES**

CONDENSED INTERIM  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2022

**KINA SECURITIES LIMITED AND ITS SUBSIDIARIES**

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CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 30 JUNE 2022**

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## **KINA SECURITIES LIMITED AND ITS SUBSIDIARIES**

### **DIRECTORS' REPORT**

#### **FOR THE HALF YEAR ENDED 30 JUNE 2022**

The Directors of Kina Securities Limited and its Subsidiaries ("the Group", "Company", "Kina") submit herewith the annual financial report of the Company and its Subsidiaries for the half year ended 30 June 2022.

#### **Principal Activities**

The principal continuing activities of the Company and its Subsidiaries during the half year were the provision of commercial banking and financial services (including asset financing, provision of commercial and personal loans, money market operations and corporate advice), fund administration, investment management services and share brokerage.

The Directors consider there are no unusual or other matters that warrant their comments and the Group's financial position and results from operations are properly reflected in these financial statements

#### **Country of Incorporation**

The Company was incorporated in Papua New Guinea on 14 October 1985 and has its principal place of business in Port Moresby, Papua New Guinea.

#### **Registered Office**

Its registered office is Level 9, Kina Haus, Douglas Street, Port Moresby, National Capital District, 121, Papua New Guinea.

#### **Directors and Secretary**

The names of the directors of the Company in office during the accounting period are:

I. Taureka, Chairman	A Carriline
G. Pawson, Managing Director and Chief Executive Officer	P. Hutchinson
K. Smith-Pomeroy	J. Thomason
I. Temu	

The company secretary is C. Chopra.

#### **Dividends**

Dividends declared for the half year amounted to K 29,634,517 (and paid for the half year ended 31 December 2021 amounted to K 53,119,078).

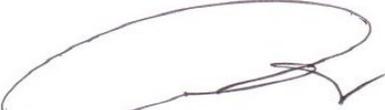
#### **Results**

The operating profit attributable to equity holders for the half year for the Group was K 45,591,565 (2021: K 39,752,148).

#### **Events subsequent to reporting date**

Details of events subsequent to reporting date are outlined in note 29 in this Financial Report on page 29.

Signed at Port Moresby on behalf of the board on the 29<sup>th</sup> day of August 2022.



Mr Isikeli Taureka  
**Director and Chairman**



Mr Greg Pawson  
**Managing Director and Chief Executive Officer**

# **KINA SECURITIES LIMITED AND ITS SUBSIDIARIES**

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## **INDEPENDENT AUDITOR’S REVIEW REPORT**

### **FOR THE HALF YEAR ENDED 30 JUNE 2022**



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## **Independent Auditor’s Review Report to the shareholders of Kina Securities Limited**

We have reviewed the accompanying half-year condensed interim consolidated financial report of Kina Securities Limited (the “Company”) and its subsidiaries (the “Group”), which comprises the condensed interim consolidated statement of financial position as at 30 June 2022, the condensed interim consolidated statement of comprehensive income, the condensed interim consolidated statement of changes in equity and the condensed interim consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors’ declaration as set out on pages 4 to 29.

### **Directors’ Responsibility for the Half-Year Financial Report**

The directors of the Company are responsible for the preparation and fair presentation of the half-year condensed interim consolidated financial report in accordance with International Accounting Standard IAS 34 *Interim Financial Reporting*. The directors’ responsibility also includes such internal control as the directors determine is necessary for the preparation and fair presentation of the half-year condensed interim consolidated financial report that is free from material misstatement, whether due to fraud or error.

### **Auditor’s Responsibility**

Our responsibility is to express a conclusion on the half-year condensed interim consolidated financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ISRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year condensed interim consolidated financial report is not presented fairly, in all material respects, in accordance with International Accounting Standard IAS 34 *Interim Financial Reporting*. As the auditor of Kina Securities Limited, ISRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte organisation.

**KINA SECURITIES LIMITED AND ITS SUBSIDIARIES**  
**INDEPENDENT AUDITOR'S REVIEW REPORT**  
**FOR THE HALF YEAR ENDED 30 JUNE 2022**

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**Deloitte.**

**Conclusion**

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the condensed interim consolidated half-year financial report of Kina Securities Limited does not present fairly, in all material respects, the consolidated entity's financial position as at 30 June 2022 and of its financial performance for the half-year ended on that date in accordance with International Accounting Standard IAS 34 *Interim Financial Reporting*.

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU



David Rodgers  
Partner  
Chartered Accountants  
Registered Company Auditor in Australia

Brisbane, 29 August 2022

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU



Benjamin Lee  
Partner  
Chartered Accountants  
Registered under the Accountants Act, 1996

Port Moresby, 29 August 2022

**KINA SECURITIES LIMITED AND ITS SUBSIDIARIES**  
**DIRECTORS' DECLARATION**  
**FOR THE HALF YEAR ENDED 30 JUNE 2022**

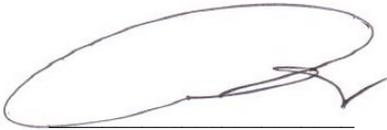
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The Directors declare that:

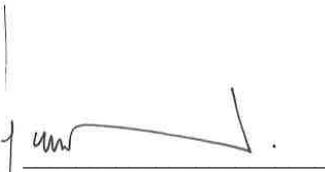
- in the Directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and
- in the Directors' opinion, the attached condensed interim consolidated financial statements and notes thereto give a true and fair view of the financial position and performance of the Group in compliance with International Financial Reporting Standard IAS 34: *Interim Financial Reporting*.

Signed in accordance with a resolution of the Board of Directors.

On behalf of the Directors



Mr Isikeli Taureka  
**Director and Chairman**  
Port Moresby

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Mr Greg Pawson  
**Managing Director and Chief Executive Officer**  
Port Moresby

on the 29<sup>th</sup> day of August 2022.

**KINA SECURITIES LIMITED AND ITS SUBSIDIARIES**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE**  
**INCOME FOR THE HALF YEAR ENDED 30 JUNE 2022**

	Notes	Consolidated	
		2022	2021
		Unaudited	Unaudited
<b>Continuing operations</b>		<b>K'000</b>	<b>K'000</b>
Interest income		<b>110,506</b>	99,636
Interest expense		<b>(17,998)</b>	(14,193)
Net interest income	<b>3</b>	<b>92,508</b>	85,443
Fee and commission income		<b>54,231</b>	40,371
Fee and commission expense		<b>(23)</b>	(7)
Net fee and commission income	<b>4</b>	<b>54,208</b>	40,364
Foreign exchange income		<b>31,986</b>	29,246
Dividend income		<b>142</b>	128
Net gain from financial assets at fair value through profit and loss		<b>63</b>	394
Other income	<b>5</b>	<b>229</b>	164
<b>Operating income before impairment losses and other operating expenses</b>		<b>179,136</b>	155,739
Expected credit losses on financial instruments at amortised cost	<b>6.1</b>	<b>(2,017)</b>	(4,358)
Administrative and operating expenses	<b>7</b>	<b>(111,565)</b>	(94,768)
<b>Profit before tax</b>		<b>65,554</b>	56,613
Income tax expense	<b>8</b>	<b>(19,962)</b>	(16,861)
<b>Net Profit for the period attributable to the equity holders of the Company</b>		<b>45,592</b>	39,752
Other comprehensive income		-	-
<b>Total comprehensive income for the period attributable to the equity holders of the Company</b>		<b>45,592</b>	39,752

	2022	2021
Earnings per share - basic (toea) (Note 20 (b))	<b>15.9</b>	13.9
Earnings per share - diluted (toea) (Note 20 (b))	<b>15.8</b>	13.8

*The notes on pages 9 to 29 are an integral part of these condensed interim consolidated financial statements.*

**KINA SECURITIES LIMITED AND ITS SUBSIDIARIES**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN**  
**SHAREHOLDERS' EQUITY FOR THE HALF YEAR ENDED 30 JUNE 2022**

Consolidated Attributable to the equity holders of the Group	Share Capital	Share Based Payment Reserve	Retained Earnings	Total
	K'000	K'000	K'000	K'000
<b>Balance as at 31 December 2020</b>	<b>394,693</b>	<b>2,774</b>	<b>179,567</b>	<b>577,034</b>
Profit for the period	-	-	39,752	39,752
Employee share scheme – vested rights	-	(3,379)	-	(3,379)
Employee share scheme – value of employee services	-	2,096	-	2,096
Dividend paid	-	-	(48,360)	(48,360)
<b>Balance as at 30 June 2021</b>	<b>394,693</b>	<b>1,491</b>	<b>170,959</b>	<b>567,143</b>
Profit for the period	-	-	31,058	31,058
Additional shares issued	-	-	-	-
Employee share scheme – vested rights	-	(98)	-	(98)
Employee share scheme – value of employee services	-	2,194	-	2,194
Dividend paid	-	-	(23,674)	(23,674)
<b>Balance as at 31 December 2021</b>	<b>394,693</b>	<b>3,587</b>	<b>178,343</b>	<b>576,623</b>
Profit for the period	-	-	45,592	45,592
Employee share scheme – vested rights	-	(499)	-	(499)
Employee share scheme – value of employee services	-	2,259	-	2,259
Dividend paid	-	-	(53,119)	(53,119)
<b>Balance as at 30 June 2022</b>	<b>394,693</b>	<b>5,347</b>	<b>170,816</b>	<b>570,856</b>

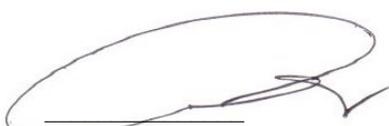
*The notes on pages 9 to 29 are an integral part of these condensed interim consolidated financial statements.*

**KINA SECURITIES LIMITED AND ITS SUBSIDIARIES**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2022**

	Notes	Consolidated	
		30 June 2022 Unaudited K'000	31 December 2021 Audited K'000
<b>Assets</b>			
Cash and due from banks	9	384,918	408,334
Treasury and Central bank bills	10	1,075,588	795,362
Regulatory deposits	11	249,195	212,874
Financial assets at fair value through profit and loss	12	11,715	11,652
Loans and advances to customers	13	2,053,116	1,950,447
Investments in government inscribed stocks	14	112,355	112,107
Current income tax assets		32	31
Deferred tax assets		20,574	16,988
Property, plant and equipment	15	85,203	90,467
Goodwill	16	92,786	92,786
Intangible assets	16	41,831	48,663
Other assets	19	47,231	45,947
<b>Total Assets</b>		<b>4,174,544</b>	<b>3,785,658</b>
<b>Liabilities</b>			
Due to other banks		7,063	4,701
Due to customers	17	3,391,676	3,036,921
Current income tax liabilities		26,094	11,697
Employee provisions		10,444	10,906
Lease Liabilities	18	46,511	48,851
Other liabilities	19	121,900	95,959
<b>Total Liabilities</b>		<b>3,603,688</b>	<b>3,209,035</b>
<b>Net Assets</b>		<b>570,856</b>	<b>576,623</b>
<b>Shareholders' Equity</b>			
Issued and fully paid ordinary shares	20a	394,693	394,693
Share-based payment reserve		5,347	3,587
Retained earnings		170,816	178,343
<b>Total Equity</b>		<b>570,856</b>	<b>576,623</b>

*The notes on pages 9 to 29 are an integral part of these condensed interim consolidated financial statements.*

These financial statements have been approved for issue by the Board of Directors and signed on its behalf by:



Mr Isikeli Taureka  
**Director and Chairman**



Mr Greg Pawson  
**Managing Director and Chief Executive Officer**

on the 29<sup>th</sup> day of August 2022.

**KINA SECURITIES LIMITED AND ITS SUBSIDIARIES**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF YEAR ENDED 30 JUNE 2022**

	Notes	Consolidated 30 June 2022 Unaudited K'000	30 June 2021 Unaudited K'000
<b>Cash flows from operating activities</b>			
Interest received		96,107	99,270
Interest paid		(15,870)	(19,185)
Foreign exchange gain		31,986	29,246
Dividend received		142	128
Fee, commission and other income received		53,740	39,871
Fee and commission expense paid		(23)	(7)
Net trading and other operating income received		231	544
Recoveries on loans previously written-off		738	1,080
Cash payments to employees and suppliers		(90,492)	(83,870)
Income tax paid		(9,137)	(4,488)
<b>Cash flows from operating profits before changes in operating assets</b>		<b>67,422</b>	<b>62,589</b>
<b>Changes in operating assets and liabilities:</b>			
- net (increase) / decrease in regulatory deposits	11	(36,321)	(5,601)
- net (increase) in loans and advances to customers	13	(103,006)	(144,624)
- net decrease in other assets	19	(1,285)	1,752
- net increase in due to customers	17	352,626	212,268
- net increase/ (decrease) in due to other banks		2,363	(820)
- net increase/ (decrease) in other liabilities	19	24,574	18,698
<b>Net cash flows from operating activities</b>		<b>306,373</b>	<b>144,262</b>
<b>Cash flows from investing activities</b>			
Payments for purchase of property, equipment and software		(8,768)	(17,455)
Proceeds from sale of property and equipment		-	14
Net movement in investment securities		(340,985)	(44,039)
<b>Net cash flows from investing activities</b>		<b>(349,753)</b>	<b>(61,480)</b>
<b>Cash flows from financing activities</b>			
Dividend payment		(53,119)	(48,360)
<b>Net cash flow from financing activities</b>		<b>(53,119)</b>	<b>(48,360)</b>
<b>Net increase in cash and cash equivalents</b>		<b>(96,499)</b>	<b>34,422</b>
Effect of changes in the foreign exchange rates on cash and cash equivalents		(1,917)	110
<b>Cash and cash equivalents at 1 January 2022 (1 January 2021)</b>		<b>568,334</b>	<b>400,147</b>
<b>Cash and cash equivalents at 30 June 2022 (30 June 2021)</b>		<b>469,918</b>	<b>434,679</b>
<b>Net cash generated during the six months ended 31 December 2021</b>		<b>-</b>	<b>133,655</b>
<b>Cash and cash equivalents at the end of the period 30 June 2022 (31 December 2021)</b>	<b>9</b>	<b>469,918</b>	<b>568,334</b>

The notes on pages 9 to 29 are an integral part of these condensed interim consolidated financial statements.

## **KINA SECURITIES LIMITED AND ITS SUBSIDIARIES**

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### **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2022**

#### **1. Significant accounting policies**

The Company and its subsidiaries are incorporated in Papua New Guinea. The Groups business activities include provision of banking services, personal and commercial loans, money market operations, provision of share brokerage, fund administration, investment management services, asset financing, and corporate advice.

The company is listed on Papua New Guinea's National Stock Exchange (**PNGX**) and the Australian Securities Exchange (**ASX**). The address of its operational office is Level 9, Kina Haus, Douglas Street, Port Moresby, National Capital District, 121, Papua New Guinea.

##### a) Statement of compliance

These condensed interim consolidated financial statements of Kina Securities Limited and its subsidiaries ("the **Group**") have been prepared in accordance with IAS 34: *Interim Financial Reporting*. The half year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial statements.

These condensed interim consolidated financial statements have been reviewed, not audited. They were approved for issue by the Board of Directors on 29 August 2022.

##### b) Basis of presentation

These condensed interim consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

##### c) Impact of COVID-19 and other economic uncertainties

The domestic environment sees new macroeconomic challenges that have broad implications for the financial sector and the economy as a whole. The most prominent of these is COVID-19 which continues to presents challenges for investment, economic activity, aggregate demand, and places a strain on the government's fiscal and monetary operations. In addition the Group recognises the impact of emerging risks including rising inflation and interest rates in PNG and globally.

The Group has carefully considered the impact of COVID-19 and other emerging risks in preparing its condensed interim financial statements for the period ended 30 June 2022, particularly in areas involving critical accounting estimates and judgements including:

##### *Expected credit losses on financial assets*

The Group has considered the available forward looking macroeconomic information in estimating expected credit losses on financial assets and included adequate overlays commensurate with economic uncertainties.

##### *Provision for impairment of non-current assets*

The Group has assessed non-current assets including goodwill for indicators of impairment. In doing so, the Group specifically considered the impact of inflation and interest rate rises on profitability and credit risk and concluded that given current information, there were no impairment indicators.

**KINA SECURITIES LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 30 JUNE 2022**

**1. Significant accounting policies (continued)**

d) Accounting policies and disclosures

The accounting policies and methods of computation adopted are consistent with those adopted and disclosed in the Group’s annual financial report for the year ended 31 December 2021. The accounting policies are consistent with International Financial Reporting Standards.

**2. Critical accounting estimates and judgments**

The preparation of interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim consolidated financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2021 except as disclosed otherwise. Key estimates used in preparation of consolidated financial statements for the year ended 31 December 2021 and this interim financial information are as follows:

- Significant increase in credit risk;
- Recognition of deferred tax asset for carried forward tax losses;
- Estimated allowance for loans and advances to customers;
- Estimated goodwill impairment; and
- Estimated useful life of intangible asse

**3. Net interest income**

	<b>Consolidated</b>	
	<b>30 June 2022</b>	30 June 2021
	<b>Unaudited</b>	Unaudited
	<b>K'000</b>	K'000
<b>Interest income</b>		
Cash and short-term funds	<b>28,173</b>	22,032
Investment in government inscribed stocks	<b>6,310</b>	6,470
Loans and advances to customers	<b>76,023</b>	71,134
	<b>110,506</b>	99,636
<b>Interest expense</b>		
Banks and customers	<b>(17,998)</b>	(14,193)
<b>Net interest income</b>	<b>92,508</b>	85,443

**KINA SECURITIES LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 30 JUNE 2022**

**4. Net fee and commission income**

	<b>Consolidated</b>	
	<b>30 June 2022 Unaudited K'000</b>	<b>30 June 2021 Unaudited K'000</b>
Investment and portfolio management	5,000	4,809
Fund administration	10,906	10,392
Shares brokerage	1,303	572
Loan fees and bank commissions	9,970	10,421
Digital banking fees	18,369	9,560
ATM and other transaction fees	8,683	4,618
	<b>54,231</b>	<b>40,371</b>
Fee and commission expenses	<b>(23)</b>	<b>(7)</b>
<b>Net fee and commission income</b>	<b>54,208</b>	<b>40,364</b>

**5. Other operating income**

	<b>Consolidated</b>	
	<b>30 June 2022 Unaudited K'000</b>	<b>30 June 2021 Unaudited K'000</b>
Other income	229	164
<b>Other Operating Income</b>	<b>229</b>	<b>164</b>

## KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2022

#### 6. Expected credit losses on financial instruments at amortised cost

##### 6.1 Movement in expected credit loss (“ECL”) by class of financial instrument

Table below summarises the movement in expected credit loss (ECL) during the period by class of financial assets on which ECL has been recognised:

	Balance at 01 January 2022	ECL recognised during the period	Write- offs	Recoveries	Balance at 30 June 2022	Balance at 01 January 2021	ECL recognised during the period	Write- offs	Recoveries	Balance at 31 December 2021
Loss allowance by classes	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000
Loans and advances to customers at amortised cost	38,100	2,014	-	738	40,852	35,345	6,555	(5,550)	1,750	38,100
Investments in government inscribed stocks at amortised cost	1,639	3	-	-	1,642	1,674	9	(44)	-	1,639
Other financial assets	3,990	-	-	-	3,990	4,038	-	(48)	-	3,990
<b>Total</b>	<b>43,729</b>	<b>2,017</b>	<b>-</b>	<b>738</b>	<b>46,484</b>	<b>41,057</b>	<b>6,564</b>	<b>(5,642)</b>	<b>1,750</b>	<b>43,729</b>

##### 6.2 Movement in expected credit loss by stage

The Group monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL. On the basis of whether there is a significant increase in credit risk, the Group classifies the exposures into following stages:

- Stage 1** These exposures are regarded as performing loans and lower loss rates are applied in determining the ECL representing ECL equivalent to 12 months expected losses.
- Stage 2** Exposures are classified as Stage 2 if credit rating has worsened since initial recognition or if the facility is overdue by specified number of days.
- Stage 3** Stage 3 exposures are considered in default in accordance with the definition of default above.

**KINA SECURITIES LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 30 JUNE 2022**

**6.2 Movement in expected credit loss by stage (continued)**

The table below analyses the movement of the loss allowance during the period per class of assets except for those where there have been no significant movement in the ECL since prior year or where no ECL is recognised:

	30 June 2022					31 December 2021				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
	12-month ECL	Lifetime ECL	Lifetime ECL			12-month ECL	Lifetime ECL	Lifetime ECL		
	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000
<b>Loss allowance – Loans and advances to customers at amortised cost</b>										
<b>Loss allowance, beginning</b>	<b>14,368</b>	<b>8,062</b>	<b>15,670</b>	-	<b>38,100</b>	<b>12,058</b>	<b>19,777</b>	<b>3,510</b>	-	<b>35,345</b>
Changes in the loss allowance										
- Transfer to stage 1	3,465	(2,743)	(722)	-	-	637	(616)	(21)	-	-
- Transfer to stage 2	(1,096)	1,359	(263)	-	-	(3,436)	3,453	(17)	-	-
- Transfer to stage 3	(389)	(4,646)	5,035	-	-	(209)	(4,240)	4,449	-	-
- Write-offs	-	-	-	-	-	-	(4,703)	(766)	-	(5,469)
New financial assets originated or purchased	10,368	3,300	3,614	-	17,282	22,052	8,751	11,627	-	42,430
Financial assets that have been derecognised	(7,704)	(622)	(6,204)	-	(14,530)	(16,734)	(14,360)	(3,112)	-	(34,206)
<b>Loss allowance, ending</b>	<b>19,012</b>	<b>4,710</b>	<b>17,130</b>	-	<b>40,852</b>	<b>14,368</b>	<b>8,062</b>	<b>15,670</b>	-	<b>38,100</b>

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**6.3 Movement in gross carrying amounts of financial assets at amortised cost**

	30 June 2022					31 December 2021				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
	12-month ECL	Lifetime ECL	Lifetime ECL			12-month ECL	Lifetime ECL	Lifetime ECL		
	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000
<b>Loans and advances to customers at amortised cost</b>										
<b>Gross carrying amount, beginning</b>	<b>1,722,216</b>	<b>76,757</b>	<b>174,684</b>	<b>14,890</b>	<b>1,988,547</b>	<b>1,417,091</b>	<b>184,262</b>	<b>29,673</b>	<b>19,050</b>	<b>1,650,076</b>
Changes in the gross carrying amount										
- Transfer to stage 1	47,183	(32,956)	(14,227)	-	-	39,492	(39,106)	(386)	-	-
- Transfer to stage 2	(51,205)	60,759	(9,554)	-	-	(70,073)	70,901	(828)	-	-
- Transfer to stage 3	(9,939)	(27,996)	37,935	-	-	(6,279)	(34,912)	41,191	-	-
- Write-offs	-	-	-	-	-	-	(4,704)	(766)	-	(5,470)
New financial assets originated or purchased	278,504	2,218	5,528	-	286,250	646,922	22,163	108,026	912	778,023
Financial assets that have been derecognised	(160,469)	(6,122)	(14,162)	(76)	(180,829)	(304,937)	(121,847)	(2,226)	(5,072)	(434,082)
<b>Gross carrying amount, ending</b>	<b>1,826,290</b>	<b>72,660</b>	<b>180,204</b>	<b>14,814</b>	<b>2,093,968</b>	<b>1,722,216</b>	<b>76,757</b>	<b>174,684</b>	<b>14,890</b>	<b>1,988,547</b>

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#### 6.3 Movement in gross carrying amounts of financial assets at amortised cost (continued)

An analysis of the Group’s credit risk exposure per class of financial asset and “stage” without taking into account the effects of any collateral or other credit enhancements is provided in the following table. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

	30 June 2022					31 December 2021				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
	12-month ECL	Lifetime ECL	Lifetime ECL			12-month ECL	Lifetime ECL	Lifetime ECL		
	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000
Cash and due from banks	384,918	-	-	-	384,918	408,334	-	-	-	408,334
Treasury and central bank bills	1,075,588	-	-	-	1,075,588	795,362	-	-	-	795,362
Regulatory deposits	249,195	-	-	-	249,195	212,874	-	-	-	212,874
Loans and advances	1,826,290	72,660	180,204	14,814	2,093,968	1,722,216	76,757	174,684	14,890	1,988,547
Investment in government inscribed stocks	113,997	-	-	-	113,997	113,746	-	-	-	113,746
Other financial assets	51,221	-	-	-	51,221	49,937	-	-	-	49,937
Bank guarantees	56,107	-	-	-	56,107	46,829	-	-	-	46,829
<b>Total gross carrying amount</b>	<b>3,757,316</b>	<b>72,660</b>	<b>180,204</b>	<b>14,814</b>	<b>4,024,994</b>	<b>3,349,298</b>	<b>76,757</b>	<b>174,684</b>	<b>14,890</b>	<b>3,615,629</b>
Loss allowance	(24,644)	(4,710)	(17,130)	-	(46,484)	(19,997)	(8,062)	(15,670)	-	(43,729)
<b>Net carrying amount</b>	<b>3,732,672</b>	<b>67,950</b>	<b>163,074</b>	<b>14,814</b>	<b>3,978,510</b>	<b>3,329,301</b>	<b>68,695</b>	<b>159,014</b>	<b>14,890</b>	<b>3,571,900</b>

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**6.4 Days past due status of loans and advances**

The table below provides an analysis of the gross carrying amount of loans and advances to customers in **arrears days**.

	30 June 2022		31 December 2021	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
	K'000	K'000	K'000	K'000
<b>Loans and advances to customers</b>				
1-29 days	1,827,129	19,154	1,723,513	15,114
30-59 days	53,742	3,206	57,194	6,039
60-89 days	19,072	1,601	19,908	2,050
90-179 days	45,957	3,142	75,359	5,174
More than 179 days	148,067	13,749	112,574	9,723
<b>Total</b>	<b>2,093,968</b>	<b>40,852</b>	<b>1,988,547</b>	<b>38,100</b>

**7. Other operating expense**

	Consolidated	
	30 June 2022	30 June 2021
	Unaudited	Unaudited
	K'000	K'000
Staff costs	43,952	39,819
Administrative expenses	29,447	25,538
Depreciation and amortisation (note 15 & 16)	19,888	17,119
Operating lease	2,579	2,992
Software maintenance and support charges	3,740	2,592
Auditor's remuneration	811	612
Other	11,148	6,096
	<b>111,565</b>	<b>94,768</b>

Other Expenses include non lending losses and GST Expenses amounting to K1,151,644 and K2,950,144 respectively.

As at 30 June 2022, the Group had 679 (2021: 685) employees.

**8. Income tax**

Income tax is recognise based on management estimate of the effective annual income tax rate expected for the full financial year adjusted for the estimated non-deductible and taxable items during the period.

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**9. Cash and due from banks**

	<b>Consolidated</b>	
	<b>30 June 2022</b>	31 December 2021
	<b>Unaudited</b>	Audited
	<b>K'000</b>	K'000
Cash on hand	163,090	115,451
Exchange settlement account	100,741	123,895
Due from other banks	121,087	168,988
<b>Cash and due from banks</b>	<b>384,918</b>	408,334
Central bank bills	85,000	160,000
<b>Cash and cash equivalents</b>	<b>469,918</b>	568,334

**10. Treasury and Central bank bills**

	<b>Consolidated</b>	
	<b>30 June 2022</b>	31 December 2021
	<b>Unaudited</b>	Audited
	<b>K'000</b>	K'000
Central bank and treasury bills		
Less than 90 days	270,000	160,000
Over 90 days	825,990	670,000
Unearned discount	(20,402)	(34,638)
	<b>1,075,588</b>	795,362

Central bank bills are debt securities issued by the Bank of Papua New Guinea (BPNG). A total of K85m (2021: K160m) with a maturity term of one to three months from the date of purchase are classified as cash and cash equivalents. Central bank bills are measured at amortized cost.

**11. Regulatory deposits**

	<b>Consolidated</b>	
	<b>30 June 2022</b>	31 December 2021
	<b>Unaudited</b>	Audited
	<b>K'000</b>	K'000
Regulatory deposits	249,195	212,874

Bank of Papua New Guinea requires a minimum cash reserve requirement of 7% against the average deposit liabilities.

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**12. Financial assets at fair value through profit or loss**

Fair value of listed investments are measured based on the quoted market prices and unlisted investments are measured using future maintainable earnings method.

	<b>Consolidated</b>	
	<b>30 June</b>	31 December
	<b>2022</b>	2021
	<b>Unaudited</b>	Audited
	<b>K'000</b>	K'000
Equity Securities		
- Listed	5,089	5,036
- Unlisted	6,626	6,616
	<b>11,715</b>	11,652

The movement in financial assets at fair value through profit or loss is reconciled as follows:

	<b>Consolidated</b>	
	<b>30 June</b>	31 December
	<b>2022</b>	2021
	<b>Unaudited</b>	Audited
	<b>K'000</b>	K'000
Balance at beginning of the year	11,652	10,682
Gains/(losses) from changes in fair value	63	817
Additions	-	153
Balance at end of the year	<b>11,715</b>	11,652

**13. Loans and advances to customers**

	<b>Consolidated</b>	
	<b>30 June</b>	31 December
	<b>2022</b>	2021
	<b>Unaudited</b>	Audited
	<b>K'000</b>	K'000
Loan to individuals	590,314	577,417
Loan to corporate entities	1,503,654	1,411,130
Gross loans and advances to customers	<b>2,093,968</b>	1,988,547
Expected credit losses	<b>(40,852)</b>	(38,100)
	<b>2,053,116</b>	1,950,447

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**13. Loans and advances to customers (continued)**

Details of gross loans and advances to customers are as follows:

	<b>Consolidated</b>	
	<b>30 June 2022</b>	31 December 2021
	<b>Unaudited</b>	Audited
	<b>K'000</b>	K'000
Overdrafts	<b>94,393</b>	78,489
Property mortgage	<b>588,048</b>	547,260
Asset financing	<b>52,639</b>	30,293
Business and other loans	<b>1,358,888</b>	1,332,503
	<b>2,093,968</b>	1,988,547

**14. Investments in government inscribed stocks**

	<b>Consolidated</b>	
	<b>30 June 2022</b>	31 December 2021
	<b>Unaudited</b>	Audited
	<b>K'000</b>	K'000
GIS principal	<b>115,000</b>	115,000
Unamortised premium	<b>118</b>	170
Unamortised discount	<b>(3,686)</b>	(4,048)
Accrued interest	<b>2,565</b>	2,624
	<b>113,997</b>	113,746
Expected credit losses	<b>(1,642)</b>	(1,639)
	<b>112,355</b>	112,107

The movement in investments in government inscribed stocks is as follows:

	<b>Consolidated</b>	
	<b>30 June 2022</b>	31 December 2021
	<b>Unaudited</b>	Audited
	<b>K'000</b>	K'000
Balance at beginning of year	<b>112,107</b>	114,519
Additions/(Maturities)	<b>-</b>	(3,000)
Accrued interest	<b>(59)</b>	598
Amortised premium / (discount)	<b>310</b>	(45)
Expected credit loss (recognised) / reversed during the period	<b>(3)</b>	35
	<b>112,355</b>	112,107

Investments in government inscribed stocks are measured at amortised cost.

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**15. Property, plant and equipment**

	Note	Consolidated	
		30 June 2022 Unaudited K'000	31 December 2021 Audited K'000
Property and equipment owned	15.1	44,835	47,153
Right of use assets	15.1	40,368	43,314
		<b>85,203</b>	<b>90,467</b>

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**15.1 Property, plant and equipment**

Consolidated	Furniture & Fittings	Building improvements	Motor Vehicles	Office Equipment	Land & Building	Work in Progress	Right- of-use assets	Total
	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000
<b>Cost</b>								
<b>Balance 31 December 2020</b>	4,810	18,578	5,627	43,034	2,129	1,074	63,503	138,755
Additions	-	4,214	164	8,158	-	1,229	12,060	25,825
Disposals	-	-	(951)	-	-	-	(4,056)	(5,007)
Transfer in (out)	-	-	-	72	-	(72)	-	-
<b>Balance 31 December 2021</b>	4,810	22,792	4,840	51,264	2,129	2,231	71,507	159,573
Additions	-	-	10	1,157	-	1,302	3,407	5,876
Disposals	-	-	-	-	-	-	-	-
Transfer in (out)	-	-	-	-	-	-	-	-
<b>Balance 30 June 2022</b>	4,810	22,792	4,850	52,421	2,129	3,533	74,914	165,449
<b>Accumulated depreciation</b>								
<b>Balance 31 December 2020</b>	(2,489)	(5,712)	(3,514)	(20,718)	-	-	(20,048)	(52,481)
Charge during the year	(667)	(2,300)	(1,159)	(5,262)	-	-	(11,559)	(20,947)
Disposals	-	-	908	-	-	-	3,414	4,322
<b>Balance 31 December 2021</b>	(3,156)	(8,012)	(3,765)	(25,980)	-	-	(28,194)	(69,106)
Charge during the year	(304)	(1,214)	(437)	(2,833)	-	-	(6,352)	(11,140)
Disposals	-	-	-	-	-	-	-	-
<b>Balance 30 June 2022</b>	(3,460)	(9,226)	(4,202)	(28,813)	-	-	(34,546)	(80,246)
<b>Book value 30 June 2022</b>	1,350	13,566	648	23,608	2,129	3,533	40,368	85,203
Book value 31 December 2021	1,654	14,780	1,076	25,284	2,129	2,231	43,313	90,467

**16. Intangible assets**

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Consolidated	Software	Customer deposits relationship	Work in progress	Total
	K'000	K'000	K'000	K'000
<b>Cost</b>				
<b>Balance 31 December 2020</b>	<b>42,785</b>	<b>22,468</b>	<b>10,972</b>	<b>76,225</b>
Additions	1,154	-	13,512	14,666
Transfer in (out)	15,136	-	(15,136)	-
<b>Balance 31 December 2021</b>	<b>59,075</b>	<b>22,468</b>	<b>9,348</b>	<b>90,891</b>
Additions	2,272	-	2,346	4,618
Transfer in (out)	1,421	-	(3,936)	(2,516)
<b>Balance 30 June 2022</b>	<b>62,768</b>	<b>22,468</b>	<b>7,758</b>	<b>92,994</b>
<b>Accumulated amortisation</b>				
<b>Balance 31 December 2020</b>	<b>(15,071)</b>	<b>(11,705)</b>	<b>-</b>	<b>(26,776)</b>
Charges during the period	(9,223)	(6,229)	-	(15,452)
<b>Balance 31 December 2021</b>	<b>(24,294)</b>	<b>(17,934)</b>	<b>-</b>	<b>(42,228)</b>
Charges during the period	(5,820)	(3,115)	-	(8,935)
<b>Balance 30 June 2022</b>	<b>(30,114)</b>	<b>(21,049)</b>	<b>-</b>	<b>(51,163)</b>
<b>Book value 30 June 2022</b>	<b>32,654</b>	<b>1,419</b>	<b>7,758</b>	<b>41,831</b>
Book value 31 December 2021	34,781	4,534	9,348	48,663

Customer deposits relationship was recognised when the ANZ SME and Retail Business acquisition on 23 September 2019 was made. The value was derived on the present value of the expected benefit from existing funds coming from depositors. The intangible asset was estimated to have a useful life of five years based on the expected length of the customer deposits relationship.

On 30 September 2015, the Group, through Kina Ventures Limited, a 100% owned subsidiary of Kina Securities Limited, acquired all of the shares in Maybank (PNG) Limited and Maybank Property (PNG). Maybank (PNG) and Maybank Property (PNG) are the PNG subsidiaries of Malaysia's largest bank. The acquisition strengthened Kina Securities' investment in PNG as it was an excellent fit for its then expansion program.

The goodwill arising on this acquisition was recorded at K92,786,000. The goodwill was attributable to Maybank (PNG) Limited's strong position and synergies expected to arise after the Group's acquisition of the new subsidiary. None of the goodwill is expected to be deductible for tax purposes.

**17. Due to customers**

	Consolidated	
	30 June 2022	31 December 2021
	Unaudited	Audited
	K'000	K'000
Corporate customers	2,671,498	2,356,300
Retail customers	720,178	680,621
	<b>3,391,676</b>	<b>3,036,921</b>

**18. Lease liabilities**

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Details of associated lease liabilities recognised in respect of the right of use assets are presented below:

	<b>30 June 2022</b>	31 December 2021
	<b>K'000</b>	K'000
<b>Maturity analysis – contractual undiscounted cash flows</b>		
Less than one year	13,252	14,365
One to five years	34,484	34,327
More than five years	8,063	10,430
<b>Total undiscounted lease liabilities at 30 June 2022</b>	<b>55,799</b>	<b>59,122</b>
<b>Lease liabilities included in statement of financial position at 30 June 2022</b>		
Current	13,340	14,409
Non-current	33,171	34,442
	<b>46,511</b>	<b>48,851</b>
<b>Amounts recognised in statement of comprehensive income</b>		
Interest on lease liabilities	1,840	3,752
Expense relating to short-term leases	2,911	7,061
	<b>4,751</b>	<b>10,813</b>
<b>Amounts recognised in statement of cash flows</b>		
Total cash outflow for leases	<b>10,427</b>	<b>20,130</b>

Total cash flows for leases is recorded under Cash payments to employees and suppliers in the statement of cash flows

**19. Other Assets and Other Liabilities**

	<b>Consolidated</b>	
	<b>30 June 2022</b>	31 December 2021
	<b>Unaudited</b>	Audited
	<b>K'000</b>	K'000
Prepayments	3,314	5,684
Security deposits and bonds	9,133	5,545
Other debtors	38,774	38,708
<b>Total Other Assets</b>	<b>51,221</b>	<b>49,937</b>
<b>Less: expected credit loss</b>	<b>(3,990)</b>	<b>(3,990)</b>
<b>Total Other Assets</b>	<b>47,231</b>	<b>45,947</b>

**19. Other Assets and Other Liabilities (continued)**

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Movement of expected credit loss on other assets is as follows

	Consolidated	
	30 June 2022	31 December 2021
	Unaudited	Audited
	K'000	K'000
Balance at beginning of year	3,990	4,038
Write-off during the year	-	(48)
Balance at end of the year	3,990	3,990

	Consolidated	
	30 June 2022	31 December 2021
	Unaudited	Audited
	K'000	K'000
Accruals	7,446	13,971
Unclaimed money and stale cheques	14,636	13,380
Bank cheques	21,860	7,943
Accounts payable	1,483	2,324
Unearned commission income	987	1,309
Lease incentive payable	3,733	4,083
Advance payments	43,327	31,528
Other liabilities	28,427	21,421
<b>Total Other Liabilities</b>	<b>121,900</b>	<b>95,959</b>

**20. Issued and paid ordinary shares**

**a. Share capital**

The Company does not have authorised capital and all ordinary shares have no par value.

	Number of shares	Share capital
	'000	K'000
Ordinary shares		
Balance at 31 December 2021	286,936	394,693
Share issued during the period	-	-
<b>Balance at 30 June 2022</b>	<b>286,936</b>	<b>394,693</b>

**b. Earnings per share (EPS)**

Basic earnings per ordinary share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the period. The group has dilutive potential ordinary shares in the form of performance rights issued to senior management. However, it does not have any material impact on the EPS calculation. Consequently, basic earnings per ordinary share equals diluted earnings per share.

**20. Issued and paid ordinary shares (continued)**

**b. Earnings per share (EPS) (continued)**

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	<b>Consolidated</b>	
	<b>30 June</b>	30 June
	<b>2022</b>	2021
	<b>Unaudited</b>	Unaudited
Net profit attributable to shareholders	<b>45,592</b>	39,752
Weighted average number of ordinary shares basic earnings	<b>286,936</b>	286,936
Weighted average number of ordinary shares diluted earnings	<b>288,245</b>	288,226
Basic earnings per share (in toea)	<b>15.9</b>	13.9
Diluted earnings per share (in toea)	<b>15.8</b>	13.8

**c. Share-based payment reserve**

In July 2015, after the Company was listed on the Australian Securities Exchange and Port Moresby Stock Exchange, Kina established various incentive arrangements to assist in the attraction, motivation and retention of management and its employees. Share options were granted to the Managing Director & Chief Executive Officer (“CEO”) and other senior executive employees. These included a short term incentive plan (“STI Plan”), long term incentive plan (“LTI Plan”) and retention plan (“RI Plan”), established under the *Kina Performance Rights Equity Incentive Plan*. The share based payment expense recognised for the period ended 30 June 2022 is K 2,259,966(2021: K 2,095,914). Current provision in the reserve account is sufficient.

**21. Related party transactions**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions or where there are common directors and shareholders. Kina Securities Limited (incorporated in Papua New Guinea), is the parent entity of the Group, which owns 100% of the ordinary shares of its subsidiaries, unless otherwise stated.

A number of banking transactions are entered in with related parties in the normal course of business. These include loans, deposits and foreign currency transactions and provision of certain services to the Group by companies where there is common directorship. These transactions are carried out on normal commercial terms and at normal market rates.

From time to time during the year, Directors and Senior Management of the Parent and subsidiaries have deposits in Kina Securities Limited accounts on normal terms and conditions. Brokerage rates for buying and selling shares for the Senior Management and staff are discounted.

Total remunerations (including benefits) paid to key management personnel during the period:

	<b>Consolidated</b>	
	<b>30 June</b>	30 June
	<b>2022</b>	2021
	<b>Unaudited</b>	Unaudited
	<b>K'000</b>	K'000
Salary	<b>4,936</b>	4,919
Benefits	<b>6,117</b>	3,496
	<b>11,053</b>	8,415

The benefits included vested rights related to equity options with a total of K 499,296 (30 June 2021: K 3,379,348)

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**22. Investment under trust**

The Group acts as trustee holding or placing of assets on behalf of superannuation funds and individuals. These assets are not assets of the Group and, therefore, are not included in its Consolidated Statement of Financial Position (**balance sheet**). The Group is also engaged in investing client monies. A corresponding liability in respect of these monies are also excluded from the balance sheet. Investments under trust at balance sheet are:

	<b>Consolidated</b>	
	<b>30 June 2022</b>	31 December 2021
	<b>Unaudited</b>	Audited
	<b>K'000</b>	K'000
Clients funds held for shares trading	<b>9,194</b>	4,200
	<b>9,194</b>	4,200

**23. Segment reporting**

The segment information provided to the Managing Director and Chief Executive Officer for the reportable segments for the period ended 30 June 2022 is as follows:

	<b>Banking &amp; Finance</b>	<b>Wealth Management</b>	<b>Total</b>
	<b>K'000</b>	<b>K'000</b>	<b>K'000</b>
Interest income	110,571	(65)	110,506
Interest expense	(17,998)	-	(17,998)
Foreign exchange income	31,953	33	31,986
Fee and commission income	37,726	16,482	54,208
Other revenue	(277)	(2,146)	(2,423)
<b>Total external income</b>	<b>161,975</b>	<b>14,304</b>	<b>176,279</b>
Other operating expenses	(83,283)	(5,537)	(88,820)
Provision for impairment	(1,971)	(46)	(2,017)
Depreciation and amortisation	(19,888)	-	(19,888)
<b>Total external expenses</b>	<b>(105,142)</b>	<b>(5,583)</b>	<b>(110,725)</b>
<b>Profit before inter-segment revenue and expenses</b>	<b>56,833</b>	<b>8,721</b>	<b>65,554</b>
Inter-segment income	2,142	-	2,142
Inter-segment expenses	-	(2,142)	(2,142)
<b>Profit before tax</b>	<b>58,975</b>	<b>6,579</b>	<b>65,554</b>
Income tax expense	(17,357)	(2,605)	(19,962)
<b>Profit after tax</b>	<b>41,618</b>	<b>3,974</b>	<b>45,592</b>
Total assets	4,121,520	53,024	4,174,544
Total liabilities	(3,599,278)	(4,410)	(3,603,688)

Banking and finance segments includes the operations of the Kina Bank while Wealth Management includes fund management and fund administration business. The section for Corporate is nil as the entities have been amalgamated into Banking.

**23. Segment reporting (continued)**

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The segment information provided to the Managing Director and Chief Executive Officer for the reportable segments for the period ended 30 June 2021 is as follows:

	<b>Banking &amp; Finance</b>	<b>Wealth Management</b>	<b>Total</b>
	<b>K'000</b>	<b>K'000</b>	<b>K'000</b>
Interest income	99,559	77	99,636
Interest expense	(14,193)	-	(14,193)
Foreign exchange income	29,540	(294)	29,246
Fee and commission income	25,132	15,232	40,364
Other revenue	175	511	686
<b>Total external income</b>	<b>140,213</b>	<b>15,526</b>	<b>155,739</b>
Other operating expenses	(73,461)	(4,188)	(77,649)
Provision for impairment	(4,352)	(6)	(4,358)
Depreciation and amortisation	(17,119)	-	(17,119)
<b>Total external expenses</b>	<b>(94,932)</b>	<b>(4,194)</b>	<b>(99,126)</b>
<b>Profit before inter-segment revenue and expenses</b>	<b>45,281</b>	<b>11,332</b>	<b>56,613</b>
Inter-segment income	1,777	-	1,777
Inter-segment expenses	(21)	(1,756)	(1,777)
<b>Profit before tax</b>	<b>47,037</b>	<b>9,576</b>	<b>56,613</b>
Income tax expense	(14,153)	(2,708)	(16,861)
<b>Profit after tax</b>	<b>32,884</b>	<b>6,868</b>	<b>39,752</b>
Total assets	3,514,614	17,832	3,532,446
Total liabilities	(2,936,336)	(28,967)	(2,965,303)

The section for Corporate segment has been amalgamated into Banking & Finance.

## 24. Contingent liabilities

### *Litigations and claims*

Contingent liabilities exist in respect of actual and potential claims and proceedings that have not been determined. An assessment of the Group's likely loss has been made on a case-by-case basis for the purposes of the financial statements and specific provisions are made where appropriate. As at 30 June 2022, the Group is a party to some litigation before the courts, however, management does not believe these will result in any material loss to the Group. There was no litigation matter of a material nature provided for in the consolidated financial statements.

### *Other contingent liabilities*

The Bank guarantees the performance of customers by issuing guarantees to third parties. The risk involved is essentially the same as the credit risk involved in extending loan facilities to customers, therefore these transactions are subject to the same credit origination, portfolio maintenance and collateral requirements applied to customers applying for loans. As the facilities may expire without being drawn upon, the notional amount does not necessarily reflect future cash requirements. The credit risk of these facilities may be less than the notional amount but as it cannot be accurately determined, the credit risk has been taken as the contract notional amount.

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**24. Contingent liabilities (continued)**

	<b>Consolidated</b>	
	<b>30 June 2022</b>	<b>31 December 2021</b>
	<b>Unaudited</b>	<b>Audited</b>
	<b>K'000</b>	<b>K'000</b>
Bank Guarantee	<b>56,107</b>	46,829

**25. Capital commitments**

There was a total of K 3,444,606 relating to commitments under contracts for capital expenditure at reporting date (31 December 2021: K 3,822,580).

**26. Fair value estimation**

There is no material difference between the fair value and carrying value of the Group's financial assets and liabilities.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (**Level 1**).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (**Level 2**).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (**Level 3**).

The following table presents the Group's assets and liabilities that are measured at fair value at;

**30 June 2022**

<b>Assets</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>K'000</b>	<b>K'000</b>	<b>K'000</b>	<b>K'000</b>
Financial assets at fair value through profit or loss				
- Investment in shares – Listed	5,089	-	-	5,089
- Investment in shares – Unlisted	-	-	6,626	6,626
<b>Total assets</b>	<b>5,089</b>	<b>-</b>	<b>6,626</b>	<b>11,715</b>

**31 December 2021**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>K'000</b>	<b>K'000</b>	<b>K'000</b>	<b>K'000</b>
Financial assets at fair value through profit or loss				
- Investment in shares – Listed	5,036	-	-	5,036
- Investment in shares – Unlisted	-	-	6,616	6,616
<b>Total assets</b>	<b>5,036</b>	<b>-</b>	<b>6,616</b>	<b>11,652</b>

Unlisted investments are classified as Level 3. There is no material movement in value of unlisted investments since the last reporting period.

**27. Financial risk factors**

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The Group's activities expose it to variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The condensed interim financial statements do not include all the financial risk management information and disclosure required in the annual financial statements. They should read in conjunction with the Group's annual financial statements at 31 December 2021. There have not been any material changes in the risk management department or in any risk management policies since the year-end.

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**28. Liquidity risk**

Compared to year-end, there was no material change in the contractual undiscounted cash flows for financial liabilities.

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**29. Events after the balance sheet date**

**Declaration of dividend**

Subsequent to the financial reporting date, the directors declared a dividend of AUD 4.10 cents / PGK 10.30 toea per share (PGK 29.63 million) payable to stockholders on 4 October 2022.