Kina Securities Limited

30 April 2025

ASX/PNGX – Announcement

ASX Markets Announcement Office
Exchange Centre
20 Bridge Street
Sydney NSW 2000
Australia

PNGX Markets
Monian Tower
Office 2, Level 1, Douglas Street
Port Moresby 121
Papua New Guinea

BY ELECTRONIC LODGEMENT

2024 Annual Report

Please see attached for release to the market, Kina Securities Limited's (ASX: KSL | PNGX: KSL) Annual Report for the year ending 31 December 2024.

ENDS

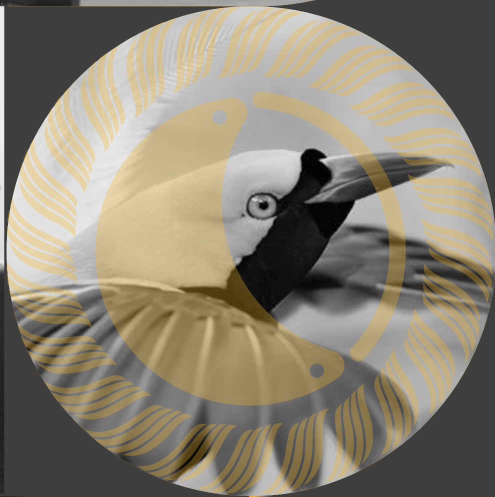
For further information:

Johnson Kalo
Chief Financial Officer
Email: Johnson.Kalo@kinabank.com.pg

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

40 years together

Kina Securities Limited | **2024 Annual Report**



Kina Bank is a leader in digital innovation offering many PNG firsts in digital products and services.

Finding a better way together.

As Papua New Guinea's challenger bank, everyone on the Kina Bank team is deeply committed to delivering outstanding service to our customers. We continuously seek new ideas and technologies to achieve this.

In close collaboration with our key technology partners, Kina Bank has developed a market-leading portfolio of digital banking propositions over the past five years. These advancements have improved accessibility, enhanced customer experience, and reduced the cost of financial services.

Kina Bank has positioned Papua New Guinea as a hub for digital innovation, earning awards and critical acclaim for its pioneering efforts in the sector. As a key pillar of our five-year Strategic Plan, this focus has driven digital portfolio revenues upwards. Non-interest income now accounts for 54% of the Group's total revenues.

With a strong digital development pipeline for 2025, Kina Bank is set to remain at the forefront of digital innovation—not only in Papua New Guinea but across the Pacific region.

40 years together

Kina Bank's story over the last 40 years transcends financial reports. It's a story of growth, connection, and ambition–creating opportunity with a challenger spirit that drives freedom and progress for businesses and everyday people.

The 2024 Kina Securities Limited Annual Report is being published in our bank's 40th year of operations and the country's milestone 50th year of independence.

We've come a long way since 1985 when we opened our doors as a diversified financial services institution. Today, we operate as the nation's second-largest bank. This milestone year is a time for celebration and the perfect moment to sharpen our vision for the future.

Ideas shape nations–independence itself began as an idea. From the ambitious farmer or young business woman in our provinces, to multinational corporations seeking to grow and invest in our country–Kina Bank has a vital role to play. Increasingly, our digital banking products empower them.

We're embedding financial inclusion into our business and the lives of Papua New Guineans.

These principles can drive greater access to banking, prosperity, and security. It's a big idea–but one worth championing as we turn 40 and our nation celebrates 50 years of progress.

Together, it's possible.

Revenue
PGK484.9 million
Up 20%

Number of
Employees
736

Digital Revenue
Growth YoY
27%

FX Revenue
Growth YoY
67%

Customers
281,099
Up 13%

Market Share
Lending
17%

Deposits
14%

Locations
Branches & Digital Hubs
23

Net Profit Before Tax (PGK m)	FY24 **180.1**	FY23 **175.5**	**5%** ↑
Underlying NPAT (PGK m)	FY24 **109.5**	FY23 **105.0**	**4%** ↑
Net Interest Income (PGK m)	FY24 **222.2**	FY23 **203.3**	**9%** ↑

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

01

Growing security & prosperity.

Financial inclusion is an ambitious, nation-changing concept that will make a real difference to the people and businesses of Papua New Guinea.

Financially inclusive initiatives will ensure Papua New Guineans from all walks of life gain access to affordable financial services–payment platforms, savings, credit, and insurance–fostering economic growth, reducing poverty and promoting gender equality.

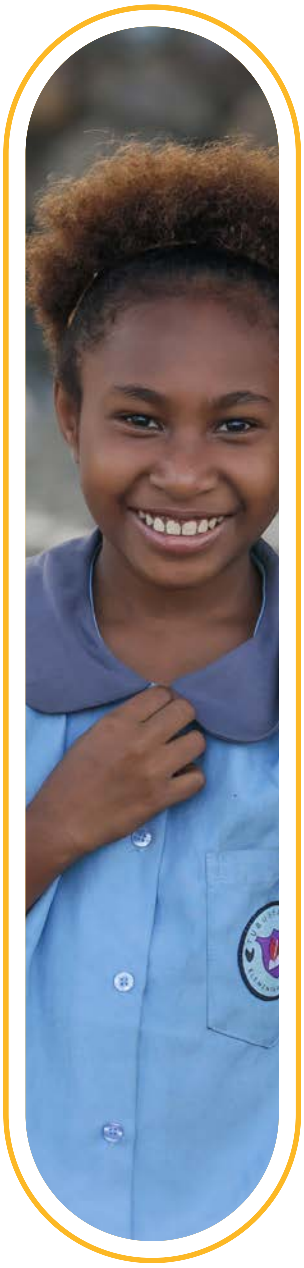
At Kina Bank, we believe *financial inclusion* practises are important to the future of Papua New Guinea. And we're in the unique position of being able to realise these principles and make a real, long-term difference to the lives of our fellow citizens.

For everyday people, *financial inclusion* will be delivered through easy access to digital payment systems and mobile banking, alongside reduced reliance on cash. Our vision is to make these services available through technology innovation. Digital systems make transactions safer, faster, and more efficient; especially in regions with limited banking infrastructure.

For businesses, this includes online tools, and access to our branch network, as digital banking is the gateway to savings, transactional tools, loans and increased financial security.

Our team has been working to improve financial services in PNG by making banking more progressive, accessible and convenient. This has been the cornerstone of our vision for the last five years.

Our *digital-first mindset* will see us continue to make a valuable contribution to supporting Papua New Guinea's national development.



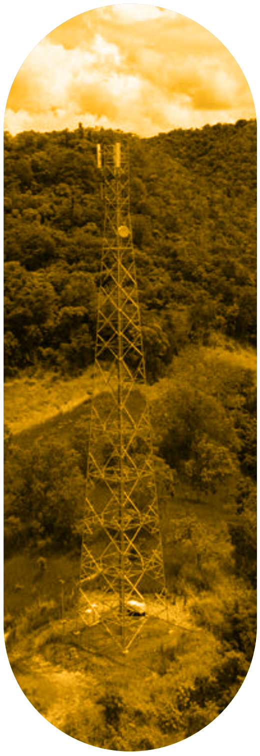
Financial Inclusion.

For people in remote locations.

Mobile banking technologies and online account applications enable *financial inclusion* in PNG's remote islands and mountainous regions. This reduces locals' need to travel to transfer their money or pay bills, allowing them to save for future security.

For entrepreneurs.

Financial inclusion practises ensure individuals and businesses can access affordable financial services—such as payment gateways, savings, credit, and insurance—fostering economic growth, reducing poverty, and promoting gender equality.



For women.

Financial inclusion empowers women in many ways. It enables them to start businesses, manage finances, gain economic independence and financial security.

It's digitally driven.

Globally, digital transformation presents increasing opportunities for *financial inclusion*. The cost of banking is reduced. And the availability of banking services is increasing. Uptake needs to be encouraged.

"Kina Bank is helping local communities improve their livelihoods through the SKG program."

Strongim Komuniti Grants.

In 2024, 14 projects across 11 provinces, including Bougainville, have been completed or are nearing completion, supporting initiatives like water tanks, school supplies, and medical equipment.

"The program allows Kina Bank staff to apply for funding for projects in their communities."

The Kina Bank Strongim Komuniti Grants program, launched in 2023, provides grants of up to K5,000 for small-scale community projects.

The program allows Kina Bank staff to apply for funding for projects in their communities.

In 2024, 14 projects across 11 provinces, including Bougainville, have been completed or are nearing completion, supporting initiatives like water tanks, school supplies, and medical equipment.

By empowering Kina Bank staff to drive these projects, the program is directly impacting the lives of ordinary Papua New Guineans, improving access to essential services, enhancing educational opportunities, and promoting sustainable development, all in line with Kina's commitment to sustainability and community support.

Mackhenly Kaiok
Chief of Staff
Strongim Komuniti Grants Chairperson

"Thank you very much for your support; there's positive results in our community. I can see change and relief in my patients."

Medical supplies, Tauruba Village

TAURUBA HEALTH CENTRE, CENTRAL PROVINCE

A remote community in Central Province, the Tauruba Village received medical supplies for its aid post that serves 18 surrounding villages. The supplies were handed over to Village Councillor Mr Tau Wari and Community Health Worker Mr Graham Vagi by LAN Support Officer Modu Moyokeda.

"We thank Kina Bank for its generosity as this is the first time we are receiving such assistance."

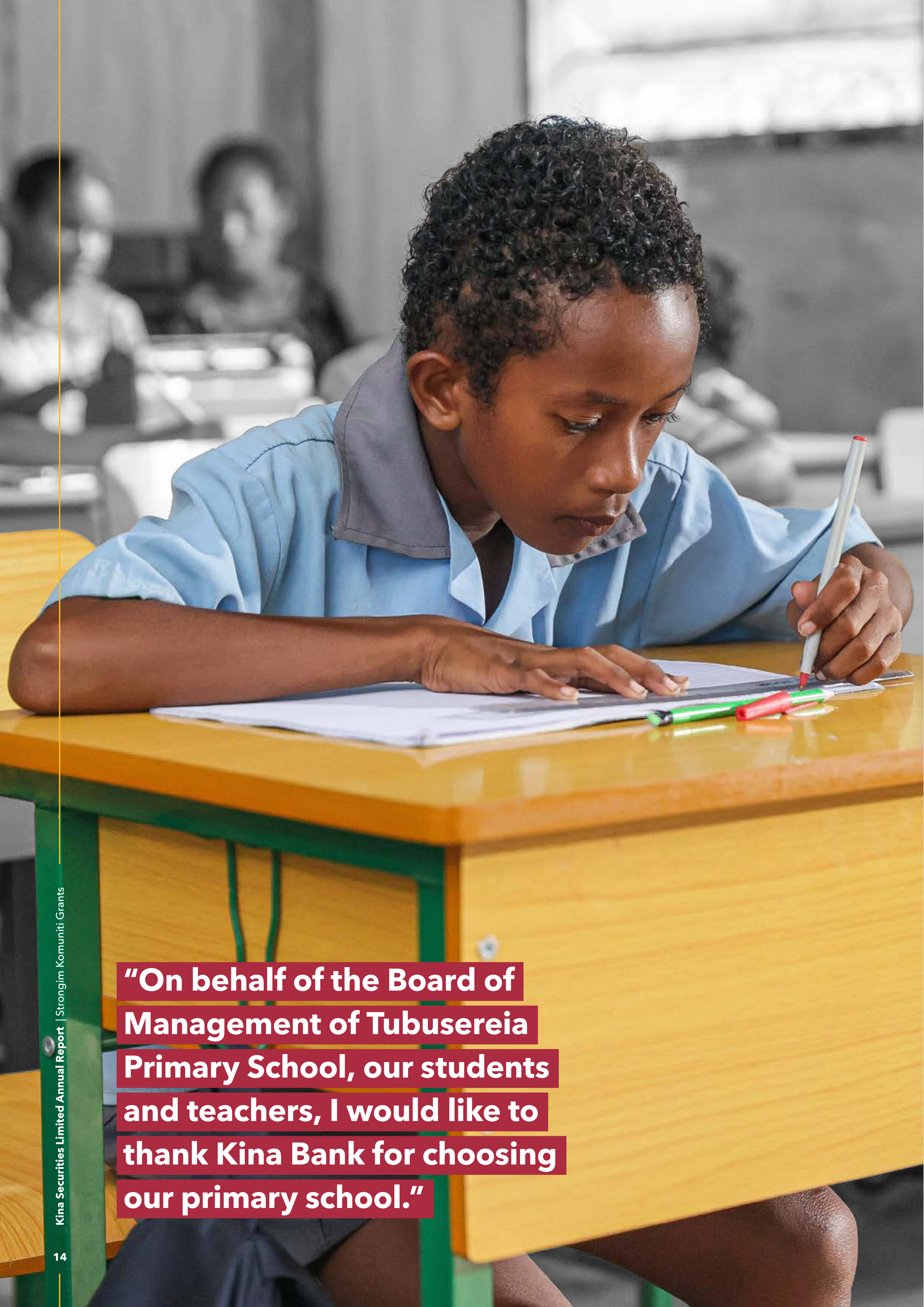
"We thank Kina Bank for its generosity as this is the first time we are receiving such assistance. These medical supplies will greatly assist us. Since we are located far from the Kwikila Health Centre, our aid post is the main facility that serves up to 3,000 people, not only from Tauruba but from 12 other smaller villages," said Village Councillor Tau Wari.

Mr Vagi, an aid post team member, added that pain killers, like Dictophanic, and antibiotics are much-needed at his health centre. "We do not receive these from Kwikila Hospital like we used to. I now get from Kina Bank. This helps me treat more patients. Even the ones who are severe," he said.

Mr Vagi was also thankful to Kina Bank Strongim Komuniti Grants. "Thank you very much for your support; there's positive results in our community. I can see change and relief in my patients."

Graham Vagi

Community Health Worker
Tauruba Aid Post



"On behalf of the Board of Management of Tubusereia Primary School, our students and teachers, I would like to thank Kina Bank for choosing our primary school."

School desks & chairs, Tubusereia Primary School

TUBUSEREIA PRIMARY SCHOOL, CENTRAL PROVINCE

Tubusereia Primary School in Central Province received a Strongim Komuniti Grant allowing 17 desks and chairs to be delivered. Kina Bank Senior International Operations Officer, Susanna Guru, successfully applied for this grant for this important community school.

"I thank my employer, Kina Bank, for providing this grant that will assist in the learning and development of the children of Tubusereia," Ms Guru said.

In addition to the desks, Ms. Guru and her colleagues from her International Operations team also donated school supplies as part of their community initiative.

"This grant will assist in the learning and development of the children of Tubusereia."

School Principal, Kwara Kwara, thanked Kina Bank saying "Our school does not have enough desks and chairs to cater for the 937 students. Most of the classrooms were built in the 1970s and 1980s. When we received the new desks and chairs, the students were very excited. The parents were also eager to visit their children, seeing them in a well-equipped and welcoming classroom environment. Everyone was thrilled by the positive change."

He added "After the desks were donated, students returned home excitedly telling their parents about the new desks and tables in their classrooms. Their enthusiasm has proven infectious, energizing both the students and the wider community."

School Principal Mr Kwara added "On behalf of the Board of Management of Tubusereia Primary School, our students and teachers, I would like to thank Kina Bank for assisting our primary school."

Kwara Kwara

School Principal
Tubusereia Primary School

“Kina Bank plays a vital role in the economic and social development of PNG.”

Kina Bank long-term team members.

Giwa Tauye

HEAD TELLER, PORT MORESBY | 40 YEARS

Q How did you first join Kina Bank? What was your role at the time?

A When Kina acquired ANZ's retail and commercial/ SME banking businesses in 2019, I transitioned into the role of Customer Service Officer at the Habour City Branch. My career has been a continuous journey of growth and learning and I am proud to have been part of such an esteemed institution.

Q How has your role changed over the years?

A My role has evolved over the years, from front-office positions, such as Teller and Customer Service Officer, to back-office roles, including International and Foreign Exchange Customer Service Officer. Each role has provided me with unique experiences and opportunities to grow both professionally and personally. Mr Allan Wilson, a specialist lending consultant with ANZ Bank, and Mr Vishnu Mohan were exceptional mentors who guided me, shared their knowledge, and inspired me.

Q Can you recall a time at Kina Bank that made you especially proud to be part of the team?

A One of the proudest moments in my career was when I was recognised by Kina Bank for my 40 years continued service. It was a humbling experience, and I felt immense pride in being part of such a supportive and dynamic organisation.

Q What role do you think Kina Bank plays in the broader PNG community?

A Kina Bank plays a vital role in the broader PNG community by providing essential financial services that support economic growth and development. We empower individuals and businesses by offering accessible banking solutions, fostering financial inclusion, and contributing to the overall wellbeing of the community.

Q What is one lesson you've learned from working at Kina Bank?

A One of the most important lessons I've learned is to embrace change. The banking industry is constantly evolving, and being adaptable and open to new ideas has been key to my success. Change brings opportunities for growth, and I have always tried to approach it with a positive mindset.

Lapu Aemak

TELLER | 16 YEARS

Q **Can you share your story of how you first joined Kina Bank? What was your role at the time?**

A I joined ANZ in 2009 and moved over to Kina Bank in 2019 when Kina acquired ANZ's retail and commercial/SME banking businesses. I joined as a teller and moved over to the Cash Distribution Centre (CDC) as the Chief Cashier at Harbour City.

Q **How has your role changed over the years?**

A The most rewarding part of my journey at Kina Bank was in 2021, when CDC was awarded for Service Excellence through Kina's NOVA Awards.

Q **Have you had a mentor who has made a difference to your career?**

A Manteo Uwefa, my former Manager and colleague, has been a significant part of my career as I learned so much from her.

Q **What was Kina Bank like when you first started? How does it compare to today?**

A Digital banking technology has changed the way we work. Kina Bank is now playing a major role in bringing banking and financial services close to the communities through its branch network and digital banking services which are located in most parts of PNG.

Q **How has Kina Bank's culture and values influenced the way you work?**

A I have worked at Kina Bank for 16 years and one of the most important lessons I learnt is that integrity is an organisation-wide quality. It's part of everything we do here at work and outside of work.

"Kina Bank is now playing a major role in bringing banking and financial services close to the communities through its branch network and digital banking services."

Manteo Uwefa

QUALITY ASSURANCE OFFICER | 38 YEARS

Q How did you first join Kina Bank? What was your role at the time?

A I started my career in 1987 straight from the college as a Typist/Receptionist with a strong desire to build a career in the financial sector. My early responsibilities involved typing letters, diary notes, security documents, registered mortgages, bill of sale, and making appointments for the managers, accountants and others which gave me a strong foundation in banking operations.

Q How has your role changed over the years?

A Over the years, my role evolved as I took on more responsibilities and adapted to the changes in the Industry. I moved through various roles, including promotions and department transitions which allowed me to develop my expertise in retail branch network, customer service and operational efficiency.

Q What has been the most rewarding part of your journey with Kina Bank?

A The most rewarding part has been the ability to mentor and develop younger professionals, contribute to key banking Innovations and play a role in safeguarding the bank's interests. Throughout my career, I have been fortunate to work with mentors and colleagues who have greatly influenced my growth – notably, Mr Alan Wilson.

Q What was Kina Bank like when you first started? How does it compare to today?

A In 1987, Kina Bank was very different from what it is today. Banking processes were mostly manual, with limited technology to support daily operations. Transactions were recorded on physical ledgers and customer service was conducted entirely over the counter.

Q Can you share a story of Kina Bank making a difference in a customer's life?

A During the COVID-19 pandemic, customer's businesses and individuals were struggling financially. At the time, there was a major cash supply shortage across the country, and many banks were unable to meet their customers' withdrawal needs. I helped ensure Kina Bank branches and ATMs remained stocked with cash, while other commercial banks struggled.

Q What role do you think Kina Bank plays in the broader PNG community?

A Kina Bank plays a vital role in the economic and social development of PNG. Key contributions include *financial inclusion* – expanding banking access to rural communities through digital banking and supporting SME by empowering them to grow and contribute to the economy.

Q How has Kina Bank's culture and values influenced the way you work?

A Kina Bank's core values (**F.I.R.S.T.**) have shaped my approach to work. These values guide my professional journey and continue to inspire me to contribute to the growth and success of Kina Bank.

Desmond Alesana

EMPLOYEE WELLBEING & OHS ADVISOR | 15 YEARS

Q **Can you share your story of how you first joined Kina Bank?**

A I was part of the group that helped to transition from ANZ Bank to Kina Bank when Kina Bank acquired ANZ's retail and commercial/SME banking businesses in September 2019.

Q **How has your role changed over the years?**

A Since I joined Kina Bank in 2010, I was appointed as the Occupational Health, Safety and Wellbeing Senior Officer.

Q **What are some of the biggest changes you've seen?**

A The bank is moving towards digital to deliver new products.

Q **What role do you think Kina Bank plays in the broader PNG community?**

A I think Kina Bank is very positive with its community obligations, especially when staff take time to raise funds to support charity groups.

Q **If you could give advice to someone just starting their career at Kina Bank, what would it be?**

A If you are building a career at Kina Bank for five to 15 years or longer, you need to embrace the culture, live and breathe the values and have a growth mindset.

Q **What do you hope to see Kina Bank achieve in the future?**

A I hope to see the bank embrace more digitally driven business solutions, expanding its services and strengthening its position as the leading and most trusted bank in PNG.

"The bank's move towards digital to deliver new products is bringing awesome changes."

Boge Dikana

GENERAL MANAGER KINA INVESTMENT AND SUPERANNUATION SERVICES | 19 YEARS

Q How has your role changed over the years?

A In 2005, I joined Kina as a Client Services Officer and I'm now General Manager for Kina Investment and Superannuation Services.

Q Have there been any mentors or colleagues who had a significant impact on your career?

A I would like to acknowledge the following persons for their contribution to my journey - Mr Deepak Gupta, Mr Ivan Vidovich, Mr Greg Pawson, Mr Warwick Vele, Mr Chetan Chopra, Mr Adam Fenech, Mr Syd Yates and Mr Oala-John Rarua. I'm forever grateful for their support and trust. Ultimately, I appreciate the impact of my parents. My mother made the selfless decision to become a full-time caregiver upon my birth, while my father continued to work to provide for our immediate family, as well as his younger siblings and their children, resulting in a household supporting over twenty individuals in modest circumstances. Despite limited financial resources, my father, a PNG Kumul Legend himself, consistently persevered without complaining. We witnessed his passion towards everything he did that kept us together as a family. He was elected to the Motu-Koita Assembly, serving three terms as the Member for the Laurabada Constituency from 2007 until his passing in 2019. Last but not the least is my young family, including my wife and kids.

Q Can you share a memorable story about how Kina Bank made a difference in a customer's life?

A I think Kina has helped a lot of customers achieve personal or family goals. I want to share my story in brief as a motivation for my fellow Papua New Guineans. Commencing my career as a Client Service Officer, I have progressed to my current role as General Manager of the largest fund administration service provider in PNG.

The opportunities and support provided by Kina have enabled me to achieve significant personal and family milestones, including building my home, buying a car, being able to travel overseas and providing for my children's education. I am deeply appreciative of the support and opportunities Kina has afforded to me and my family.

Q What role do you think Kina Bank plays in the broader PNG community?

A Kina Bank provides essential financial services, driving economic growth through lending and investment, funds management and contributes to social wellbeing through financial inclusion. Community support programs such as the staff driven Strongim Komuniti Grant program, where I was honoured to have led the program as the Chairman when it was first launched in 2023. Its role extends beyond traditional banking, encompassing a commitment to the prosperity of the people, communities, and markets it serves.

"Kina Bank is not just a bank to us – they're a partner. They've helped us grow and supported us through different stages of our journey."

Customer Stories.

Jacky Zhou

GROUP EXECUTIVE CHAIRMAN
ELISEO GROUP OF COMPANIES

The Eliseo Group of Companies is a growing retailer with a reputation built on rapid expansion and community engagement. Its operations span supermarkets, wholesale stores and specialised freezer outlets.

Q Describe your relationship with Kina Bank.

A Kina Bank is not just a bank to us – they're a partner. They've helped us grow and supported us through different stages of our journey.

Q How long have you been in business partnership with Kina Bank?

A We've worked with Kina Bank for about five years now. It's been a steady, reliable partnership all the way through.

Q What do you like about working with Kina Bank?

A They understand how business works here in PNG, and they always come up with solutions that fit what we need – not just offering us products but really listening and adjusting to our situation.

Q How has working with Kina Bank helped your business to grow or succeed?

A Kina Bank has played a big role in our growth. They have financed our shopping malls and helped us on the foreign exchange. Their support has made a real difference.

Q What does the future look like for your business?

A Our goal is to open 14 shopping malls across Port Moresby. Right now, we're already operating eight, and we're pushing forward with plans to grow even more. We're also continuing to build our community programs such as the 'Mama Store' initiative to help women and young people set up their own small businesses.

Q Give us some key numbers for your business.

A Eliseo has grown very quickly. Right now, we operate eight shopping malls in Port Moresby and support over 1,800 local jobs – 95% of our staff are Papua New Guineans. We also have over 70,000 members in our loyalty program and work with more than 20 Mt Hagen farmers and gardeners here in Port Moresby.

"With the right financial partner like Kina Bank, we are confident in achieving our long-term goals."

Belinda Beim

SALES MANAGER
ISLAND MOBILE HIRE CARS LIMITED

Island Mobile Hire Cars is one of Papua New Guinea's leading vehicle rental operators headquartered in Taurama, Port Moresby. With a fleet of over 1000 vehicles and 400 dedicated staff members, the business is growing in partnership with Kina Bank.

Q **Tell us about your relationship with Kina Bank.**

A The bank has consistently provided efficient support, timely responses to inquiries, and tailored financial solutions that align with our operational needs. Over time, this relationship has strengthened through ongoing communication and mutual understanding of expectations, and we look forward to continuing this partnership in the future.

Q **How long have you been in business partnership with Kina Bank?**

A We have been in partnership with Kina Bank for more than 15 years. Over this time, our collaboration has grown stronger through shared goals and reliable financial support.

Q **What do you like about working with Kina Bank?**

A We value their proactive approach and their willingness to understand and support our operational needs.

Q **How has working with Kina Bank helped your business to grow/succeed?**

A Kina Bank has played a key role in supporting our growth, particularly through timely processing of payments, access to credit facilities, and strategic financial advice. Their services have enabled us to manage cash flow effectively and seize new business opportunities with confidence.

Q **What does the future look like for your business?**

A The future looks promising. We are focused on expanding our operations, investing in technology, and strengthening our presence across the country. With the right financial partner like Kina Bank, we are confident in achieving our long-term goals.

Q **Are there any key statistics you would like to call out in your story?**

A We've seen a 35% increase in operational efficiency since switching to Kina's payroll system. We've also experienced 22% revenue growth over the past 12 months, supported by Kina Bank's financial solutions.

Q **Anything else you'd like to share with us that you think is important to your story.**

A We appreciate Kina Bank's commitment to local businesses and the economy. Their team is approachable and responsive, which makes a big difference in the fast-paced environment we operate in.

About Kina Securities Limited.

Kina Securities Limited and its related entities (KSL, Kina, the Kina Group, the Group, or the Company) was established in 1985 as a diversified financial services company offering banking products, funds administration and wealth advice across Papua New Guinea (PNG).

Kina offers customers end-to-end financial solutions from savings accounts to business loans, investments to mortgages, financial advice and investment management. We are committed to delivering exceptional service and this is what sets us apart in the market. As the Licensed Fund Administrator for the three main super funds in PNG, Kina administers over 957,725 superannuation members accounts, with over K19.7 billion in funds under administration as at 31 December 2024.

Kina Securities Limited has two key divisions. Kina Bank and Kina Wealth.

Kina Bank delivers home, business and corporate loans, everyday banking transactions, credit cards, merchant and payment facilities and banking services to smaller institutions.

Kina Wealth encompasses Kina Investment and Superannuation Services, Kina Funds Management and Kina Nominees servicing funds administration, wealth advice, stockbroking, funds management and nominee custodial services.

Scan to see Kina's Corporate Governance Statement on the Company's website.

05


POSTAGE
PAPUA & NEW
kinabank
Account Details and Transaction History
Current Account
2838 5813
Current Balance
PGK 120,000.00
Account Status
Active
Account Type
Current Account
Account Holder
juju
Account Details as at
26 Nov 2024, 2:38pm
Date
Transaction Descriptions
Amount
26 Nov 2024
EASIPAY TOPUP
PGK -50.00

"In 2024, our lending market share increased from 15% to 17%, and deposit market share improved from 13% to 14%."

Chairman's Message.

Dear Shareholders,

I am delighted to present Kina's Annual Report for the financial year ending 31 December 2024.

Kina Group reported a statutory Net Profit After Tax (NPAT) of PGK 100.3 million for 2024, following a one-off tax adjustment of PGK 9.2 million, resulting in an underlying NPAT of PGK 109.5 million.

Our 2024 results were driven by a significant increase in interest income, propelled by robust loan book growth and substantial expansion in non-lending operations, particularly within our digital and foreign exchange income streams. While funds administration and management fees remained stable, the Cost/Income ratio and a one-off payment fraud incident impacted NPAT growth.

Our performance in funds administration and management improved due to value-added services for superannuation clients and an increase in total funds, allowing Kina to maintain its market share in the sector. Despite intensifying competition in the banking sector, we saw significant opportunities for growth in both deposit and lending market shares in Papua New Guinea.

In 2024, our lending market share increased from 15% to 17%, and deposit market share improved from 13% to 14%. Overall lending expanded by 13% compared to the previous year, reaching PGK 2.9 billion. This growth was primarily driven by a PGK 322.0 million increase in the Business Loans and Home Loan portfolios. Our Net Interest Margin (NIM) reached 5.8%, reflecting a 20-basis point increase over the year, fuelled by strong lending rates and a gradual uplift in yields from non-loan investments.

Our successful partnerships with Nambawan Super, the National Superannuation Fund and Comrade Trustee Services Ltd continue to grow, with funds under administration and management steadily increasing. Our wealth management teams also continue to engage clients with insightful bulletins and updates on the PNG economy.

The Board has declared an unfranked final dividend of AUD 6.0 cents per share (PGK 15.5 toea per share) for the second half of 2024, bringing the total dividend per share for the year to AUD 10 cents (PGK 26.1 toea), with a yield of 8.7%. The KSL share price rose by 42.5% over the year, resulting in a total shareholder return of 55%. Kina's Return on Equity (ROE) was 15.4%, and we maintained a strong capital adequacy ratio of 18.3%, well within both regulatory requirements and our Board's moderate-to-conservative target range.

These results reflect the Board's commitment to returning a healthy flow of earnings to our shareholders, demonstrating our ability to achieve growth while delivering value.

I am immensely proud of our accomplishments, particularly given the challenging economic conditions in 2024, coupled with civil unrest in January, which disrupted many businesses in Port Moresby and other centers. Additionally, we experienced an isolated fraud incident, which we have duly provisioned for in our 2024 financial results.

The Board remains fully supportive of Kina's growth trajectory, building on our progress in core banking and digital partnerships. Looking ahead, we will continue to chart a prudent course for growth opportunities while safeguarding our strong balance sheet.

The KSL share price rose by 42.5% over the year, resulting in a total shareholder return of 55%.

We emphasize that any growth must be value-accretive for all stakeholders. As Kina has firmly established itself as the primary challenger brand, our market share and digital footprint are expanding. Our mission to deliver prosperity to the communities we serve remains at the core of our purpose. The Board commends all of our employees for their adaptability and passion, and for bringing to life Kina's vision of becoming the most dynamic and forward-thinking financial services company in the Pan Pacific. We are fortunate to have a highly skilled leadership team, and the Board is pleased with the progress we have made over the years.

Before I conclude, I would like to extend my sincere thanks to former Chairman Isikeli Taureka and former CEO Greg Pawson, for their outstanding contributions to Kina over many years. Mr Taureka served as Chairman of Kina since 2017 after first joining the Board in 2016 as a Non-Executive Director where he provided invaluable leadership and strategic direction throughout his tenure. Under his guidance, the Board and Management team have successfully driven Kina Securities' growth, making it the second-largest bank in Papua New Guinea. A key milestone during his chairmanship was the notable acquisition of ANZ's retail banking network in PNG in 2019.

Mr Pawson also has made a tremendous contribution to Kina. Under his stewardship, Kina has become the leading digital bank while significantly expanding our customer base and strengthening our value proposition across key segments–including homeowners, SMEs, private banking clients, and through Kina Wealth, which now stands as the country's leading wealth management provider.

The Board is excited to work with our new CEO and Managing Director, Ivan Vidovich. Mr Vidovich, who has been with Kina for over five years as Chief Transformation Officer, brings a wealth of experience and knowledge of our business and stakeholders. He has been a driving force behind Kina's recent growth, and we are confident he will lead us to continued innovation and success.

On behalf of the Board, I would like to thank my fellow Directors for their ongoing support and exemplary leadership. Their dedication, knowledge, and guidance are instrumental in fostering a strong, customer-focused organisation that is poised for innovation and a brighter future for PNG.

Ian Clough
Non-Executive Director and Chairman of the Board

Ian Clough


Kina Securities Limited
40 years together

"As PNG's challenger bank, we are building a solid foundation for sustained growth."

07

CEO & Managing Director's Message.

It is an honour to present the performance of Kina Securities Limited (KSL) for the year 2024, marking my first annual report as Chief Executive Officer and Managing Director since assuming the role in January 2025.

In 2024, Kina continued its mission to transform the financial services landscape in Papua New Guinea (PNG) by delivering banking solutions that are dynamic, progressive, and accessible. We achieved strong underlying financial results, underscoring the success of our strategic initiatives and our commitment to driving growth and innovation.

Kina achieved robust financial performance in 2024, with a 4% increase in underlying NPAT, a 13% expansion of our loan book, and further growth across our diversified non-lending portfolio, particularly in digital services, foreign exchange, and wealth management. Non-interest income now accounts for 54% of the Group's total revenues - an endorsement of our successful strategy to diversify Kina Bank's income streams.

Despite revenue growth of 20%, challenges such as a one-off customer fraud incident and a higher cost-to-income ratio of 59% impacted NPAT growth. Kina remains committed to addressing these challenges and strengthening operational resilience in the years ahead.

As PNG's challenger bank, we are building a solid foundation for sustained growth. We recognise the need to refine and digitise business processes, enhance risk practices, and control costs relative to revenue growth - key priorities for improving operational efficiency over the medium to long term.

Looking ahead, Kina is focused on delivering efficient growth and increasing the value we create for our stakeholders.

We anticipate further earnings growth in 2025, driven by continued execution of our strategy and supported by the continued growth in the PNG economy, the lowering corporate tax rates for commercial banks, and the gradual adjustments in the PGK/USD exchange rate.

In 2024, Kina made further strides in enhancing digital operations, achieving a 27% increase in revenue from digital services. Strategic fintech partnerships continue to strengthen our payments and banking capabilities, ensuring we remain at the forefront of PNG's competitive financial services market. A key highlight was the rollout of our digital hub concept, expanding from one hub in 2023 to four hubs by the end of 2024. These hubs provide customers with access to cashless, digital-first banking services, including account opening, Visa Debit cards, and our full suite of online and mobile banking and payments services.

The year ahead will be a landmark for Kina as we celebrate our 40th anniversary alongside Papua New Guinea's 50th year of Independence. These milestones reaffirm our commitment to advancing innovation in the banking sector, to financial inclusion and supporting economic growth in PNG. Our digital-first ethos and challenger bank strategy will continue to drive our contribution to the nation's development.

I would like to thank former Chairman Isikeli Taureka for his leadership and support to the Board and Management since joining the Board as a Non-Executive Director in 2016 and later taking over as the Chairman in 2017. As a well-regarded and reputable senior Papua New Guinean, Mr Taureka's exemplary vision and guidance ensured Kina's growth over the years into one of the largest banks in the country.

“Non-interest income now accounts for 54% of the Group’s total revenues – an endorsement of our successful strategy to diversify Kina Bank’s income streams.”

I also look forward to working with our new Chairman Ian Clough to guide the organisation through its next stage of strategic growth for the benefit of our customers and all stakeholders.

I also extend my deepest gratitude to our former CEO, Greg Pawson, whose visionary leadership over seven years has been instrumental in Kina’s growth. His contributions have positioned Kina as a market leader in retail, commercial, and SME banking, as well as wealth management. On behalf of the Board and the entire Kina team, I thank Greg for his tremendous impact.

As we look ahead, Kina’s strategy remains centered on sustainable growth from our diversified portfolio - managing costs, adopting a prudent approach to risk, and maintaining our growth aspirations. Our ability to deliver products that meet evolving customer needs, build strong partnerships, and efficiently deploy resources will be critical to our success.

While we remain optimistic, we are mindful of the macroeconomic challenges facing PNG. Nonetheless, with the unwavering commitment of our staff, the leadership of my Executive team, and the support of the Board, Kina is well-positioned to navigate these challenges and deliver sustained value to all stakeholders.

Kina remains PNG’s leading digital bank and PNG’s challenger bank, dedicated to offering accessible and convenient banking solutions. I am confident that we are on the right path to fulfilling our vision and long-term strategy, ensuring continued growth and resilience.

Ivan Vidovich
CEO & Managing Director


kinabank
Together it's pos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kinabank
Debit Gold.
VISA
Debit
15:15
PAPUA&NEW
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Our Segments.

Kina Bank

Kina Bank provides a comprehensive range of financial services, including home, business, and corporate loans, everyday banking transactions, credit cards, merchant and payment facilities, and banking services to smaller institutions. Additionally, Kina offers partner products and independently branded financial services for customers of any bank.

In 2024, we continued to enhance our Digital Banking platforms to increase accessibility to banking services for all Papua New Guineans. Our efforts were focused on customer acquisition, corporate and home lending, and SME growth.

Growing Digital Portfolio Revenues

We achieved significant progress in our digital and channel operations, with revenues increasing by 27%. Kina Bank has established strategic fintech partnerships to enhance our payments and lending capabilities. This focus on digital innovation is crucial for future growth and customer experience, ensuring we remain at the forefront of the competitive financial services landscape in PNG.

Stable Deposits

Deposits experienced a marginal growth of 0.2%, reaching K4.4 billion. This nominal growth was primarily driven by an increase in low-cost transaction accounts, such as Current and Savings Accounts. The bank's balance sheet funding is bolstered by a strategic blend of on call and term deposits, ensuring stability and capacity for continuing loan growth with financial efficiency.

Growth in Loan Book

Overall lending increased by 13% compared to the previous corresponding period (PCP), reaching K2.9 billion. This growth includes a notable combined increase of K322 million in the Business Loans and Home Loan portfolios. Additionally, the expansion of our business customer base, supported by enhancements in the operating model across transactional, lending, and digital banking services for businesses and SMEs, significantly contributed to this strong performance.

2024 Strategic Pillars.

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.	Inspire.	Responsive.	Serve.	Together.
Guides equity and justice, ensuring opportunities for all to thrive.	Sparks creativity, fuels perseverance, drives change and touches hearts.	Fosters trust and satisfaction by addressing peoples' needs promptly and effectively.	Embodies empathy, compassion, kindness and enriching our customers' lives.	Is a team who entrust each other.

Growth & Prosperity

Our loan book grew by 13%, reaching K2.9 billion. This reflects not only a strong expansion in the market but also a strategic increase in our market share. Despite these gains, we have maintained a prudent approach to risk management, with non-performing loans at 8% and a stable provisions ratio of 2.3%. Our Home Lending segment remains a cornerstone of our business as we remain committed to helping more people achieve homeownership.

Looking ahead to 2025, we'll continue strengthening our position by enhancing SME and specialised lending, while exploring opportunities in sustainable finance and the agricultural sector.

Our digital revenues have continued to grow year-on-year, with a 27% increase in 2024. In addition to Kina's core digital and payment product offerings, this growth is supported by our strategic partnerships with fintech companies, which have expanded our market reach and enhanced our capabilities. Looking ahead to 2025, we are continuing to enhance our core digital banking platforms while also introducing new products into market.

Kina Investment Superannuation Services recorded a strong increase in net profit after tax, driven by growth in total funds under administration and a rise in total membership. Meanwhile, funds under management within our Wealth division continue to grow steadily.

Foreign exchange revenues surged by 67%, driven by a significant increase in customer inflows, the successful onboarding of major accounts, and strategic interventions by BPNG. While conditions are expected to remain positive for foreign exchange supply in 2025, we expect revenue growth to moderate from the levels seen in 2024.

Resilience

Kina's total regulatory capital adequacy of 18.4% remains above the regulatory minimum of 12%.

With a cost to income of 59% in 2024, Kina recognises the need to improve business efficiency, which will be delivered over the medium to long term through process improvement and digitisation. We expect these efficiency enhancements to also deliver benefits in customer experience.

We are committed to enhancing resilience and continue to strengthen our capabilities in governance, risk and compliance, enabling Kina to respond effectively to risks in the emerging markets context in which we operate.

Our Strategic Intelligence capability was further matured in 2024, enabling Kina Group to identify strategic disruption risks and emerging growth opportunities.

In line with Kina's commitment to operational excellence and security, we have made significant investments to strengthen our IT resilience. This includes advancing our cybersecurity maturity, enhancing the stability of our network infrastructure, and modernising our data centre to support scalable and secure operations. These initiatives are critical to ensuring business continuity, protecting customer data, and delivering trusted, uninterrupted banking services. Looking ahead, we're also positioning ourselves to leverage emerging technologies.

Service Excellence

Further to interventions based on our Employee Engagement Survey to foster a cohesive workplace culture, we introduced livestream opportunities to allow staff in regional areas to connect with events occurring in Port Moresby. By leveraging technology, we have been able to showcase expertise through thought leadership, facilitate knowledge sharing and offer real-time interaction with our Senior Leadership Team. This has enhanced engagement beyond geographical limitations enhancing their perception of the bank's FIRST values.

The majority of new-to-bank retail customers now commence their onboarding through our digital platforms, including through Kina's market leading eKYC capability. As technologies continue to advance, we are committed to enhancing these capabilities to balance risk, efficiency and customer experience.

Our regional business advisor network is proving successful in supporting the growing SME and commercial sectors in regional Papua New Guinea. This integrated approach enables us to deliver a full suite of services through our regional branches, including transactional and payment services, lending, and digital banking.

Looking ahead to 2025, we have commenced a review of our customer onboarding processes to make Kina easier to do business with.

Despite Kina's "digital first" bias our branch network remains a critical part of delivering services to our customers. In 2025 we will commence a program to uplift the role that our branch network and branch staff play in serving our customers and underpinning Kina's growth.

Dynamic People

At Kina, we believe that our people are the cornerstone of our success, enabling them to thrive in a fast paced and competitive environment.

The launch of the Emerging Leaders Programme, in conjunction with the University of Tasmania, was a highlight of the year. We had a total of 13 graduates with two graduates eventually being included in the Honours Roll for the university – a strong testament to the calibre of participants on the programme.

In 2024, our Executive Team People Day centred on succession planning for senior and business-critical roles, which we see as vital for talent retention in the context of an increasingly competitive financial services environment.

To support our broader investments into leadership and culture, and our ambitions of being an employer of choice, an externally-benchmarked remuneration review was conducted for non-senior management team members.

An inaugural People Leaders Conference was attended by over 100 team members, focussing on a broad dimension of leadership disciplines, from core skills in coaching and communication, to growth mindsets and the habits of transformational leaders.

As we continue to drive a risk and compliance culture that is actively advocated at executive level, we have continued to improve our risk and compliance training approach, including uplifting our focus on cyber security risks.

In 2025 we are planning to upgrade our HR and Finance technology platforms, including the use of cloud infrastructure, to improve the usability of leave management systems and other people-leader tools.

Sustainability

Kina Bank demonstrates a strong commitment to community service, guided by its core values of "Serve" and "Together." Throughout 2024, the bank has supported underprivileged communities by providing donations of food, toiletries, and essential items to organizations like Life PNG Care, hospitals, and schools. The bank's community initiatives focus on improving the lives of vulnerable individuals, with special attention given to healthcare and maternal support, including donations to mothers and babies in hospitals and providing essential items to those facing hardships after childbirth.

In addition to its focus on social welfare, Kina Bank is committed to environmental sustainability and education. Their donations to St John's Ambulance have helped provide vital medical services, and they have partnered with Eda Davara Marine Sanctuary to plant mangrove seedlings to combat climate change and protect marine life. The bank also supports education by contributing to local schools, such as donating desks and chairs to Coronation Primary School. These initiatives reflect Kina Bank's comprehensive approach to community service, addressing immediate needs while fostering long-term environmental protection and educational growth in local communities.

The Strongim Komuniti Grant program, with the support of Kina staff, successfully assisted 14 small-scale projects across 11 provinces and the Autonomous Region of Bougainville, demonstrating a significant commitment to community development. Through its partnership with Litehaus International, Kina played a crucial role in funding computer labs for several schools across Papua New Guinea, providing essential resources for education. Additionally, Kina's dedication to youth empowerment was evident in its support of the Archer Leadership Program and the Motu Koita FODE Program, where twelve young individuals completed the programs and graduated, paving the way for future leaders in the region. These initiatives collectively highlight Kina's unwavering focus on enhancing educational opportunities and fostering community growth across PNG.

Board of Directors.

Ian Clough

Non-Executive Director and Chairman of the Board

Ian Clough was appointed Chairman in April 2025 after joining the Board as a Non-Executive Director in July 2024

Mr Clough brings to Kina Bank over 30 years of experience in retail having worked with retail giants such as Target Australia, Coles Supermarkets, Coles Liquor and Kmart Australia holding senior management roles in those organisations.

He also previously held various senior leadership roles with the Port Moresby Chamber of Commerce and Industry.

He is currently the Chairman of Papua New Guinea's leading retail, wholesale and distribution firm, the Brian Bell Group, a director of the Sir Brian Bell Foundation, Vice President of the American Chamber of Commerce Coral Sea (AmCham) and a Council Co-Vice Chair of St Johns' Ambulance. Mr Clough is also the Honorary Consul General for Sweden, and Norway in PNG.

Ivan Vidovich

CEO & Managing Director

Ivan Vidovich joined Kina Bank in 2019 as the Chief Transformation Officer (CTO), a role he held until his appointment as CEO and Managing Director of Kina on January 1st 2025.

Ivan brings over 25 years of senior leadership and executive experience across Australia, Asia, Europe, and the Pacific. His career spans both the financial services and logistics industries, with leadership roles at organisations such as Suncorp, TNT N.V., DBS Bank, and Kina Bank.

Throughout his career, Ivan has successfully grown diverse P&L lines in mature and emerging markets, led multi-country transformation programs, and overseen large scale international sales, service operations, and cost structures. He also has deep expertise in group strategy, digital innovation, mergers and acquisitions, and strategic risk mitigation.

Ivan holds a Bachelor of Arts from La Trobe University and is a member of the Australian Institute of Company Directors.

Andrew Carriline

Non-Executive Director

Member of the audit and Risk Committee, Remuneration and Nomination Committee, and the Disclosure Committee

Mr Andrew Carriline was appointed as a Director of Kina on 16 August 2018.

Andrew is an experienced business executive, highly skilled at operating successfully in regulated environments. He was an executive at a major Australian bank, where until 2017 he was the Chief Risk Officer in the Institutional Bank, as well as Chairman of the bank's business in PNG. Since 2017, Andrew has accepted several non-executive roles in the 'for profit' and 'not-for-profit' sectors.

Before his focus on purely risk roles, Andrew practised corporate law in the public and private sectors and has held several senior legal and operational roles.

Andrew holds bachelor's degrees in law and commerce from UNSW and is a graduate member of the Australian Institute of Company Directors.

Jane Thomason

Non-Executive Director

Chair of the Remuneration and Nomination Committee and Member of Transformation & Strategy Committee

Dr Jane Thomason was appointed as a Director of Kina on 27 April 2018.

An entrepreneur and innovator, Jane has worked in international development implementation in the Asia Pacific region for 30 years. Her international career has included work for governments and donors including the Asian Development Bank, WHO, World Bank, USAID and AusAID.

Since 2017, she has focused on Fintech and Blockchain and is a thought leader in the applications of blockchain technology to solve social problems. She is the Co-Founder of the British Blockchain and Frontier Technology Association, Chair, Kasei Holdings Blockchain Securities, Aquis Stock Exchange, London, and is on the Editorial Board of both Frontiers in Blockchain and Journal of Metaverse.

Dr Thomason co-authored the books Blockchain Technologies for Global Social Change and Applied Ethics in a Digital Age. She is a Thinkers 360 in the Top 50 Global Thought Leaders and Influencers on Blockchain and Sustainability.

Paul Hutchinson

Non-Executive Director

Chair of the Risk Committee and Member of the Audit Committee

Mr Paul Hutchinson was appointed as a Director of Kina on 16 August 2018.

Paul is currently employed by the University of Adelaide in the capacity of Program Director, responsible for large scale organisation restructuring and major projects.

Previously, Paul was the Managing Director and Chief Executive Officer of Rural Bank (specialising in the provision of financial services to the agribusiness sector), Chief Operating Officer of New Zealand Post and held various other senior appointments with Westpac , National Australia Bank and Bank of New Zealand.

Paul's extensive background in strategy, finance, sales and distribution, commercial operations and risk management has been honed over 30 years in the financial services sector.

He is a Fellow of the Institute of Financial Services and is a member of the Australian Institute of Company Directors, having attended both the Company Directors Course and International Company Directors Course.

Karen Smith-Pomeroy

Non-Executive Director

Chair of the Audit Committee, Member of the Risk Committee, and the Disclosure Committee

Ms. Karen Smith-Pomeroy was appointed as a Director of Kina on 12 September 2016.

Karen is an experienced non-executive director, with involvement across numerous industry sectors. Karen has many years of experience in the financial services sector, including a period of five years as Chief Risk Officer for Suncorp Bank.

Karen has specific expertise in risk and governance, deep expertise in credit risk and specialist knowledge of several industry sectors, including energy, property and agribusiness.

Karen is currently a Non Executive director of Queensland Treasury Corporation and National Reconstruction Fund, and Chair of Regional Investment Corporation.

Karen holds accounting qualifications and is a Fellow of the Institute of Public Accountants, a Senior Fellow of the Financial Services Institute of Australasia (FINSIA), a certificate member of the Governance Institute of Australia and a graduate member of the Australian Institute of Company Directors.

Richard Kimber

Non-Executive Director

Chairman of Transformation & Strategy Committee and
Member of the Remuneration and Nomination Committee

Richard is a seasoned international financial services and technology executive and director with over 30 years of experience having worked in HK, USA and the UK. His other board positions currently include ING Bank Australia, (where he is Chairman of the Technology & Transformation Committee), Chairman of Stone & Chalk, Chairman of AustCyber and a Non-Executive Director of Daisee, an AI software company he founded in 2017.

Richard's prior executive roles include being CEO of ASX-listed OFX Group, a leading international payment company; Managing Director of Google in Southeast Asia (which included Australia and NZ); CEO of FirstDirect Bank plc in the UK; and several international roles with the HSBC Group, including as Global Head of Internet Marketing based in New York and the APAC leader for eCommerce based in Hong Kong.

Senior Executive Team.

Rayeleene Elston

Executive General Manager Business and Retail Banking

Rayeleene Elston joined Kina in February 2023 as Executive General Manager for Business Banking and Prime. In her role, she is responsible for the distribution of retail and business lending.

Prior to joining Kina Bank, Rayeleene had a 30-year career in Banking in Australia. Her career began in Retail Banking, and she spent over 20 years as an Executive across Business Banking at National Australia Bank {NAB). Her last role at NAB was leading the Queensland central region Business Banking team that covered Commercial, Corporate, SME and Agribusiness. Her previous role was General Manager for Community Branches at Heritage.

Rayeleene brings a deep knowledge of Business and Corporate Banking across multiple products, credit, and customer experience. She will be leading a key strategic project for Business Banking expansion into regional PNG over the next three years.

Johnson Kalo

Chief Financial Officer and Company Secretary

Johnson Kalo was appointed Chief Financial Officer and Company Secretary in March 2023. He previously held the role of Chief Information Officer. Johnson has substantial industry experience in Papua New Guinea having previously held the positions of Deputy Chief Executive Officer and Chief Financial Officer for BSP. His previous roles also include independent Director of the Board of Credit Corporation and Executive Director of the Port Moresby Stock Exchange {PNGX). He is a fellow of the Financial Services Institute of Australasia and an associate member of Certified Practising Accountants PNG. He holds a Bachelor of Arts in Commerce from the University of Papua New Guinea and a Post Graduate Diploma in Applied Financial Investment from the Financial Services Institute of Australasia.

Nathaniel Wingti

Executive General Manager Treasury & Financial Markets

Nathan joined Kina in February 2016 as GM Treasury and Financial Markets. Prior to joining Kina, he spent 15 years at ANZ Bank where his last role was Head of Global Markets PNG and Balance Sheet Manager for ANZ across the Pacific. Nathan has 20 years' experience in foreign exchange, money markets and balance sheet management across the Pacific region having worked in PNG, Fiji and Australia.

Nathan holds a Bachelor of Business from the Queensland University of Technology. He has also completed the AFMA Dealer Accreditation Program and the PNG Institute of Directors Program.

Philip Keller

Chief Risk Officer

Philip joined Kina Securities Ltd in February 2024 as the Chief Risk Officer. He brings to Kina a wealth of experience in the banking and financial services sector, having worked across risk management, strategy, and finance. Philip has worked in Australia, Hong Kong, Switzerland, the UK, and USA with UBS and Capco, providing consulting services for HSBC on a global scale. Most recently, Philip held senior management roles at Westpac, based in Sydney, including Director, Wealth Strategy and Head of Customer Outcomes and Risk Excellence (CORE) Development.

Aman Shandil

Chief Information Officer

Aman joined Kina Bank in December 2023 as General Manager Technology. Prior to joining Kina, he held several senior technology leadership roles in Australia's financial services, retail and construction sectors such as Head of Portfolio Delivery, General Manager Application Delivery, and IT Service Management.

Aman has over 25 years in the IT industry with qualifications in Industrial Engineering obtained from the Sydney Institute of Technology. Aman, a Fijian by birth now calls Australia home and is an avid follower of rugby league supporting the Canterbury Bulldogs. He is also a coach of junior cricket teams.

Deepak Gupta

Executive General Manager Business Partners and Wealth

Deepak Gupta is Executive General Manager Business Partners and Wealth and is responsible for Wealth management and Corporate banking at Kina. He has held a variety of senior positions with Westpac, AMP and domestic New Zealand institutions.

In addition, Deepak has strong governance experience having held non-executive director roles on the boards of NZX and ASX-listed companies. He brings substantial experience and a track record of success and innovation across various areas in financial services including successful development of New Zealand's first institutional private equity fund for retail investors.

Deepak holds a Bachelor of Commerce and Administration from Victoria University, New Zealand, and an MBA from Massey University, New Zealand. He has a Certificate of Investment Analysis from the University of Otago, New Zealand and is a Fellow of the Institute of Finance Professionals New Zealand.

Ann Steele

Executive General Manager People & Culture

Ann Steele joined Kina in March 2024 as the Executive General Manager People & Culture. With more than 30 years of work experience as a governance and strategic human resources executive, Ann has a diverse background in numerous sectors including finance, banking, investment, education, travel & tourism, manufacturing, properties, information technology, and most recently telecommunication.

Ann holds a Master's in Management, plus tertiary qualifications in Political Science and Education. She is a member of various professional institutions and has completed the Australian Institute of Company Director's Program and currently sits on the Gaunavou Investments Board in Fiji, she has completed the Australian General Managers Program with the Australian Institute of Management and is a professionally trained mediator.

Apart from her professional life she is heavily engaged in community groups and initiatives that help alleviate poverty and is keen in supporting organisations that restore culture, arts and tradition and is currently the Chairperson for Friends of the Fiji Museum. She also provides professional coaching and mentoring for upcoming HR professionals.


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Remuneration Report.

1. Introduction and overview to shareholders

The Remuneration Report is focused on providing information to Kina Securities Limited shareholders about the Company's remuneration framework which is designed to support the delivery of targeted operating financial and non-financial results. Although Kina is not required to have the Remuneration Report audited and prepared in accordance with section 300A of the Australian Corporations Act 2001 (Cth), the level of disclosure meets the requirements of an Australian-incorporated company.

In 2024, Kina reviewed its incentive plans to ensure that they align with market best practice and continue to attract, motivate and retain high calibre management and employees. No material amendments have been made to the Company's incentive plan for the 2024 financial year.

2. Kina's Key Management Personnel (KMP)

This report covers the remuneration arrangements of Kina's Key Management Personnel (KMP) who are the people with the authority and responsibility for planning, directing and controlling the activities of the Kina Group directly or indirectly. Kina's KMP comprise the non-executive directors, the Managing Director and Chief Executive Officer (MD&CEO) and the direct reports to the MD&CEO, who are collectively called the Senior Executive Team. For the purposes of this report, 'executive' refers to the MD&CEO and the members of the Senior Executive Team (Senior Executives). The KMP disclosed in this Remuneration Report for 2024 were:

Non-executive directors (refer to section 4 of this Remuneration Report)	
Name	**Position held during the financial year ended 31 December 2024***
Isikeli Taureka	Non-executive Chairman
Andrew Carriline	Non-executive director
Paul Hutchinson	Non-executive director
Karen Smith-Pomeroy	Non-executive director
Jane Thomason	Non-executive director
Richard Kimber	Non-executive director
Ian Clough[1]	Non-executive director
MD&CEO and Senior Executive Team (direct reports to the MD&CEO)	
Name	**Position held during the financial year ended 31 December 2024***
Greg Pawson	MD&CEO
Johnson Kalo	Chief Financial Officer (CFO) and Company Secretary
Deepak Gupta	EGM Wealth Management & Corporate Advisory
Karen Mathers[2]	Chief Risk Officer
Charlie Sukkar[3]	Chief Information Officer
Ivan Vidovich	CEO & Managing Director
Nathan Wingti	EGM Treasury & Financial Markets
Rayeleene Elston	EGM Business and Retail Banking
Roppe Uyassi	Chief Operating Officer (COO)
Philip Keller[4]	Chief Risk Officer
Ann Steele[5]	EGM People & Culture
Aman Shandil[6]	Acting Chief Information Officer

* The term as KMP was for the full year unless otherwise indicated.

1 appointed 30 July 2024

2 resigned 2 August 2024

3 resigned 10 May 2024

4 appointed 1 January 2024

5 appointed 22 March 2024

6 appointed 22 May 2024

Remuneration and Nomination Committee

The Board has established the Remuneration and Nomination Committee (RNC) to ensure the Company:

- has a Board with an effective composition, size and commitment to adequately discharge its responsibilities and duties and to bring transparency, focus and independent judgment to decisions regarding its composition
- has coherent remuneration policies and practices to attract and retain directors and Senior Executives who will create value for shareholders
- observes those remuneration policies and practices; and
- rewards executives fairly and responsibly having regard to the performance of both the Kina Group and its executives and the general external pay environment (including the level of fees for non-executive directors).

The RNC assists the Board in the performance of its constitutional and regulatory duties by:

- advising the Board on the remuneration of the MD&CEO, Senior Executive Team and employees holding Responsible Person positions (as defined in accordance with Banking Prudential Standard BPS310 *Corporate Governance – Fit and Proper Requirements* (**BPS310**), issued by the Bank of Papua New Guinea (**BPNG**)
- providing an objective, non-executive review of the effectiveness of Kina's remuneration policies and practices
- recommending to the Board for approval by shareholders, the amount and structure of non-executive directors' fees
- overseeing aspects of the 'Fit and Proper' requirements of BPNG BPS310; and
- identifying the mix of skills and individuals required to allow the Board to contribute to the successful oversight and stewardship of the Company.

To align remuneration, performance and strategy, the RNC regularly reviews:

- remuneration policy
- the structure and quantum of the remuneration of the MD&CEO, members of the Senior Executive Team, staff holding Responsible Person positions and selected risk and compliance staff; and
- the structure and level of non-executive directors' board fees and committee fees.

For more information on the RNC, refer to Kina's Corporate Governance Statement (available on Kina's website at http://investors.kinabank.com.pg/investors/?page=corporate-governance).

3. Executive remuneration

Remuneration policy and governance framework

The RNC reviews and determines Kina's remuneration policy and structure annually, for approval by the Board, to ensure it remains aligned to the Company's business needs and meets its remuneration principles. The RNC also engages external remuneration consultants to assist with this review as required. In particular, the RNC aims to ensure Kina's remuneration practices are:

- transparent, competitive and reasonable, enabling the Company to attract and retain key talent
- aligned to the Company's strategic and business objectives and values, and the creation of shareholder value; and
- acceptable to shareholders.

Remuneration Policy

The key tenets of Kina's Remuneration Policy include that:

Remuneration should be set at levels that reflect the relative size of the position, the remuneration ranges for positions of equivalent 'size' in the relevant market, the performance of the person holding the position and any position-specific factors such as location or the strategic importance of the role.

Remuneration levels must reflect what the Group can afford. The Board through the RNC will provide the MD&CEO with advice on affordability and this must be factored into the MD&CEO's annual review of remuneration.

The levels of every role in the organisation shall be identified through a professional job evaluation exercise and endorsed by the selected Job Evaluation Panel.

Pay structures and levels may be reviewed based on the organisational growth and maturity over a period; and from time to time benchmarked against identified market participants. This survey cycle period shall typically be not more than once in any two years.

Remuneration packages may comprise a mix of base pay, performance-related pay and other benefits where this is consistent in the market with the structure of packages for similar sized roles, and must take into account the value of all such elements.

Remuneration packages, including any performance-based component, must not compromise the independence of any risk and financial control officers of the Group.

Where a remuneration package includes a variable performance-based component the package must be structured to:

- motivate the employee to achieve personal goals that demonstrably contribute to the Group's overall strategic direction and medium to long-term financial performance objectives
- encourage the employee to work within the Group's risk management framework and to comply with the Group's prudential policies
- specify measurable, objective, verifiable performance targets which have to be met or exceeded before any additional payment is due
- specify a measurement period that takes into account the time to observe the real outcomes of the employee's business activities and efforts
- discourage the employee from taking extreme risks to achieve short-term performance targets that could jeopardise the financial stability and viability of the Group in the medium to long term
- provide for the Board to set aside part or all of the performance-based payments due if in the Board's judgment this is necessary to protect the financial soundness of the Group or address unintended and unforeseen consequences when the performance-based measures were originally formulated.

Where a package includes equity or equity-linked deferred remuneration the package must be structured to prohibit the employee leveraging the equity in any way until it is fully vested. The Group will cancel the vested equity and rights to future equity of any employees found to be in breach of this provision of their employment agreement. The Board maintains complete discretion to award equity rights to employees, including the determination of vesting conditions and whether the equity rights vest and/or are awarded.

On an overall basis, Kina Group would like to position itself between the 50th and 75th percentile of the defined market, with flexibility to adjust based on market dynamics and organisational strategy.

Under the Company's *Securities Trading Policy*, Relevant Persons (which includes all directors and officers of Kina (MD&CEO, CFO and Company Secretary) and all direct reports of the MD&CEO), are prohibited from entering into any hedging arrangements that limit the economic risk of holding Kina securities under Kina equity plans. This helps align the interests of directors, the Senior Executive Team and shareholders.

Remuneration components, approach and mix

To align the interests of Kina's Senior Executive Team with Kina's strategic goals and to assist in the attraction, motivation and retention of management and employees of Kina, the Board has determined that the remuneration packages of the MD& CEO and the Senior Executive Team should comprise the following components:

Fixed Remuneration (FR)	Total fixed remuneration comprises base salary, other non-cash benefits and includes superannuation. The Senior Executive Team members may receive their fixed remuneration as cash, or cash with non-monetary benefits such as insurance, allowances and tax advisory services. FR is reviewed annually, or on promotion. It is benchmarked against market data for comparable roles in companies in a similar industry and with similar market capitalisation. The RNC aims to recommend to the Board a remuneration package that would position the respective member of the Senior Executive Team at or near the median for a corresponding role, with flexibility to take into account capability, experience, and value to the organisation and performance of the individual.
Short-term incentive award (STI Award)	The short-term incentive award (**STI Award**) provides participants with an opportunity to earn an incentive calculated as a percentage of their salary each year, conditional upon achievement of group and individual key performance indicators (**KPIs**) which may consist of financial and, if applicable non-financial performance measures. For all participants, except the MD & CEO, the incentive earned will be paid 100% in cash. – MD & CEO 65% in cash and 35% in an offer of performance rights. – The cash portion of the incentive will be paid in the next pay cycle following confirmation of the performance outcomes being achieved. For the MD & CEO, the performance rights portion (STI Performance Rights) will be issued under Kina's Performance Rights Plan (Plan) in one tranche and will lapse upon resignation or termination, subject to the absolute discretion of the Board. The Board has the right to vary the STI Award.
Long-term incentive award (LTI Award)	The long-term incentive award (**LTI Award**) provides an opportunity for employees to receive an equity interest in Kina through the granting of Performance Rights (**LTI Performance Rights**) under the Plan. Under the LTI Award, LTI participants may be offered LTI Performance Rights that are subject to vesting conditions set by the Board. The Board has the absolute discretion to vary the LTI Award.

STI Award
Structure of STI Award

Features	Description
Eligibility	The MD&CEO and Senior Executive Team are eligible to participate in the STI Award (**STI Participants**).
STI Award components	**Cash bonus:** 100% of the STI Participant's STI Award, except for MD & CEO with 65% of STI Award. **STI Performance Rights:** 35% of MD & CEO's STI Award.
Performance measures	Individual KPIs specific to each STI Participant are agreed at the start of each year. These KPIs consist of both financial and non-financial performance measures. No STI Award is payable unless a minimum Group Net Profit After Tax (**NPAT**) is achieved. The Board has the absolute discretion to vary this requirement. The Board allocates an annual pool to the STI Award each year. There are levels of targeted performance for allocation of the pool for 2023: Minimum (85% of budget) Threshold (85% - 100% budget): 50% Target (Budget 100%) 90% Stretch (100+ to 110%+) 100% Stretch (120%+) up to 120% The pool is then allocated in accordance with the maximum and target STI Award for each STI participant (which is detailed later) as a percentage of gross pay. The Board has the absolute discretion to vary the STI Award.
Calculation of STI Performance Rights	The number of STI Performance Rights granted is determined by dividing the award value by the 10-day volume weighted average price per share prior to 31 December of the year of award (**VWAP**).
Vesting of STI Performance Rights	STI Performance Rights are restricted from exercise until the second anniversary after the grant date and will vest on the second anniversary. These are not subject to any further measurement after award and allotment.

Period	Date granted	Vesting date
Financial Year (**FY**) ended 31 December 2021	01/04/2022	01/04/2024
FY ended 31 December 2022	01/04/2023	01/04/2025
FY ended 31 December 2023	01/04/2024	01/04/2026
FY ended 31 December 2023	01/04/2025	01/04/2027

Features	Description
Forfeiture of STI Performance Rights	STI Performance Rights are subject to Kina's clawback policy. Under the clawback policy, unvested STI Performance Rights may be forfeited if the Board determines that adverse events or outcomes arise that should impact on the grant of STI Performance Rights to a STI Participant.
Payments and grants	Payment of the cash component under the STI Award will be made in April of each year after the release of the full year financial results to the ASX and PNGX.

Target STI and maximum STI that can be awarded

	Target	Maximum
MD&CEO	100% of base salary	150% of base salary
CFO	40% of base salary	50% of base salary
Other Senior Executives	30% of base salary	45% of base salary

Long-term incentive Award (LTI Award)

The MD&CEO and the Senior Executive Team participate, at the Board's discretion, in the LTI Award comprising annual grants of Performance Rights. Further details are shown in the table below:

Structure of LTI

Features	Description
Eligibility	Participants must be a permanent full-time or part-time employee or executive director of Kina or any of its subsidiaries (**LTI Participants**).
LTI components	The LTI Award will be delivered as performance rights (**LTI Performance Rights**) with each right conferring on its owner the right to be issued or transferred one (1) fully paid ordinary share in the Company.
Performance measures	Since 2016, the LTI Performance Rights will only vest subject to Board assessed satisfaction of the following conditions: • Meeting the required Total Shareholder Return (TSR) performance level based on peer group -50% weighting • Over a three-year period, whereby:

Peer group relative TSR performance	Vesting outcome
Below 50th percentile of peer group	Nil
At 50th percentile	50% vesting
Between 50th – 75% percentile	Pro rata between 50% to 100%
75% and above	100% vesting

- Meeting Earnings Per Share (EPS) target level based on peer group – 50% weighting
- Compound Annual Growth rate over a three-year period, whereby:

EPS performance	Vesting Outcome
< 5% compound annual growth	Nil
5%	50% vesting
>5% and < 10%	Pro rata between 50% – 100%
10%	100% vesting

In 2021, the Board worked with an independent advisor to identify the comparator group companies and the advisor calculates the vesting schedule.

Features	Description
Calculation of LTI Performance Rights	Grants are approved annually. The number of LTI Performance Rights for each year will be determined by dividing the LTI Awards by the 10-day volume weighted average price per share prior to 31 December in the year of grant (**VWAP**).

<table>
<tr><th colspan="2">Structure of LTI</th></tr>
<tr><th>Features</th><th>Description</th></tr>
<tr><td>Vesting and exercise of LTI Performance Rights</td><td>
While the grants are approved annually, they will vest no earlier than the third anniversary of the commencement of the performance period and subject to satisfaction of the vesting conditions and performance measures.
The performance periods for the outstanding awards are as follows:
<table>
<tr><th>Financial Year</th><th>Date granted</th><th>Performance Period</th><th>Measures</th><th>Vesting date (subject to performance testing)</th></tr>
<tr><td rowspan="2">2021</td><td rowspan="2">01/04/2022</td><td rowspan="2">01/04/2022 to 31/03/2025</td><td>EPS assessment compound till FY 2024 – 50%</td><td rowspan="2">01/04/2025</td></tr>
<tr><td>Relative TSR assessment compounded to FY 2024 – 50%</td></tr>
<tr><td rowspan="2">2022</td><td rowspan="2">01/04/2023</td><td rowspan="2">01/04/2023 to 31/03/2026</td><td>EPS assessment compound till FY 2025 – 50%</td><td rowspan="2">01/04/2026</td></tr>
<tr><td>Relative TSR assessment compounded to FY 2025 – 50%</td></tr>
<tr><td rowspan="2">2023</td><td rowspan="2">01/04/2024</td><td rowspan="2">01/04/2024 to 31/03/2027</td><td>EPS assessment compound till FY 2026 – 50%</td><td rowspan="2">01/04/2027</td></tr>
<tr><td>Relative TSR assessment compounded to FY 2026 – 50%</td></tr>
<tr><td rowspan="2">2024</td><td rowspan="2">01/04/2025</td><td rowspan="2">01/04/2025 to 31/03/2028</td><td>EPS assessment compound till FY 2027 – 50%</td><td rowspan="2">01/04/2028</td></tr>
<tr><td>Relative TSR assessment compounded to FY 2027 – 50%</td></tr>
</table>
</td></tr>
<tr><td>Forfeiture of LTI Performance Rights</td><td>
Unvested LTI Performance Rights may be forfeited:

if the Board determines that any vesting condition applicable to the LTI Performance Right has not been satisfied in accordance with its terms or is not capable of being satisfied
in certain circumstances if the LTI Participant’s employment is terminated; or
in other circumstances specified in the LTI Award under the Plan (for example, if the Board determines that the LTI Participant has committed an act of fraud or gross misconduct in relation to the affairs of Kina).

</td></tr>
<tr><td>Lapse of LTI Performance Rights</td><td>
Unless otherwise specified in the vesting conditions or otherwise determined by the Board, a LTI Performance Right lapses on the earliest of:

if the Board determines that any vesting condition applicable to the LTI Performance Right has not been satisfied in accordance with its terms or is not capable of being satisfied
the expiry of the exercise period (if any)
in circumstances of cessation of employment, i.e. either resignation or termination
in other circumstances specified in the LTI Award under the Plan (for example, if the Board determines that the LTI Participant has committed an act of fraud or gross misconduct in relation to the affairs of Kina); or
if the LTI participant purports to deal in the LTI Performance Right in breach of any disposal or hedging restrictions in respect of the Performance Right.

</td></tr>
</table>

Structure of LTI			
Features	**Description**		
Target LTI and maximum LTI that can be awarded*		**Target**	**Maximum**
	MD&CEO	50%	50%
	CFO	40%	40%
	Other Senior Executive Team members	30%	30%

Calculation of Fair Value of LTI Performance Rights

Fair value of the LTI performance rights subject to TSR and EPS vesting conditions for financial reporting purposes is generally estimated based on Kina's ASX market share price at grant date and using a simulation pricing model applying the assumptions of price volatility, risk-free interest rates and dividend yields. Kina engages an independent valuation expert who performs the fair value calculations on the grants based on the valuation methodologies referenced above and below.

TSR

A Monte Carlo simulation approach is used to value the LTI Awards subject to the relative TSR performance condition as it incorporates an appropriate amount of flexibility with respect to different features of the award. This approach is assumed to follow Geometric Brownian motion under a risk-neutral measure as follows:

- simulates correlations between Kina's proxy and other peer companies as well as correlations between other companies in the peer group
- ranks simulated performances and the proportion of relative TSR award vested as calculated based on vesting schedule; and
- records present value of TSR-hurdle award vested.

The above process is repeated multiple times and the estimated fair value is the average of the results.

EPS

Fair value of awards subject to EPS is calculated using a risk-neutral assumption. The fair value is the difference between the share prices of the underlying asset, minus the expected present value of future dividends over the expected life if holders of the underlying asset are not entitled to receive future dividends. The fair value of the awards subject to EPS performance conditions will be equal to the share price of the underlying asset if holders are entitled to receive future dividends.

* The board in its discretion to vary awards under the LTI Awards scheme to facilitate more differentiation in performance has made grants in the range of 0%-35% of salary. The board will update the target and maximum percentages in the LTI Awards scheme, to better reflect individual contracts, overall and relative performance for the next Annual Report

Performance-based and non-performance based components

All STI and LTI elements of the remuneration of the KMP who are executives are performance-based.

Participant		Cash salary/fees/short-term compensated absences AUD	Non-monetary benefits AUD	Total AUD
Greg Pawson[1]	2024	750,000	189,809	939,809
	2023	750,000	185,441	935,441
Ivan Vidovich	2024	400,000	96,492	496,492
	2023	400,000	50,057	450,057
Deepak Gupta	2024	375,000	159,771	534,771
	2023	375,000	156,095	531,095
Johnson Kalo	2024	362,253	46,624	410,737
	2023	328,482	45,551	374,034
Nathan Wingti	2024	338,450	138,526	476,976
	2023	330,663	135,339	466,002
Karen Mathers[2*]	2024	107,692	1,934	109,626
	2023	400,000	16,424	416,424
Rayeleene Elston	2024	325,000	117,684	442,684
	2023	287,500	92,869	380,369
Charlie Sukkar[3*]	2024	76,923	1,934	78,857
	2023	76,923	1,890	78,813
Roppe Uyassi	2024	328,780	13,151	341,931
	2023	37,063	1,827	38,890
Philip Keller[4*]	2024	400,000	61,888	461,888
	2023	-	-	-
Ann Steele[5*]	2024	265,385	50,574	315,959
	2023	-	-	-
Aman Shandil[6]	2024	296,154	103,662	399,816
	2023	-	-	-

* pro-rata based on start/exit date

1 resigned 31 December 2024

2 resigned 2 August 2024

3 resigned 10 May 2024

4 appointed 1 January 2024

5 appointed 1 April 2024

6 appointed 22 May 2024

External Advisor Services

The Kina Performance Rights Plan is administered independently by Link Market Services Pty Ltd. Orient Capital Pty Limited is engaged to provide the assessment of EPS Growth and Relative TSR Performance in relation to the LTI Awards and valuation of the VWAP.

Holdings in Company Shares

The table below sets out the current holdings of Company Shares by KMP.

KMP Shareholding	Current Balance
Greg Pawson[1]	1,521,841
Deepak Gupta	423,265
Nathan Wingti	198,864
Ivan Vidovich	250,510
Johnson Kalo	107,394

1 resigned 31 December 2024

Performance Rights holdings

The table below sets out the current holdings of Performance Rights (**PR**) by KMP.

First Name	Last Name	Award	Year	Grant Date	Vesting date	Value of PR granted (AUD)	VWAP period	VWAP $ applied	PR 31/12/2024
Gregory	Pawson	STI	2022	01/04/2023	01/04/2025	265,072	31/12/2023	0.7832	338,448
		STI	2023	01/04/2024	01/04/2026	368,847	31/12/2024	1.1005	335,163
		LTI	2021	01/04/2022	01/04/2025	264,595	31/12/2022	0.7756	341,149
		LTI	2022	01/04/2023	01/04/2026	252,450	31/12/2023	0.7832	322,331
		LTI	2023	01/04/2024	01/04/2027	526,925	31/12/2024	1.1005	478,805
Deepak	Gupta	LTI	2021	01/04/2022	01/04/2025	93,971	31/12/2022	0.7756	121,159
		LTI	2022	01/04/2023	01/04/2026	95,931	31/12/2023	0.7832	122,486
		LTI	2023	01/04/2024	01/04/2027	145,431	31/12/2024	1.1005	132,150
Nathan	Wingti	LTI	2021	01/04/2022	01/04/2025	80,546	31/12/2022	0.7756	103,850
		LTI	2022	01/04/2023	01/04/2026	90,882	31/12/2023	0.7832	116,039
		LTI	2023	01/04/2024	01/04/2027	126,462	31/12/2024	1.1005	114,913
Ivan	Vidovich	LTI	2021	01/04/2022	01/04/2025	134,244	31/12/2022	0.7756	173,084
		LTI	2022	01/04/2023	01/04/2026	136,323	31/12/2023	0.7832	174,059
		LTI	2023	01/04/2024	01/04/2027	231,847	31/12/2024	1.1005	210,674
Johnson	Kalo	LTI	2021	01/04/2022	01/04/2025	85,916	31/12/2022	0.7756	110,774
		LTI	2022	01/04/2023	01/04/2026	82,400	31/12/2023	0.7832	105,209
		LTI	2023	01/04/2024	01/04/2027	213,581	31/12/2024	1.1005	194,076
Karen	Mathers	LTI	2022	01/04/2023	01/04/2026	106,029	31/12/2023	0.7832	135,379
		LTI	2023	01/04/2024	01/04/2027	224,821	31/12/2024	1.1005	204,290
Rayeleene	Elston	LTI	2023	01/04/2024	01/04/2027	182,668	31/12/2024	1.1005	165,986

Subsequent to, and in relation to, the year ended 31 December 2024 (**FY2024 Awards**), the Board approved the following LTI Awards for eligible participants.

First Name	Last Name	Award	Year	Grant Date	Vesting date	Value of PR granted (AUD)	VWAP period	VWAP $ applied	FY2024 PR
Johnson	Kalo	LTI	2024	01/04/2025	01/04/2028	$127,885	31/12/2024	1.1005	116,206
Nathan	Wingti	LTI	2024	01/04/2025	01/04/2028	$100,961	31/12/2024	1.1005	91,741
Ivan	Vidovich	LTI	2024	01/04/2025	01/04/2028	$140,000	31/12/2024	1.1005	127,215
Rayeleene	Elston	LTI	2024	01/04/2025	01/04/2028	$127,750	31/12/2024	1.1005	116,084
Philip	Keller	LTI	2024	01/04/2025	01/04/2028	$140,000	31/12/2024	1.1005	127,215
Ann	Steele	LTI	2024	01/04/2025	01/04/2028	$90,000	31/12/2024	1.1005	81,781
Aman	Shandil	LTI	2024	01/04/2025	01/04/2028	$112,500	31/12/2024	1.1005	102,226

Employment agreements

KMP employment contracts

- All Senior Executive Team members' employment contracts are over a period of three years with a notice period of three months.

MD&CEO employment agreement

The MD&CEO's employment agreement is for a term of five years with a notice period of six months. Kina may terminate the MD&CEO's employment without notice or payment in lieu of notice in circumstances where the MD&CEO:

- is bankrupt or has made any arrangement or composition with his creditors or taken advantage of any legislation for relief of an insolvent debtor; or
- is convicted of any criminal offence, other than an offence which in the reasonable opinion of the Board does not affect his position as MD&CEO of Kina.

On termination of the MD&CEO's employment agreement, the MD&CEO will be subject to a restraint of trade period of 12 months. The enforceability of the restraint clause is subject to all usual legal requirements.

Remuneration of employees

During the year, the number of employees or former employees (not being directors of the Company), receiving remuneration in excess of PGK100,000 per annum from the Group, stated in bands of PGK10,000, were as follows:

In PGK	2024	2023
1,940,001 - 1,950,000		1*
1,820,001 - 1,830,000	**1***	-
1,030,001 - 1,040,000	**-**	2
1,010,001 - 1,020,000	**1**	-
970,001 - 980,000	**-**	1
950,001 - 960,000	**1**	-
940,001 - 950,000	**1**	-
920,001 - 930,000	**1**	-
890,001 - 900,000		1
870,001 - 880,000	**1**	1
850,001 - 860,000		1
840,001 - 850,000	**1**	1
810,001 - 820,000		1
800,001 - 810,000		1
790,001 – 800,000	**1**	-
780,001 - 790,000	**1**	-
730,001 - 740,000		1
720,001 - 730,000	**1**	-
710,001 - 720,000	**-**	1
690,001 - 700,000	**1**	-
640,001 - 650,000	**1**	-
610,001 - 620,000	**1**	
590,001 - 600,000		2
570,001 - 580,000	**1**	-
550,001 - 560,000		1
540,001 - 550,000		1
520,001 - 530,000	**1**	-
500,001 - 510,000	**2**	-
470,001 - 480,000		1

In PGK	2024	2023
450,001 - 460,000	**1**	1
400,001 - 410,000	**-**	-
390,001 - 400,000	**4**	1
380,001 - 390,000	**4**	1
350,001 - 360,000	**1**	3
340,001 - 350,000		1
330,001 - 340,000	**1**	2
320,001 - 330,000	**1**	-
310,001 - 320,000	**2**	1
300,001 - 310,000	**1**	2
290,001 - 300,000		1
270,001 - 280,000		3
250,001 - 260,000	**3**	4
240,001 - 250,000	**1**	1
230,001 - 240,000	**2**	-
220,001 - 230,000	**5**	3
210,001 - 220,000	**1**	-
200,001 - 210,000	**6**	6
190,001 - 200,000	**7**	8
180,001 - 190,000	**4**	5
170,001 - 180,000	**4**	3
160,001 - 170,000	**4**	7
150,001 - 160,000	**6**	3
140,001 - 150,000	**8**	5
130,001 - 140,000	**7**	10
120,001 - 130,000	**13**	11
110,001 - 120,000	**18**	12
100,000 - 110,000	**11**	11

* Impact of foreign exchange conversion.

4. Non-executive director arrangements

Remuneration policy

Non-executive directors receive a Board fee and fees for chairing or participating on Board Committees as shown in the table below. They do not receive performance-based awards or retirement allowances.

The fees are exclusive of superannuation.

Directors' fees are reviewed annually by the Board, taking into account comparable roles and market data provided by the Board's independent remuneration advisor.

Remuneration components

Kina's Board and Committee fee structure as at 31 December 2024 was:

Board fees	Chairman	Non-executive director/committee member
Board		
Board	$180,000 (excluding superannuation entitlements)	$90,000 (excluding any superannuation entitlements)
Committee fees		
Audit Committee	Committee Chair: $22,500 (excluding any superannuation entitlements)	Members: $11,250 (excluding any superannuation entitlements)
Risk Committee	Committee Chair: $22,500 (excluding any superannuation entitlements)	Members: $11,250 (excluding any superannuation entitlements)
Remuneration and Nomination Committee	Committee Chair: $22,500 (excluding any superannuation entitlements)	Members: $11,250 (excluding any superannuation entitlements)
Transformation & Strategy Committee	Committee Chair: $22,500 (excluding any superannuation entitlements)	Members: $11,250 (excluding any superannuation entitlements)
Disclosure Committee	No additional fees are paid	No additional fees are paid

Fee pool

Under the Company's Constitution, the Board decides the total amount paid to each non-executive director as remuneration for their services as a director of the Company. However, the total amount of fees (including statutory superannuation entitlements, if any) paid to the directors for their services (excluding, for these purposes, the remuneration of any executive director) must not exceed in aggregate in any financial year the amount fixed by the Company in a general meeting of shareholders.

For the financial year ended 31 December 2024, this has been fixed at $1.28 million per annum (no change from the prior year, and the amount set out in the Company's Listing Prospectus). Any increase in the total amount payable by the Company to the non-executive directors as remuneration for services must be approved by shareholders in a general meeting.

The aggregate sum includes any special and additional remuneration for special exertions and additional services performed by a director as determined appropriate by the Board.

Committee fees

The Committee Chair fees are not duplicated for those directors who are appointed to Chair of more than one Committee or the Board.

Non-executive director remuneration details

The following payments were made to non-executive directors in the 2024 and 2023 financial years.

Director	Year		Short-term benefits	Post-employment benefits	Total
		Fees $	Non-monetary benefits $	Superannuation contributions $	$
Isikeli Taureka	2024	180,000	-	15,120	195,120
	2023	180,000	-	15,120	195,120
Andrew Carriline	2024	123,756	-	7,560	131,316
	2023	119,063	-	7,560	126,623
Paul Hutchinson	2024	123,756	-	7,560	131,316
	2023	114,375	-	7,560	121,935
Karen Smith-Pomeroy	2024	123,756	-	7,560	131,316
	2023	123,750	-	7,560	131,310
Jane Thomason	2024	120,938	-	33,180*	154,118
	2023	112,500	-	-	112,500
Richard Kimber	2024	118,131	-	7,560	125,691
	2023	33,750	-	2,520	36,270
Ian Clough[1]	2024	37,500	-	-	37,500
	2023	-	-	-	-

* includes backdated super since appointment in 2020

1 appointed 30 July 2024

Variable remuneration

Special remuneration

Directors may be paid such special or additional remuneration as the Board determines for performing extra services or making any special exertions for the benefit of Kina which, in the Board's opinion, are outside of the scope of ordinary duties of a director.

Reimbursement for out-of-pocket expenses

Directors may be reimbursed for travel and other expenses incurred in attending and returning from any Board, Board Committee or general meetings of Kina shareholders, or otherwise in connection with the business or affairs of the Kina Group.

Retirement benefits

There are no retirement benefit schemes for directors, other than statutory superannuation contributions.

Participation in incentive schemes

The non-executive directors are not entitled to participate in any Kina Group employee incentive scheme.

5. Related party transactions

Please refer to Note 30 to the financial statements, for further comments on related party transactions.

6. Directors' interests in shares

Directors are not required under the Constitution to hold any shares in the Company. As at the date of this Remuneration Report, the Directors have the following interests in the shares in Kina (either directly or through beneficial interests or entities associated with the director).

Director	Number of Shares	Shareholding as at the date of this Remuneration Report (%)
Greg Pawson[1]	1,521,841	0.53%
Andrew Carriline	125,000	0.04%
Paul Hutchinson	80,299	0.03%
Karen Smith-Pomeroy	90,000	0.03%
Jane Thomason	35,000	0.01%
Richard Kimber	-	0.00%
Ian Clough		0.00%

1 resigned 31 December 2024


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CEREMONIAL SHIELD CENTRAL PROVINCE
PAPUA NEW GUINEA

12

Corporate Governance Statement.

Introduction

Kina Securities Limited and its related entities (**Kina**, the **Kina Group**, the **Group**, or the **Company**) places great emphasis on the continued development of a strong corporate governance, risk management and compliance culture. In an emerging marketplace, Kina seeks to be innovative as well as provide a safe and secure environment for its customers and clients, which in turn brings value to shareholders.

The Board of Directors of Kina Securities Limited (the **Board**) is responsible for the overall corporate governance of the Kina Group, including adopting appropriate policies and procedures designed to ensure that Kina is properly managed to protect and enhance shareholder interests.

The Board monitors the operational and financial position and performance of Kina and oversees its business strategy, including approving the Company's strategic goals and considering and approving business plans, key governance, risk and operational policies and the annual budget.

Kina has a well-developed corporate governance framework and practices, for the operation and management of Kina, which incorporates resilient internal controls, risk management processes and governance policies and practices. The Board monitors adherence to this framework which enables the Group to comply with relevant laws, regulations and standards set down by the Bank of Papua New Guinea (**BPNG**), the Australian Securities Exchange (**ASX**), PNG's National Stock Exchange (PNGX), the *PNG Companies Act 1997* (**Companies Act**), *PNG Securities Act*, *Capital Markets Act 2015*, and the *Australian Corporations Act 2001* (Cth) (**Corporations Act**).

This Corporate Governance Statement (**Statement**) sets out the key features of Kina's current corporate governance framework and reports against the ASX *Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition)* (**ASX Principles and Recommendations**). The Statement is current as at **30 April 2025** and has been Board approved.

The Board considers and applies the ASX Principles and Recommendations, considering the circumstances of Kina. Unless otherwise noted, the Company has followed during the reporting period, all of the best practice recommendations set out in the ASX Principles and Recommendations. Where Kina's practices depart from a Recommendation, this Statement identifies the area of divergence and reasons for it, or any alternative practices adopted by Kina.

Governance framework

The core of Kina's corporate governance framework is the Company's Constitution and the Charters and Policies (**Governance Documents**), which are referenced in this Statement, and copies which are available on the Company's website at: https://investors.kinabank.com.pg/Investors/?page=corporate-governance.

The Governance Documents are reviewed regularly by the Board to ensure they comply with any updated laws or regulations, that they meet high governance standards and that they remain relevant to the Group and its operations.

Principle 1: Lay solid foundations for management and oversight

A listed entity should clearly delineate the respective roles and responsibilities of its board and management and regularly review their performance.

Board of Directors

The Role of the Board

The Board is committed to maximising performance, generating shareholder value and financial returns, and sustaining the growth and success of Kina. In conducting Kina's business in accordance with these objectives, the Board seeks to ensure that Kina is properly managed to protect and enhance shareholders' interests, and that Kina, its directors, officers and employees operate in a well-governed environment.

The Board has adopted a Board Charter. The Board Charter sets out, amongst other things, the:

- role and responsibilities of the Board, including those matters specifically reserved to the Board;
- role and responsibilities of the Managing Director and Chief Executive Officer (**MD&CEO**), who is primarily responsible for the day-to-day management of Kina;
- procedures for management of potential and actual conflicts of interest; and
- guidance on Board performance evaluation, ethical standards and taking independent professional advice.

Board Responsibilities

The Board's first responsibility is to govern the Company in the interest of its shareholders; to protect and grow the value of its stakeholders' interests. The Board Charter establishes that the primary goal of the Board is to add value to the Company by:

- ensuring the long-term viability and sustainability of the Company;
- protecting the interests of shareholders by exercising effective control over the Company;
- providing strategic direction and leadership;
- bringing independent and informed judgment to bear on material decisions of the Company;
- setting the standards of behaviour and ethical values for the Company;
- establishing strong internal control and compliance systems;
- monitoring the effectiveness of the Company's overall risk management and control framework; and
- accounting to shareholders for the overall performance of the Company.

Under the terms of its Charter, the Board will:

- approve the Company's strategy, business plans and policy;
- establish the risk appetite within which management will implement the strategic direction;
- monitor the implementation of strategic plans against pre-determined performance indicators;
- identify key business risks and ensure measures are taken to mitigate those risks;
- ensure that effective internal control systems are in place to safeguard the Company's assets;
- establish and monitor terms of reference and procedures of all Board Committees;
- ensure compliance with all relevant laws, regulations and standards;
- approve the external auditor's fees;
- approve and monitor the progress of material capital investment decisions, including new products and services;
- appoint the MD&CEO, set executive remuneration and establish performance objectives;
- appoint the Company Secretary;
- review the compensation of directors and recommend changes to the non-executive directors' fee pool to shareholders;
- ensure succession plans are in place for all key positions in the Company;
- adopt a comprehensive suite of prudential and administrative policies;
- verify independently that the prudential and administrative policies are operating effectively;
- maintain effective and timely communications with shareholders;
- ensure the annual financial statements of the Company and other published reports and announcements are prepared according to the relevant standard;
- resolve that the financial statements and other published reports and announcements (where relevant) accurately represent the financial position of the Company;
- approve the annual report including the financial statements, dividend proposals and notices to shareholders for consideration at the Annual General Meeting; and
- assess applications for new and increased loan exposures where the amount or nature of the lending requires referral to the Board as set out in the Group's *Credit Risk Management Framework* and the *Delegated Lending Authority Framework*.

Delegations to Management

Day-to-day management and operations of the Company are delegated to Management. The MD&CEO has the authority to exercise all necessary powers, discretions and delegations authorised from time to time by the Board.

The Board has delegated to the MD&CEO responsibility for the following matters:

- selecting the senior management team;
- setting the terms and conditions of employment within Remuneration Policy parameters;
- evaluating the performance of management;
- implementing the strategic direction established by the Board;
- drafting the annual budget in consultation with the Audit and Risk Committee;
- managing the Group's day-to-day operations on time and within budget;
- maintaining effective internal risk controls; and
- managing the daily operations of the business in accordance with social, ethical and environmental policies set by the Board.

The MD&CEO's responsibilities are set out in the Board Charter. The MD&CEO is supported by the Group Executives, all of whom are listed on the Company's website at: https://investors.kinabank.com.pg/Investors/?page=board-management.

The Board Charter, Charters of each Board Committee, and the Constitution are available on the Company's website at https://investors.kinabank.com.pg/Investors/?page=corporate-governance.

Director Appointment

As required by BPNG's Prudential Standards (**Standards**), Kina undertakes 'Fit and Proper' testing for candidates who will hold 'Responsible Person' positions on initial appointment, which includes directors and the Senior Executive Team.

This rigorous testing, in accordance with the Standards, is also carried out on an annual basis for all Responsible Persons including thorough background checks. When directors are proposed for election, or re-election at General Meetings of shareholders, the Notice of Meeting provides the following information about a candidate standing for election or re-election:

- biographical details;
- details of other directorships held by the candidate;
- a statement as to the independence of the candidate;
- details of any adverse information revealed as part of the checks performed about the director;
- details of any interest, position association or relationship that might impact on the ability of the director to be independent;
- the term of office currently served by the director; and
- a statement by the Board as to whether it supports the election or re-election of the candidate.

Prior to appointing a director, the Remuneration and Nomination Committee ensures the appropriate background checks on their qualifications, experience, education, character, bankruptcy history and criminal record have been conducted and documents provided to the Committee.

Prior to appointment, candidates are required to provide the Chairman with details of other commitments and an indication of time involved, and to acknowledge that they will have adequate time to fulfil his or her responsibilities as a non-executive director of Kina.

Each non-executive director is provided with a Letter of Appointment, which sets out:

- the term of appointment;
- the time commitment envisaged, including any expectations regarding involvement with Committee work and any other special duties attaching to the position;
- remuneration, including superannuation entitlements;
- the requirement to disclose the director's interests and any matters which may affect the director's independence;
- the requirement to comply with key corporate policies, including Kina's Code of Ethics and Business Conduct and its Securities Trading Policy;
- the Company's policy on when directors may seek independent professional advice at the expense of the Company (which generally should be whenever directors, especially non-executive directors, judge such advice necessary for them to discharge their responsibilities as directors);
- the circumstances in which the director's office becomes vacant;
- indemnity and insurance arrangements;
- ongoing rights of access to corporate information; and
- ongoing confidentiality obligations.

The MD&CEO and each Senior Executive Team member are also provided with a Letter of Appointment which sets out the information above (to the extent applicable), as well as:

- a description of their position, duties and responsibilities;
- the person or body to whom they report;
- the circumstances in which their service may be terminated (with or without notice);
- any entitlements on termination; and
- any circumstances in which their remuneration may be clawed back.

Company Secretary

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

Mr Johnson Kalo was appointed Company Secretary and Chief Financial Officer on 1 April 2023. Mr Kalo holds a Bachelor of Arts in Commerce from University of Papua New Guinea and a Post Grad Diploma in Applied Financial Investment from FINSIA. Mr Kalo is a member of Certified Practising Accountants PNG.

Diversity

The Company's Diversity Policy emphasises Kina's commitment to the maintenance and promotion of a workplace that ensures equity and fairness and is free from discrimination, harassment, bullying and victimisation. Kina recognises the importance of embracing diversity, specifically in valuing the unique qualities, attributes, skills and experiences each employee brings to the workplace.

The Company's vision for diversity incorporates a number of different factors, including but not limited to gender, ethnicity and cultural background, disability, age and educational experience.

The Diversity Policy provides a framework to help Kina achieve its diversity goals, while creating a commitment to a diverse work environment where staff are treated fairly and with respect and have equal access to workplace opportunities.

The Board has been focused on the improvement of diversity reporting which is regularly provided to the Board, and through the Remuneration and Nomination Committee, plans to set measurable objectives for achieving gender diversity in the composition of its Board, Senior Executive Team and workforce generally.

The Remuneration and Nomination Committee reviews and oversees the implementation of the Diversity Policy and regularly considers the need to set relevant diversity objectives.

The numbers of females within Kina's workforce as at 31 December 2024 and 31 December 2023, including the Board and Senior Executive Team is set out below:

	31 December 2023			31 December 2024		
	Females	Males	Total	Females	Males	Total
Board	2	5	7	2	5	7
Senior Executive Team	4	6	10	2	7	9
Team Leaders	63	41	104	73	47	120
Other employees	336	269	605	328	288	616
Total employees	**405**	**320**	**725**	**405**	**347**	**752**

The Senior Executive Team are those individuals who report directly to the MD&CEO. Team Leaders are those individuals who have been appointed as Supervisors and Managers.

Kina was an inaugural member of the *PNG Business Coalition for Women* and, through the year, has provided specialist training to female team leaders to assist with their career development. Kina is a strong advocate for gender smart policies in the workplace and provides both maternity and paternity leave for its employees. This is complemented by the opportunity of flexible working arrangement when returning to work. Also, within the first six months of a child's life, new parents are provided with paid leave to enable time out of the workplace to feed babies.

In 2024, Kina renewed its subscription to the *Bel isi PNG* program, which provides safe housing and case management services for employees and family members who are survivors of domestic violence. Kina also trained 21 employees as family and sexual violence Contact Persons, providing more opportunities for survivors of violence to safely and confidentially reach out for assistance. The management has incorporated and launched FSVU on the common learning platform to allow for an extended participation by the entire Kina employees.

The ratio of women to men at Kina is 54% female to 46% male (2023: 56% to 44%).

The Group will continue to promote awareness and understanding of workplace diversity principles and develop policies to help employees balance work, family and cultural responsibilities while at the same time removing barriers to career development.

In accordance with the Standards, and as set out in the Board Charter, the performance of the Board, the directors and its Committees are assessed each year. The Board commenced an independent performance evaluation in 2023 conducted by an external firm, ProPerformance Strategic Leadership. The findings were released in May 2024 and will be used to further refine the ongoing Board processes, succession and renewal plan. The Board will continue to review individual, Committee and collective Board performance and ensure that composition, skills and experience of the directors is appropriate.

Performance evaluations, overseen by the Chairman and the Chair of the Remuneration and Nomination Committee in the case of the MD&CEO, and the Remuneration and Nomination Committee in the case of the Senior Executive Team, are carried out on an annual basis and were completed in 2024.

Principle 2: Structure the board to be effective and add value

The board of a listed entity should be of an appropriate size and collectively have the skills, commitment and knowledge of the entity and the industry in which it operates, to enable it to discharge its duties effectively and to add value.

Board Composition

The Board currently comprises seven non-executive directors (**NEDs**) and one executive director. The Company's Constitution provides for a minimum of three and a maximum of ten directors. The Board members have a diverse range of skills and experience, which ensure they are able to add value to the Board's decisions, contribute effectively and act in the best interests of its shareholders. In the year 2024, the Company's Executive Director was Mr Greg Pawson, the MD & CEO of the company, who resigned on 31 December 2024. He was succeeded by Mr Ivan Vidovich who currently holds the position of CEO & Managing Director as of 1 January 2025.

Board Committees

The Board has the power to establish and delegate powers to Committees that are formed to facilitate effective decision-making. The Board, however, ultimately has full accountability for matters delegated by it to those Committees.

The Board has established an Audit Committee, a Risk Committee, a Remuneration and Nomination Committee and a Disclosure Committee. Each Committee has a separate Charter which sets out, in detail, the membership and powers of the Committee including its roles and responsibilities.

The Charters are reviewed at least annually, and copies are available on the Company's website at: https://investors.kinabank.com.pg/Investors/?page=corporate-governance.

Other Committees may be established by the Board as and when required. Membership of Board Committees is based on the needs of Kina, relevant legislative and other requirements and the skills and experience of individual directors.

Audit Committee

The Board established the Audit Committee to assist the Board:

- To fulfil its responsibilities with respect to its statutory and prudential duties and obligations to shareholders;
- With its obligations as a finance institution, as documented in all of the Bank of PNG (BPNG) Prudential Standards and other regulators in the jurisdictions we operate;
- In ensuring the Reliability of Financial Information;
- With the oversight of management of material financial risks;
- Reviewing and overseeing the systems in place to ensure compliance with financial reporting requirements and external reporting agencies requirements, including ASX and PNGX;
- Reviewing and overseeing the systems in place to ensure compliance with accounting standards in all relevant jurisdictions;
- Liaison with External and Internal Auditors as appropriate
- Monitor and assess the performance of the internal and external audit functions; and
- Requesting and reviewing relevant external financial, taxation and insurance advice so the Board can be appropriately advised.

The Audit Committee is responsible for the financial reporting and internal control, internal and external audit. The Committee is to ensure that the Company complies with its Risk Management Strategy and Framework; It's Corporate Strategy; It's Code of Conduct; It's policies and procedures; and All other relevant laws, regulations, codes, regulations, and industry and organizational standards.

As set out in its Charter, the Audit Committee must comprise at least three directors and all non-executive directors. The Chair of the Audit Committee is appointed by the Board and must be an independent director. In accordance with the Standards.

Audit Committee met four (4) times during the year ending 31 December 2024.

Risk Committee

The Board established the Risk Committee to assist the Board:

- To fulfil its responsibilities with respect to its statutory and prudential duties and obligations to shareholders;
- Its obligations as a finance institution, as documented in all of the Bank of PNG (BPNG) Prudential Standards and other regulators in the jurisdictions we operate;
- Review and oversee systems of risk management, internal control and legal and regulatory compliance;
- Review the Kina Group's risk appetite and tolerance levels and ensuring they are consistent with and appropriately aligned to the approved Kina Group strategy; and
- Monitor and assess new technologies, and systems of cyber security, data governance and modelling integrity.

The Risk Committee is responsible for risk oversight, risk management, compliance, anti-money laundering and counter terrorist financing (AML/CTF), monitor Group Insurance Program, monitor Group Litigation and Informational Communication and technology.

The Committee is to ensure that the Company complies with its Risk Management Strategy and Framework; It's Corporate Strategy; It's Code of Conduct; It's policies and procedures; and All other relevant laws, regulations, codes, regulations, and industry and organizational standards.

As set out in its Charter, the Risk Committee must comprise at least three directors and all non-executive directors. The Chair of the Risk Committee is appointed by the Board and must be an independent director. In accordance with the Standards.

Risk Committee met five (5) times during the year ending 31 December 2024.

Remuneration and Nomination Committee

The Board has established a Remuneration and Nomination Committee to ensure that the Company:

- has a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties and to bring transparency, focus and independent judgment to decisions regarding the composition of the Board;
- has coherent remuneration policies and practices to attract and retain directors and senior executives who will create value for shareholders;
- observes those remuneration policies and practices; and
- fairly and responsibly rewards Group Executives having regard to the performance of the Group, the performance of the Group Executives and the general external pay environment.

In its function as a Nominations Committee, the Remuneration and Nomination Committee assists the Board in fulfilling its corporate governance responsibilities in regard to:

- Board appointments, re-elections and performance;
- Board and Committee membership;
- Directors' Induction and continuing development;
- Succession Planning; and
- Strategies to address Board diversity.

As set out in its Charter, the Remuneration and Nomination Committee comprises of at least three directors and all non-executive directors.

The Remuneration and Nomination Committee may obtain information from, and consult with, Management and external advisers, as it considers appropriate.
The Committee met five (5) times during the year ended 31 December 2024.

Transformation & Strategy Committee

The Board has established a Transformation & Strategy Committee on the 29 of April 2024 to provide focused oversight, guidance, and strategic insight into KSL's long-term strategy and its execution, with a special emphasis on business models, capabilities, technology platforms, key applications, geographies, mergers and acquisitions (M&A), and other critical strategic or transformative projects. The Committee aims to ensure that Kina Securities Ltd progresses to the forefront of innovation and efficiency in the financial services sector in Papua New Guinea (PNG) and elsewhere, enhancing its competitive position and ensuring sustainable growth and resilience.

As set out in its Charter, the Transformation & Strategy Committee must comprise at least three directors and all non-executive directors.

The Committee met once (1) during the year ended 31 December 2024.

Disclosure Committee

The Board has established a Disclosure Committee, the purpose of which is to assist the Board in the performance of its statutory and regulatory obligations by:

- ensuring market sensitive and/or Company information is disclosed through the appropriate channel promptly and without delay; and
- providing assurance to the Board that all potentially market sensitive information has been considered for compliance with the Company's continuous disclosure obligations.

The duties and responsibilities of the Disclosure Committee include to:

- assess whether information concerning the Company should be disclosed to the market;
- determine the substance of the market disclosure and when it must be made;
- where necessary, review market disclosures for accuracy and completeness and approve or recommend to the Board for approval;
- determine whether a trading halt or voluntary suspension of trading is required;
- respond to any request from ASX or PNGX to disclose market sensitive information to correct or prevent a false market;
- ensure that breaches of BPNG's Standards are communicated, where appropriate, to BPNG or other regulators in compliance with the relevant listing rules and/or continuous disclosure requirements; and
- oversee the Disclosure Officer's administration of the Continuous Disclosure Policy.

The Disclosure Committee has the power to:

- determine whether information should be disclosed to the market or any public forum; and
- authorise the disclosure of any information to the market or any public forum.

The Disclosure Committee has absolute right of access to any information held by the Kina Group. The Disclosure Committee shall comprise at least three members appointed by the Board. Members shall include the Chairman of the Board, the MD&CEO and the Chairs of the Audit and Risk Committee. The Disclosure Committee Chair shall be appointed by the Chair of the Board. The Committee met twice during the year ended 31 December 2024.

Membership of and attendance at Board and Committee meetings

Membership of the Committees during the reporting period, the number of Board and Committee meetings held and the attendance at those meetings are set out in the table below. All directors are invited to and regularly attend all Committee meetings.

Director	Board Meetings		Transformation & Strategy Committee Meetings		Audit Committee		Risk Committee		Remuneration and Nomination Committee Meetings		Disclosure Committee Meetings	
	A	B	A	B	A	B	A	B	A	B	A	B
Isikeli Taureka	8[2]	8									2[2]	2
Greg Pawson	8	7[1]									2	2
Andrew Carriline	8	8	1	1	4	4	5	5	5	5		
Paul Hutchinson	8	8			4	4	5[2]	5			2	2
Karen Smith-Pomeroy	8	7[1]			4[2]	4	5	4[1]			2	2
Jane Thomason	8	7[1]	1	1					5[2]	5		
Ian Clough*	4	3[1]										
Richard Kimber	8	8	1[2]	1					5	4[1]		

A meetings held that the director was eligible to attend
B meetings attended

[1] these absences were known and approved prior to the meeting
[2] Chair
* Transformation & Strategy Committee effective 29 April 2024
* Ian Clough appointed to the Board effective of 30 July 2024.

Board Skills Matrix

The Board seeks to have an appropriate mix of skills, experience, expertise and diversity to enable it to discharge its responsibilities and add value to the Company.

As of 30 April 2025, the directors collectively contribute the following key skills and experience:

Skills and experience	Explanation
Banking and/or financial services experience	Experience outside Kina in, with global business perspectives of, significant components of the financial services industry, including retail and commercial banking services and adjacent sectors, equity and debt capital markets, with strong knowledge of their economic drivers and the regulatory environment.
Customer focus and outcomes	Experience in developing and overseeing the embedding of a strong customer focused culture in large complex organisations, and a demonstrable commitment to achieving customer outcomes.
Environment, social and sustainability	Understanding the potential risks and opportunities from an environmental and social perspective, and experience in developing and monitoring sustainability frameworks and related practices.
Financial acumen	Good understanding of financial statements and drivers of financial performance for a business of significant size, including ability to assess the effectiveness of financial controls.
Governance	Publicly listed company experience, extensive experience in and commitment to the highest standards of governance, experience in the establishment and oversight of governance frameworks, policies and processes.
International experience	Senior leadership experience involving responsibility for operations across borders, and exposure to a range of political, cultural, regulatory and business environments in that position.
Leadership and commercial acumen	Skills gained whilst performing at a senior executive level for a considerable length of time. Includes delivering superior results, running complex businesses, leading complex projects and issues, and leading workplace culture.
People, culture and conduct	Experience at a senior executive level in people matters including building workforce capability, workplace cultures, management development, succession and setting a remuneration framework that attracts and retains a high calibre of executives, and promotion of diversity and inclusion.
Risk and compliance	An understanding of compliance and experience in anticipating and evaluating macro, strategic, operational, financial, social, technological including digital disruption and cybersecurity) risks that could impact the business. Recognising and managing these risks by developing sound risk management frameworks and providing oversight. Includes experience in managing compliance risks and regulatory relationships.
Stakeholder engagement	Demonstrated ability to build and maintain key relationships with industry, government or regulators.
Strategy	Experience in leading, developing, setting and executing strategic direction. Experience in driving growth and transformation, executing against a clear strategy.
Technology and digital	Experience in businesses of a significant size with major technology focus, including adaptation to digital change and innovation, with knowledge of developments in Decentralised Finance (**DeFi**).

Composition of the Board and details of directors

In 2024, the Kina Board comprised of eight directors, one of whom is the MD&CEO, Greg Pawson who resigned from office on the 31 of December 2024. The remaining seven directors are considered by the Board to be independent non-executive directors, comprising Isikeli Taureka (Chairman of the Board), Karen Smith-Pomeroy (Chair, Audit Committee), Jane Thomason (Chair, Remuneration and Nomination Committee), Paul Hutchinson (Chair, Risk Committee), Andrew Carriline, Richard Kimber and Ian Clough. Ian Clough was appointed to the Board on the 30 of July 2024. The Board considers that each of the non-executive directors are 'independent' of the Company. Throughout the year, the Board therefore had a majority of independent non-executive directors.

Directors' Details

Name	Appointment date	Length of service as of 30 April 2025	Non-executive	Independent
Isikeli Taureka	19 April 2016	9 years, 0 months	Yes	Yes
Karen Smith-Pomeroy	12 September 2016	8 years, 7 months	Yes	Yes
Greg Pawson*	1 January 2018	6 years, 11 months	No	No
Ivan Vidovich**	1 January 2025	4 months	No	No
Jane Thomason	27 April 2018	7 years, 0 months	Yes	Yes
Andrew Carriline	16 August 2018	6 years, 8 months	Yes	Yes
Paul Hutchinson	16 August 2018	6 years, 8 months	Yes	Yes
Richard Kimber	1 September 2023	1 year, 7 months	Yes	Yes
Ian Clough	30 July 2024	8 months	Yes	Yes

*Greg Pawson resigned on 31 December 2024
** Ivan Vidovich appointed on 1 January 2025

The Board considers an independent director to be a non-executive director who is not a member of Kina's Senior Executive Team and who is free of any business or other relationship that could materially interfere with, or reasonably be perceived to materially interfere with, the independent exercise of their judgment.

At least annually, the Board reviews the independence of each director in light of their interests disclosed to the Board at each Board meeting and considers examples of interests, positions, associations and relationships that might cause doubts about the independence of a director including if the director:

- is, or has been, employed in an executive capacity by the entity or any of its child entities and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- receives performance-based remuneration (including options or performance rights) from, or participates in an employee incentive scheme of, the entity;
- is, or has been within the last three years, in a material business relationship (e.g. as a supplier, professional adviser, consultant or customer) with the entity or any of its child entities, or is an officer of, or otherwise associated with, someone with such a relationship;
- is, represents, or has been within the last three years an officer or employee of, or professional adviser to, a substantial shareholder of the Company's securities;
- has close personal ties with any person who falls within any of the categories described above; or
- has been a director of the entity for such a period that their independence from management and substantial shareholders may have been compromised.

The Board considers that each of the non-executive directors brings objective and independent judgment to Board deliberations and makes a valuable contribution to Kina through the skills and experience they bring to the Board and their understanding of Kina's business.

Board Chair

In accordance with the Board Charter, the Board Chair is an independent director. The roles and responsibilities of the Board Chair are contained within the Board Charter and the role of the Board Chair and MD&CEO may not be exercised by the same individual.

Director induction and education

Kina's induction program is designed to provide all new directors with a comprehensive view of the business. As part of the induction, new directors are given a detailed overview of Kina's operations, copies of governance and internal policies and procedures and instruction on the roles and responsibilities of the Board, its Committees and Senior Management.

The electronic Board portal utilised by the Board provides directors access to relevant Governance Documents, educational information, Board and Committee papers and provides a secure means of communication between directors and Senior Management. There is a strong emphasis on continued education and directors are expected to keep themselves updated on changes and trends within the business, in the financial sector, market environment and any changes and trends in the economic, political, social, global, environmental and legal climate generally.

Consistent with guidance on best-practice, all directors seek to complete a minimum of 20 hours during the year in ongoing professional development. Directors are encouraged to attend recognised courses, seminars and conferences and internal education sessions are scheduled at Board meetings throughout the year.

Principle 3: Instil a culture of acting lawfully, ethically and responsibly

A listed entity should instil and continually reinforce a culture across the organisation of acting lawfully, ethically and responsibly.

Kina Group Purpose Statement

Kina's purpose is 'to constantly improve the prosperity of the people, communities, and markets that we serve'.

Kina Group Vision Statement

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

This Vision is supported by our Strategic Priorities:

- Growth and Prosperity: multiple business lines providing customers with a full range of services, strong organic growth, value added services, and synergistic acquisitions;
- Building Resilience: strong company, well capitalised, well governed, managing risk versus rewards, and insulated against economic or market shocks;
- Service Excellence: digital from the inside and out, simple processes, great customer service, always first when it matters;
- Dynamic People: we love people, our culture is everything, our people are well trained, adaptable and care; and
- Sustainable Communities: we are in the business of doing good, building trust, and creating long-term value for all our stakeholders.

Kina's Culture

Our People are here to make a difference, not just for their day job. They are passionate about empowering customers to effect life change.

Kina's culture is underpinned by our Group Values, FIRST:

- **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.

Since the introduction of the FIRST values in 2023, Kina has seen an increase in employee participation in FIRST value moments which has helped them gain renewed perspective in our values and how they can be applied through the business. Our Learning Managements System was updated to include self-assessment and leader assessment of employee contribution to our Values and defined behaviours.

Kina has articulated its Group Vision Statement, its Defining Purpose and its Culture in its Board Charter, a copy of which is available on the Company's website at https://investors.kinabank.com.pg/Investors/?page=corporate- governance.

Acting Ethically and Responsibly

The Board is committed to ensuring that Kina maintains the highest standards of integrity, honesty and fairness in its dealings with all stakeholders, and that Kina complies with all legal and other obligations.

Kina's Code of Ethics and Business Conduct (**Code**) applies to all directors, employees of Kina and its subsidiaries (including subcontractors and consultants). The Code sets out certain minimum standards of conduct that Kina expects of its employees and directors including integrity, diligence, impartiality, equality and fairness. The Code sets out how employees and directors are to conduct themselves in order to meet these minimum standards. It is a requirement for all directors and officers to acknowledge the Code annually.

Whistleblower Policy

The Board has adopted a Protected Disclosure (Whistle-Blower) Policy. The Board wishes to promote an organisational culture that values open, transparent, ethical, legal, compliant behaviour and does not tolerate behaviour that departs from the high standards expected of Kina directors and employees.

This Policy is intended to reinforce that culture and to provide a safe, secure, confidential means whereby persons with concerns over any breaches including any unlawful conduct, misconduct, malpractices, violation of any legal or regulatory provisions that has, or may have occurred, can report it without fear of reprisal, discrimination or harassment of any kind. It is expected that the protected disclosures will be made in confidence and in the knowledge that it will be properly investigated and escalated to the appropriate level for it to be properly addressed.

Anti-Bribery and Corruption Policy

The Board has adopted an Anti-Bribery and Corruption Policy. The purpose of the Policy is to provide clarity of expectations, which helps to reinforce and strengthen the understanding of our responsibilities as well as those with whom we engage and also provide guidance in dealing with incidents or suspected incidents of bribery and corruption, should they occur.

The Policy complements Kina's other related policies, in particular, the Code of Ethics and Business Conduct, Conflicts of Interests Policy, and the Gift and Entertainment Policy. The Policy harmonises with Kina's Core Values that emphasise principles of fairness, imagination, reflection, togetherness and honesty in our relationships and business dealings with both our internal and external stakeholders.

The Policy complements Kina's other related policies, in particular, the Code of Ethics and Business Conduct, Conflicts of Interests Policy, and the Gift and Entertainment Policy. The Policy harmonises with Kina's Core Values that emphasise principles of fairness, imagination, reflection, togetherness and honesty in our relationships and business dealings with both our internal and external stakeholders.

Principle 4: Safeguard the integrity of corporate reports

A listed entity should have appropriate processes to verify the integrity of its corporate reports.

Audit Committee

Details of the Audit Committee are set out on page 74 above.

Written Declarations

When the Board considers the statutory half-year and annual financial statements, the Board obtains a declaration, from the MD&CEO and CFO concerning the integrity of the financial statements and assurance as to the effective operation of the risk management and internal compliance and control systems.

Kina's financial reports for the half-year ended 30 June and the full year ended 31 December are respectively reviewed and audited by Deloitte, the Company's external auditor.

Principle 5: Make timely and balanced disclosure

A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

Timely and Balanced disclosure

Kina is committed to observing its disclosure obligations under the ASX Listing Rules, the PNGX Listing Rules, the (PNG) *Companies Act 1997*, (PNG) *Securities Act 1997*, the (PNG) *Capital Markets Act 2015* and the *Australian Corporations Act, 2001* (Cth). The Board has adopted a Continuous Disclosure Policy and a Shareholder Communications Policy that implement Kina's commitment to providing timely, complete and accurate disclosure of information.

The *Continuous Disclosure Policy* sets out the roles and responsibilities of officers and employees in complying with Kina's continuous disclosure obligations and nominates those individuals who are responsible for determining whether or not information is required to be disclosed.

Shareholder Communications

The *Shareholder Communications Policy* promotes effective communication with shareholders and seeks to ensure that shareholders have equal and timely access to material information concerning Kina. The Policy sets out the investor relations program, a key tenet of which is to encourage effective shareholder participation.

In accordance with the Shareholder Communications Policy, Shareholders are encouraged to attend General Meetings of shareholders and shareholder information sessions and to submit written questions prior to those meetings. If they are unable to attend General Meetings of shareholders, shareholders are encouraged to vote by proxy or other means included in the Notice of Meeting.

Kina's website www.kinabank.com.pg contains information regarding the Company, the Board and Senior Executive Team, corporate governance, media coverage, ASX and PNGX Announcements, investor presentations and reports.

Kina's Investor Relations Program includes a number of scheduled and ad hoc interactions with institutional investors, private investors, sell-side and buy-side analysts and the financial media. At a minimum, so as to ensure that shareholders and other stakeholders have a full understanding of Kina's performance and strategies, Kina will convene analyst briefings twice a year on Kina's financial performance and objectives, following release of the half- year and full year financial results.

Shareholders may receive and send information electronically to and from both Kina and Kina's Share Registry. Other methods of communication are also available to shareholders and other stakeholders, including telephone and mail. Kina may consider the use of other reliable technologies as they become widely available.

Each director automatically receives a copy of each ASX and PNGX Announcement directly from the ASX Market Announcements Platform as soon as it has been released by ASX and PNGX.

In accordance with Kina's Continuous Disclosure Policy and Shareholder Communications Policy, any presentation to a new and substantive investor or analyst presentation, is released on the ASX Market Announcements Platform ahead of the presentation.

Principle 6: Respect the right of security holders

A listed entity should provide its security holders with appropriate information and facilities to allow them to exercise their rights as security holders effectively.

Kina values engagement with its shareholders, providing an understanding to the market of the Company's business, performance and governance. The Company uses the following procedures for engaging with its shareholders:

- **Periodic Reporting:** The Company produces financial statements for its shareholders and other interested parties twice per year and allows shareholders to receive these documents by mail or access them electronically (https://investors.kinabank.com.pg/Investors/?page=Reports-and-Presentations).
- **Annual General Meeting:** Shareholders are encouraged to attend the Annual General Meeting each year and are provided with an explanatory memorandum on the resolutions proposed through the Notice of Meeting. If unavailable to attend, shareholders are encouraged to appoint a proxy to vote/attend on their behalf. The Company requires its external auditor to attend each Annual General Meeting and be available to answer questions from shareholders about the conduct of the audit and the preparation and contents of the auditor's report.
- **Website:** The Kina website provides information on the Company's products and services as well as information useful to shareholders and market participants (https://www.kinabank.com.pg). In particular:
  - the Investor section (https://investors.kinabank.com.pg/investors); and
  - Corporate Governance section (https://investors.kinabank.com.pg/Investors/?page=corporate-governance) directs shareholders to information likely to be of greatest interest to them.
- **Investor Relations:** On its website at https://investors.kinabank.com.pg/Investors/?page=asx-announcements, the Company posts prompt and relevant communications for shareholders and the market generally to access, such as ASX and PNGX Announcements and financial results. Investors and shareholders can also contact the Company or its share registry, Link Market Services, directly by email or by mail and can in turn choose to receive communications electronically at https://investors.kinabank.com.pg/Investors/?page=my-shareholding.

The Notice of Meeting for any general or annual meetings of Kina shareholders includes the statement that in accordance with Article 55.3 of the Constitution, the Chairman intends to demand a poll on each of the resolutions proposed at the Meeting.

Principle 7: Recognise & manage risk

A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.

Risk Committee

Details of the Risk Committee are set out on page 75 above.

Risk Management and Internal Controls

Risk is managed structurally through clearly defined risk management policies specific to certain parts of the business. These are interlinked and feed into a *Group Risk Management Framework*, which is overseen by the Audit Committee and the Risk Committee. The Board has approved and regularly reviews and updates the Group's *Risk Appetite Statement* and tolerance limits, as part of the Group Risk Management Framework, to ensure that all major areas of risk and risk management systems are appropriately monitored and accurately documented.

Kina has a dedicated Group Chief Risk Officer (CRO) who is responsible for the Governance, Risk and Compliance attributes of the businesses. The CRO reports to the MD&CEO and the Chairs of the Audit Committee and Risk Committee respectively to ensure all material risks remain well managed.

The Audit Committee and Risk Committee are supported by a number of approved risk management committees, including the Credit Committee, Asset and Liability Committee, Operational Risk and Compliance Committee and Executive Committee. The management committees have been established to nurture a strong and robust risk culture within the Group through the application of the three lines of defence risk model, and the implementation of key policies and frameworks.

Communication and education throughout the Group on the three lines of defence model emphasises each individual's role in the management of risk. During 2024, the Group's Risk Management Framework, including underlying policies, was reviewed by the Risk Committee and, where relevant, by the Board.

A dedicated Compliance department is in place to ensure that Kina personnel are aware of the Group's prudential and legislative obligations and that these are maintained at all times. Risk within the Group is managed according to the appropriate risk parameters whilst promoting compliance of the limits set in the Board Approved Risk Appetite Statement. People risk is monitored including via an Occupational Health, Safety and Wellbeing regime, which is designed to maintain the safety of Kina's Employees and Customers. The Group's risk management activities comply with all relevant regulation including that of the BPNG Standards, relevant legislation and the Investment Promotion Authority (**IPA**), and the ASX and PNGX Listing Rules.

Kina also employs skilled credit managers who understand the PNG economic environment to ensure that the growing loan portfolio is maintained within an acceptable level of risk and within Kina's Board-approved risk appetite. All lending proposals are considered based on credit policy and within the risk appetite of the Group. Debt servicing assessment criteria is maintained to ensure Kina understands its level of credit risk while managing its impairment exposure.

Kina's risk management framework and internal control functions incorporate an Internal Audit function, which reports directly to the Audit Committee.

In 2023, the Board ensured the Internal Audit function was brought internally to provide independent and objective assurance to the Board, via the Audit Committee. The annual Internal Audit Plan is formulated by the Group Chief Risk Officer (CRO) using a risk- based approach. Progress against the Internal Audit Plan is reported to the Audit Committee on a quarterly basis.

The internal audit function determines an independent assessment of the effectiveness of Kina's Risk Management and internal control environment which is utilised in continual improvement measures of Kina's business processes.

Kina is exposed to the economic conditions of PNG through its normal course of business in lending monies to commercial businesses operating in PNG. Kina does not believe it currently has any material exposure to environmental or social (ESG) sustainability risks and the Company is currently working to develop further our ESG framework and processes.

Principle 8: Remunerate fairly and responsibly

A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders and with the entity's values and risk appetite.

Remuneration and Nomination Committee

Details of the Remuneration and Nomination Committee are set out on page 75.

Remuneration

Kina is committed to a fair and responsible system of remuneration throughout the Group. Members of Senior Management are remunerated in a way that aims to attract and retain an appropriate level of talent and reflects their performance in relation to the delivery of corporate strategy and operational performance.

Remuneration for non-executive directors is set using advice from independent consultants and considers the level of fees paid to non-executive directors of similar corporations and the responsibilities and work/time requirements of the non-executive directors.

The Remuneration Report and further details about the remuneration policy of Kina are set out in the 2024 Annual Report.

Dealings in Company Securities

The Board has adopted a Securities Trading Policy that applies to Kina's equity-based remuneration scheme and explains the conduct that is prohibited under the *PNG Securities Act*, *Capital Markets Act*, and the *Corporations Act*.

The Securities Trading Policy:

- provides for certain Trading Windows when 'Relevant Persons' may trade provided the appropriate process has been adhered to;
- prohibits any Relevant Person from entering into a hedge transaction involving unvested equity held pursuant to an Employee, Senior Management or Director Equity Plan operated by Kina;
- prohibits any Relevant Person from entering into a hedge transaction involving unvested equity held pursuant to an Employee, Senior Management or Director Equity Plan operated by Kina;
- sets out the prohibitions against insider trading and prescribes certain requirements for dealing in Kina securities; and
- prohibits Relevant Persons from trading in Kina securities while in possession of material non-public information, which is information a reasonable person would expect to have a material effect on the price or value of Kina securities.

Principle 9: Additional Recommendations

Kina is registered in Papua New Guinea and is in the same time zone as Eastern Australia. All meetings of Kina's Board and its Committees are held at a reasonable time. The company utilizes facilities to hold secure, virtual meetings where necessary, to enhance meeting logistics and efficiency.


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Directors' Report.

The directors of Kina Securities Limited ("Company") submit herewith the annual financial report of the Company and the Group, comprising the Company and its controlled entities, for the year ended 31 December 2024.

Principal activities

The principal continuing activities of the Group during the 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 acknowledge the non-lending loss due to a non-incident involving a small number of customers. The Group recorded a provision of K137.0 million to cover payments to MiBank.

Operating results and review of operations

The net profit attributable to equity holders for the year for the Group was K100.3 million compared with K105.0 million in 2023.

The profit includes the following items:

- Net interest income of K222.2 million, compared with K203.3 million in the prior year to 31 December 2023.
- Net fee and commission income of K161.7 million compared with K137.0 million in the prior year.
- Operating income before impairment losses and other operating income of K484.9 million, up from K404.2 million in the prior year.
- Expected credit losses on financial instruments at amortised cost of K18.2 million, compared with K9.9 million in the prior year.
- Other operating expenses of K286.6 million, compared with K218.7 million in the prior period.

Dividends

The Company paid a dividend of K15.9 toea (AUD 6.0 cents) per share – (K45.5 million) in April 2024 in relation to the profit for the half year ended 31 December 2023. In October 2024, the Company also paid dividend of K10.6 toea (AUD 4.0 cents) per share (K30.6 million) in relation to the profit for the half year ended 30 June 2024.

Events after the reporting period

Subsequent to reporting period date, the directors declared a final dividend of K15.5 toea (AUD 6.0 cents) per share (K44.7 million) on underlying NPAT declared for the second half of financial year 2024.

See also note 38 for other subsequent events.

Donations

During the year the Group made donations totalling K555,535 (2023: K659,415)

Auditor's fees

Fees paid to the auditor during the year for professional services are shown in note 36 to the financial statements. The external auditor is Deloitte Touche Tohmatsu.

Remuneration Report

Remuneration of employees

During the year, the number of employees or former employees (not being directors of the Company), receiving remuneration in excess of K100,000 per annum from the Group stated in bands of K10,000 was as follows:

In PGK	2024	2023
1,940,001 - 1,950,000	**-**	1
1,900,001 - 1,910,000	**1**	-
1,030,001 - 1,040,000	**-**	2
1,010,001 - 1,020,000	**1**	-
970,001 - 980,000	**-**	1
950,001 - 960,000	**1**	-
940,001 - 950,000	**1**	-
920,001 - 930,000	**1**	-
890,001 - 900,000	**-**	1
870,001 - 880,000	**1**	1
850,001 - 860,000	**-**	1
840,001 - 850,000	**1**	1
810,001 - 820,000	**-**	1
800,001 - 810,000	**-**	1
790,001 - 800,000	**1**	-
780,001 - 790,000	**1**	-
730,001 - 740,000	**-**	1
720,001 - 730,000	**1**	-
710,001 - 720,000	**-**	1
690,001 - 700,000	**1**	-
640,001 - 650,000	**1**	-
610,001 - 620,000	**1**	-
590,001 - 600,000	**-**	2
570,001 - 580,000	**1**	-
550,001 - 560,000	**-**	1
540,001 - 550,000	**-**	1
520,001 - 530,000	**1**	-
500,001 - 510,000	**2**	-
470,001 - 480,000	**-**	1
450,001 - 460,000	**1**	1
390,001 - 400,000	**4**	1
380,001 - 390,000	**4**	1
350,001 - 360,000	**1**	3
340,001 - 350,000	**-**	1
330,001 - 340,000	**1**	2
320,001 - 330,000	**1**	-
310,001 - 320,000	**2**	1
300,001 - 310,000	**1**	2
290,001 - 300,000	**-**	1
270,001 - 280,000	**-**	3
250,001 - 260,000	**3**	4
240,001 - 250,000	**1**	1
230,001 - 240,000	**2**	-
220,001 - 230,000	**5**	3
210,001 - 220,000	**1**	-
200,001 - 210,000	**6**	6
190,001 - 200,000	**7**	8
180,001 - 190,000	**4**	5
170,001 - 180,000	**4**	3
160,001 - 170,000	**4**	7
150,001 - 160,000	**6**	3
140,001 - 150,000	**8**	5
130,001 - 140,000	**7**	10
120,001 - 130,000	**13**	11
110,001 - 120,000	**18**	12
100,000 - 110,000	**11**	11

* Increase in fixed base salary and impact of foreign exchange conversion.

Directors' remuneration

Directors' fees paid during the year was as follows:

In PGK	2024	2023
	K'000	K'000
Directors		
Isikeli Taureka	**476**	446
Karen Smith- Pomeroy	**349**	325
Jane Thomason	**320**	277
Paul Hutchinson	**328**	281
Andrew Carriline	**328**	293
Ila Temu	**-**	104*
Richard Kimber	**314**	83
Ian Clough	**102***	-
	2,217	1,809
Managing Director		
Gregory Pawson		
– Salaries	**1,902****	1,946
– Other benefits including leave entitlements	**454**	454
	2,356	2,400
	4,573	4,209

*Ila Temu exited on 09 May 2023 and Ian Clough started on 30 July 2024
**Greg Pawson ceased to be the CEO and Managing Director on 31 December 2024 and Ivan Vidovich was appointed as his successor on 01 January 2025

Signed at Port Moresby on behalf of the board on 31 March 2025.

Mr Isikeli Taureka
Director and Chairman

Ivan Vidovich
CEO & Managing Director

Directors' Report

The directors declare that:

- in the directors' opinion, there are reasonable grounds to believe that the Company and the Subsidiaries (together the Group) will be able to pay their debts as and when they become due and payable
- in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *PNG Companies Act 1997*, including compliance with International Financial Reporting Standards (IFRS) and giving a true and fair view of the financial position and performance of the Company and the Group as at and for the year ended 31 December 2024

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

On behalf of the directors

Mr Isikeli Taureka
Director and Chairman
Port Moresby, 31 March 2025

Mr Ivan Vidovich
CEO & Managing Director
Port Moresby, 31 March 2025

Deloitte.

Deloitte Touche Tohmatsu

Level 9, Deloitte Haus
MacGregor Street
Port Moresby
PO Box 1275 Port Moresby
National Capital District
Papua New Guinea

Tel: +675 308 7000
Fax: +675 308 7001
www.deloitte.com.pg

Deloitte Touche Tohmatsu
ABN 74 490 121 060

477 Collins Street
Melbourne VIC 3000
GPO Box 78B
Melbourne VIC 3001,
Australia

Tel: +61 (0)3 9671 7000
Fax: +61 (0)3 9671 7001
www.deloitte.com.au

Independent Auditor's Report to the shareholders of Kina Securities Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Kina Securities Limited (the "Company") and its subsidiaries (the "Group") which comprise the Group and the Company's statements of financial position as at 31 December 2024, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying financial statements of the Group and the Company, give a true and fair view of the Group's and the Company's financial position as at 31 December 2024 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act 1997 *(amended 2022)*.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants *(including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Papua New Guinea, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group for the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Expected credit loss on loans and advances As at 31 December 2024, the Group has recognised a loss allowance for expected credit losses (ECL) amounting to K67.3m on loans and advances held at amortised cost in accordance with IFRS 9 *Financial Instruments* (IFRS 9) as disclosed in Note 3(b). Loans and advances subject to IFRS 9's impairment requirements include the residential lending	Our audit procedures, in conjunction with our specialists, included, but were not limited to: **Control design and implementation:** We tested the design and implementation of controls over the loss allowance including controls over: • The accuracy of data input into the system used for determining the past due status and approval of credit facilities; and

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
portfolio, personal loan portfolio and loan commitments. Determination of the loss allowance for ECL is considered a key audit matter due to significance of the loans and advances to the financial statements and significant management judgement in estimating the loss allowance, including: • The application of the requirements of IFRS 9 as reflected in the Group's ECL model particularly in light of the current economic environment; • Identification of exposures with a significant movement in credit quality to determine whether 12-month or lifetime expected credit loss should be recognised; and • Assumptions used in the ECL model such as the financial condition of the counterparty, repayment capacity and forward-looking macroeconomic factors as disclosed in Note 3(b).	• The ongoing monitoring and identification of loans displaying indicators of impairment and to ensure whether they are migrating on a timely basis to appropriate default stages including the generation of "days past due" reports. **Assessing impairment model appropriateness:** We assessed the appropriateness of management's internally developed model in determining the loss allowance for ECL. Our procedures included, but were not limited to: • Assessing whether the ECL model adequately addresses the requirements of IFRS 9; • Assessing, based on sample testing, whether individual exposures are classified into appropriate default stages and aging categories for the purpose of determining the loss allowance for ECL; • Assessing the reasonableness of the assumptions driving Probabilities of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD); and • Assessing the adequacy of management overlays to the modelled loss allowance for ECL by recalculating the coverage provided by the loss allowance (including overlays) to the loan book, taking into account recent history, performance and de-risking of the relevant portfolios. We also evaluated the adequacy of the disclosures in Note 3(b) to the financial statements.
Impairment of non-current assets including goodwill As at 31 December 2024, the carrying value of the Group's goodwill was K92.7m, arising from the acquisitions of Maybank (PNG) Limited and Maybank Property (PNG) Limited, as disclosed in Note 36. In accordance with IAS 36 *Impairment of Assets*, Cash Generating Units (CGUs) including goodwill are required to be tested for impairment at least annually. This is considered a key audit matter due to the significance of judgement required in preparing a discounted cash flow model (value in use). These judgements include estimating: • Future cash flows for the Cash Generating Unit ("CGU") taking into accounting regulatory and macroeconomic factors;	In conjunction with our valuation specialists, our procedures included, but were not limited to: • Evaluating the appropriateness of management's key controls over the impairment assessment process, including the identification of potential indicators of impairment such as the carrying value of the Group's net assets exceeding the market capitalisation; • Assessing the reasonableness of cash flow projections and growth rates against external economic and financial data and the Group's own historical performance; • Comparing historical performance against prior years' budgets and forecasts to assess management's historical forecasting accuracy; • Assessing the key assumptions and methodology used by management in the impairment model, in particular the discount rate and the terminal growth rate; and

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
• Discount rates; and • Terminal value growth rates.	• Testing the mathematical accuracy of the impairment model. We also evaluated the adequacy of the disclosures in Note 36 to the financial statements.
Information technology The Group's business operations are heavily reliant on IT systems for processing large volumes of transactions as well as automated calculations supporting both internal and external financial reporting. These systems are vital to the ongoing operations of the business and to the integrity of the financial reporting process and as a result, the assessment of IT systems forms a key component of our audit and is considered a key audit matter.	In conjunction with our IT specialists, our procedures included but were not limited to: • Obtaining an understanding of the IT environment and identification of the key systems relevant to financial reporting; • Testing the design and implementation of IT controls including, but not limited to, access administration, change management and segregation of duties; and • Responding to deficiencies identified by designing and performing additional procedures which included the identification and testing of compensating manual controls and varying the nature, timing and extent of the substantive procedures performed.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report and Directors' Declaration, which we obtained prior to the date of this auditor's report, and annual report (but does not include the financial statements and our auditor's report thereon), which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the Companies Act 1997 *(amended 2022)* and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the ability of the Group and the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group or the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group or the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group financial statements. We are responsible for the direction, supervision and performance of the Group’s audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte.

Report on Other Legal and Regulatory Requirements

In accordance with section 200 of the Companies Act 1997 *(amended 2022),* in our opinion:

- We obtained all information and explanations that were required; and
- Proper accounting records have been kept by the Group for the year ended 31 December 2024.

We have no interest in the Company and the Group or any other relationship, other than that of the auditor of the Company and the Group.

The engagement partners on the audit resulting in this independent auditor's report are Mark Stretton and Herbert Maguma.

DELOITTE TOUCHE TOHMATSU

Mark Stretton
Partner
Chartered Accountants
Melbourne, 31 March 2025

DELOITTE TOUCHE TOHMATSU

Herbert Maguma
Partner
Chartered Accountants
Port Moresby, 31 March 2025

Statements of Comprehensive Income.

For the year ended 31 December 2024

	Notes	Consolidated		Parent	
		2024 K'000	2023 K'000	**2024 K'000**	2023 K'000
Interest income	6	**274,469**	253,340	**274,325**	252,614
Interest expense	6	**(52,246)**	(50,020)	**(53,018)**	(50,180)
Net interest income		**222,223**	203,320	**221,307**	202,434
Fee and commission income	7	**161,683**	136,979	**119,316**	102,493
Fee and commission expense	7	**(32)**	(16)	**(32)**	(16)
Net fee and commission income		**161,651**	136,963	**119,284**	102,477
Foreign exchange income		**85,970**	51,342	**85,489**	51,363
Dividend income	8	**944**	660	**64**	40
Net gains from financial assets at fair value through profit and loss	16	**7,913**	2,733	**4,766**	2,776
Other income	9	**6,198**	9,139	**8,145**	7,445
Operating income before impairment losses and other operating expenses		**484,899**	404,157	**439,055**	366,535
Expected credit losses on financial instruments at amortised cost	4b	**(18,151)**	(9,900)	**(17,593)**	(10,215)
Administrative and operating expenses	10	**(286,638)**	(218,718)	**(273,340)**	(209,656)
Profit before tax		**180,110**	175,539	**148,122**	146,664
Income tax expense	11	**(79,814)**	(70,576)	**(71,969)**	(62,081)
Net profit for the year		**100,296**	104,963	**76,153**	84,583
Other comprehensive income		**-**	-	**-**	-
Total comprehensive income for the year		**100,296**	104,963	**76,153**	84,583

		2024	2023
Earnings per share – basic (toea)	28b	**34.90**	36.67
Earnings per share – diluted (toea)	28b	**34.69**	36.39

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. Ivan Vidovich
CEO & Managing Director

The notes on pages 98 to 156 are an integral part of these consolidated financial statements.

Statements of Financial Position.

As at 31 December 2024

	Notes	Consolidated		Parent	
		2024 K'000	2023 K'000	**2024 K'000**	2023 K'000
Assets					
Cash and cash equivalents	13	**529,810**	396,840	**526,713**	391,357
Central bank bills	14	**762,088**	1,236,496	**762,088**	1,236,496
Regulatory deposits	15	**522,784**	433,274	**522,784**	433,274
Financial assets at fair value through profit or loss	16	**41,656**	35,816	**35,876**	31,105
Loans and advances to customers	17	**2,883,500**	2,562,078	**2,872,457**	2,558,747
Investments in Government Inscribed Stocks	18	**93,331**	157,554	**93,331**	157,554
Due from subsidiaries	30	**-**	-	**1,095**	4,284
Deferred tax assets	12	**36,803**	35,099	**35,846**	34,618
Investments in subsidiaries	19	**-**	-	**249**	249
Property, plant and equipment	20	**69,303**	71,954	**69,303**	71,954
Goodwill	37	**92,786**	92,786	**92,786**	92,786
Intangible assets	21	**35,893**	27,608	**35,893**	27,608
Other assets	22	**148,874**	129,829	**150,430**	125,687
		5,216,828	5,179,334	**5,198,851**	5,165,719
Liabilities					
Due to other banks		**135**	13,912	**135**	13,912
Due to customers	23	**4,351,990**	4,344,571	**4,386,215**	4,368,599
Current income tax liabilities	24	**10,329**	11,461	**9,091**	10,332
Due to subsidiaries	30 b	**-**	-	**50,856**	43,899
Employee provisions	25	**14,472**	16,461	**12,893**	14,698
Lease liabilities	26	**31,484**	33,775	**31,484**	33,775
Other liabilities	27	**142,224**	118,831	**140,094**	114,149
		4,550,634	4,539,011	**4,630,768**	4,599,364
Net assets		**666,194**	640,323	**568,083**	566,355
Shareholders' equity					
Issued and fully paid ordinary shares	28 a	**397,254**	394,693	**397,254**	394,693
Share-based payment reserve	28 c	**1,878**	2,776	**1,878**	2,776
Retained earnings		**267,062**	242,854	**168,951**	168,886
Total equity		**666,194**	640,323	**568,083**	566,355

The notes on pages 98 to 156 are an integral part of these consolidated financial statements.

Statements of Changes in Equity.

For the year ended 31 December 2024

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**
Balance as at 31 December 2022	**394,693**	**2,477**	**212,133**	**609,303**
Profit for the year	-	-	104,963	104,963
Employee share scheme – vested rights	-	(1,529)	-	(1,529)
Employee share scheme – value of employee services	-	2,073	-	2,073
Deferred tax on share-based payment	-	(245)	-	(245)
Dividend paid	-	-	(74,242)	(74,242)
Balance as at 31 December 2023	**394,693**	**2,776**	**242,854**	**640,323**
Profit for the year	-	-	100,296	100,296
Employee share scheme – vested rights	-	(3,738)	-	(3,738)
Employee share scheme – value of employee services	-	2,674	-	2,674
Deferred tax on share-based payment	-	166	-	166
Additional shares issued	2,561	-	-	2,561
Dividend paid	-	-	(76,088)	(76,088)
Balance as at 31 December 2024	**397,254**	**1,878**	**267,062**	**666,194**

Parent	**Attributable to the equity holders of the Parent**			
	Share Capital	**Share Based Payment Reserve**	**Retained Earnings**	**Total**
	K'000	**K'000**	**K'000**	**K'000**
Balance as at 31 December 2022	**394,693**	**2,477**	**158,545**	**555,715**
Profit for the year	-	-	84,583	84,583
Employee share scheme – vested rights	-	(1,529)	-	(1,529)
Employee share scheme – value of employee services	-	2,073	-	2,073
Deferred tax on share-based payment	-	(245)	-	(245)
Dividend paid	-	-	(74,242)	(74,242)
Balance as at 31 December 2023	**394,693**	**2,776**	**168,886**	**566,355**
Profit for the year	-	-	76,153	76,153
Employee share scheme – vested rights	-	(3,738)	-	(3,738)
Employee share scheme – value of employee services	-	2,674	-	2,674
Deferred tax on share-based payment	-	166	-	166
Additional shares issued	2,561	-	-	2,561
Dividend paid	-	-	(76,088)	(76,088)
Balance as at 31 December 2024	**397,254**	**1,878**	**168,951**	**568,083**

The notes on pages 98 to 156 are an integral part of these consolidated financial statements.

Statements of Cash Flows.

For the year ended 31 December 2024

	Notes	Consolidated		Parent	
		2024 K'000	2023 K'000	**2024 K'000**	2023 K'000
Cash flows from operating activities					
Interest received		**265,208**	245,205	**265,064**	244,479
Interest paid		**(50,630)**	(51,865)	**(51,402)**	(52,025)
Foreign exchange income		**85,970**	51,342	**85,489**	51,363
Dividend received		**944**	660	**64**	40
Fee and commission income received		**154,294**	137,286	**119,639**	102,174
Fee and commission expense paid		**(32)**	(16)	**(32)**	(16)
Net trading and other operating income		**6,043**	15,256	**5,913**	13,784
Recoveries on loans previously written-off		**7,998**	499	**7,998**	499
Cash payments to employees and suppliers		**(284,928)**	(198,036)	**(258,720)**	(142,192)
Income tax paid	24	**(82,438)**	(68,506)	**(74,241)**	(62,516)
Cash flows from operating profits before changes in operating assets and liabilities		**102,429**	131,825	**99,772**	155,590
Changes in operating assets and liabilities:					
– net (increase)/decrease in regulatory deposits		**(89,510)**	(50,191)	**(89,510)**	(50,191)
– net increase in loans and advances to customers		**(320,706)**	(402,486)	**(320,706)**	(402,486)
– net decrease/(increase) in other assets		**(19,045)**	(53,634)	**(24,743)**	(52,313)
– net increase in due to customers		**5,804**	467,581	**16,000**	473,486
– net (decrease)/increase due to other banks		**(13,777)**	11,851	**(13,777)**	11,851
– net (decrease)/increase in other liabilities		**23,933**	(5,428)	**26,485**	(5,396)
Net cash inflow/(outflow) from operating activities	29c	**(310,872)**	99,518	**(306,479)**	130,541
Cash flows from investing activities					
Purchase of property, equipment and software		**(27,334)**	(12,817)	**(27,334)**	(12,817)
Proceeds from sale of property and equipment		**154**	89	**154**	89
Net movement in investment securities	29b	**548,639**	(39,533)	**546,561**	(39,577)
Net cash inflow/(outflow) generated from/(used in) investing activities		**521,459**	(52,261)	**519,381**	(52,305)
Cash flows from financing activities					
Dividend paid		**(76,088)**	(74,242)	**(76,088)**	(74,242)
Lease liability payments		**(12,449)**	(11,838)	**(12,449)**	(11,838)
Issuance of new shares		**2,561**	-	**2,561**	-
Net cash inflow/(outflow) generated from/(used in) financing activities		**(85,976)**	(86,080)	**(85,976)**	(86,080)
Net increase in cash and cash equivalents		**124,611**	(38,823)	**126,926**	(7,844)
Effect of exchange rate movements on cash and cash equivalents		**8,359**	2,175	**8,430**	1,825
Cash and cash equivalents at beginning of year		**396,840**	433,488	**391,357**	397,376
Cash and cash equivalents at end of year	29a	**529,810**	396,840	**526,713**	391,357

The notes on pages 98 to 156 are an integral part of these consolidated financial statements.

Notes to the Financial Statements.

For the year ended 31 December 2024 (from pages 98 – 156)

1. Material accounting policies

1.1 General information

The Company and its subsidiaries are incorporated in Papua New Guinea. The Group's business activities include the 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.

Effective 9 July 2021, Kina Securities Limited amalgamated with Kina Bank Limited (KBL), Kina Ventures Limited (KVL) and Kina Properties Limited (KPL) and is now known as Kina Securities Limited.

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.2 Basis of preparation

The financial statements of the Company and Group have been prepared in accordance with IFRS Accounting Standards and the requirements of the Papua New Guinea Companies Act 1997 (amended in 2022)

The financial statements of the Company and Group as at and for the year ended 31 December 2024 were authorised for issue by the Board of Directors on 31 March 2025.

The financial statements of the Company and Group have been prepared on a historical cost basis, except for the revaluation of certain financial instruments at fair value. Cost is based on the fair values of the consideration given in exchange for assets.

1.3 Amendments to IFRS Accounting Standards that are mandatorily effective for the current reporting period

In the current year, the Group has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

1.4 New and revised IFRS standards in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following revised IFRS standards that have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*
Amendments to IAS 1	*Non-current Liabilities with Covenants*
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to IFRS 17	*Insurance Contracts*
Amendments to IFRS 18	*Presentation and Disclosure in Financial Statements*

The directors do not expect that the adoption of the Standards listed above will have material impact on the financial statements of the Group in the future period.

2. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and its controlled entities (its subsidiaries) made up to 31 December each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated profit or loss account from the date the Group gains control until the date when the Group ceases to control the subsidiary.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation, with the exception of foreign currency gains and losses on intragroup monetary items denominated in a foreign currency of at least one of the parties.

2.1 Segment reporting

Operating segments are presented on a basis that is consistent with information provided internally to the Group's key decision makers. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors. The Group has two reportable segments, which are the two business divisions – Banking & Finance and Wealth Management.

2.2 Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Kina, which is the Company's and the Group's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

2.3 Interest income and interest expense

Interest income and expense for all financial instruments except for those measured or designated as at fair value through profit and loss (FVTPL) are recognised as 'Interest income' or 'Interest expense' in the profit or loss account using the effective interest method.

The effective interest rate (EIR) is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation of the EIR includes all fees and points paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets at FVTPL transaction costs are recognised in profit or loss at initial recognition.

The interest income/expense is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortised cost of financial liabilities. For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)).

2.4 Fee and commission income

The Group recognises fee and commission income from following major services it provides to customers:

- *Investment and portfolio management* – The Group manages investments for a number of superannuation funds and corporate clients. These services are provided by the Group on a monthly basis and the performance obligation is satisfied over time. Bills are raised monthly and revenue is recognised on this basis.
- *Fund administration* – The Group earns a fee through administration of funds for its customers based on the fee rates agreed under the terms of the contract. These services are provided by the Group on a monthly basis and the performance obligation is satisfied over time. Bills are raised monthly and revenue is recognised on this basis.
- *Share brokerage* – The Group generates share brokerage from trading services for customers on the Port Moresby Stock Exchange ("PNGX") and the Australian Stock Exchange ("ASX"). Income is recognised at a point in time upon settlement of the trade which is commensurate with when the performance obligation is satisfied.
- *Loan fee and bank commission* – The Group charges various loan fees and commissions to its customers during the tenure of the loan unrelated to establishment of the loan facility. Income is recognised at a point in time when services promised under the contract are completed.
- *Digital banking fees* – The Group increases the services it provides through digital access solutions giving customers convenient ways to do transactions. The services include online banking, utility top-ups, cashless transactions using payment platforms, and card transactions. Income is recognised at a point in time when the transaction to which the fee relates is settled which is a point at which performance obligation is satisfied.

2.5 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A right-of-use asset and a corresponding lease liability is recognised with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
- the Group has the right to operate the asset; or
- the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, at the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments, less any lease incentive receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- the amount expected to be payable under a residual value guarantee, if any; and
- the exercise price, if any, under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for all short-term leases that have a lease term of 12 months or less. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.6 Taxation

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the country where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authority.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit and loss. Deferred income tax is determined using tax rate (and law) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.7 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand and deposits held at call with financial institutions which are subject to an insignificant risk of changes in value, and bank overdrafts.

In the statement of financial position, cash and bank balances comprise cash (i.e. cash on hand and demand deposits) and cash equivalents. Cash equivalents are short-term (generally with an original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

2.8 Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Company or Group becomes a party to the contractual provisions of the instrument.

Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

Financial assets

All financial assets are recognised and de-recognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at FVTPL.

Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in profit or loss.

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI, are subsequently measured at fair value through other comprehensive income (FVTOCI);
- all other debt instruments (e.g. debt instruments managed on a fair value basis, or held for sale) and equity investments are subsequently measured at FVTPL.

Financial assets at FVTPL

Financial assets at FVTPL are:

- assets with contractual cash flows that are not SPPI; or/and
- assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- assets designated at FVTPL using the fair value option.

These assets are measured at fair value, with any gains/losses arising on re-measurement recognised in profit or loss, and therefore no reclassifications were made. Changes in contractual cash flows are considered under the accounting policy on Modification and de-recognition of financial assets described below.

Impairment

The Group measures and recognises loss allowances for ECLs on the following financial instruments that are measured at amortised cost:

- Loans and advances;
- Investment in Government Inscribed Stocks;
- Other financial assets;
- Loan commitments issued; and
- Financial guarantee contracts issued.

ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or

- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL. More details on the determination of a significant increase in credit risk and determination of ECL are provided in note 3.

Significant increase in credit risk

The Group monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to the 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.

The Group's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result, the Group monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring that was anticipated when the financial instrument was first recognised. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable. Irrespective of the outcome of this assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Definition of default

The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk (see note 3). The Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write-off

Loans and debt securities are written off when the Company or Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when it is determined that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a de-recognition event. The Group may apply enforcement activities to financial assets written off. Recoveries resulting from the Group's enforcement activities will result in impairment gains.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as a deduction from the gross carrying amount of the financial assets held at amortised cost.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group or a contract that will or may be settled in the Group's own equity instruments and is a non-derivative contract for which the Group is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Group's own equity instruments.

Financial liabilities are classified as 'other financial liabilities' as the Group does not have any financial liabilities that are classified or designated as at FVTPL.

Other financial liabilities

Other financial liabilities, including deposits and borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a group entity are initially measured at their fair values and, if not designated as at FVTPL and not arising from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the Group's revenue recognition policies.

Financial guarantee contracts not designated at FVTPL are presented as provisions on the consolidated statement of financial position and the re-measurement is presented in other income.

The Group has not designated any financial guarantee contracts as at FVTPL.

2.9 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation. Depreciation is calculated on the basis of straight line to write-off the cost of such assets to their residual values over their estimated lives as follows:

Furniture and fittings	11.25% to 15%
Building improvements	10%
Motor vehicles	30%
Office equipment	15% to 30%

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate at each balance date. Gains and losses on disposal (being the difference between the carrying value at the time of sale or disposal and the proceeds received) are taken into account in determining operating profit for the year. Repairs and maintenance costs are charged to statement of comprehensive income, when the expenditure is incurred.

2.10 Intangible assets and other non-financial assets

Goodwill

Goodwill is measured as described in note 36 Goodwill having an indefinite useful life is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

Other non-financial assets

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets cash-generating units (CGU).

Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Customer deposits relationship / intangible assets

A customer deposits relationship asset was recognised with the acquisition of Maybank (PNG) Limited in 2015. Also, the acquisition of Australian and New Zealand (ANZ) Bank's retail, commercial and SME banking businesses in PNG on 23 September 2019 gave rise to the recognition of core customer deposit relationship intangible asset (note 20), representing the value, or avoided cost, of having a deposit base from consumer and business transaction accounts, savings accounts, term deposits and other money market accounts that provide a cheaper source of funding than alternative sources of funding. The customer deposits relationship intangible asset is amortised using the straight-line method over a period of five years and three years on the Maybank and ANZ acquisition respectively, and is stated at cost less accumulated amortisation and impairment. The customer deposits relationship intangible asset is also assessed for any indication of impairment at each reporting date and whenever there is an indicator that these may be impaired.

Software

Costs associated with maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with identifiable and unique software products controlled by the Group that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Direct costs include staff costs of the software development team and an appropriate portion of relevant overheads. Expenditure which enhances or extends the performance of computer software programs beyond their original specifications is recognised as a capital improvement and added to the original cost of the software. Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives, not exceeding a period of five years.

2.11 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligations can be made.

2.12 Employee benefits

Short-term obligations

Provision is made for benefits accruing to employees in respect of annual leave and other short term obligations when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within twelve months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within twelve months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

The contributions in relation to employees of the Group who contribute to defined contribution pension plans are charged to the statement of comprehensive income in the year to which they relate.

Share-based payments

Senior executive employees are entitled to participate in a share ownership incentive scheme. The fair value of share rights provided to senior executive employees as share-based payments is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and is recognised over the period the services are received being the expected vesting period at the end of which the senior executive employees would become entitled to exercise their share rights. The fair value of the share based payments is based on the market price of the shares at grant date and market vesting conditions upon which the rights were granted. Non-market vesting conditions are taken into account by adjusting the number of rights which will eventually vest.

Cash bonus

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.13 Share capital and other equity accounts

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Dividends on ordinary shares are recognised in equity in the period in which they are declared by the Company's directors.

Reserves

Capital reserve comprises accumulated gains on historic asset revaluation. Share-based payment reserve comprises the fair value of unvested performance rights as at the reporting date.

2.14 Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year (note 27(b)).

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.15 Fiduciary activities

The Group provides custodian, trustee, corporate administration, investment management and advisory services to third parties, which involve the Group making allocation and purchase and sale decisions in relation to a wide range of financial instruments. Those assets that are held in a fiduciary capacity are not included in these consolidated financial statements. Details of such investments held under trust may be found in note 30.

3. Critical accounting estimates and judgments

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving significant estimates or judgments are:

- Significant increase in credit risk – note 4
- Estimated allowance for loans and advances to customers – note 17 and 4(b)
- Estimated goodwill impairment – note 37
- Valuation of unlisted shares

4. Financial risk management

By its nature the Group's activities are principally related to the use of financial instruments. The Group accepts deposits from customers at both fixed and floating rates and for various periods and seeks to earn above-average interest margins by investing these funds in high quality assets. The Group seeks to increase these margins by consolidating short-term funds and lending for longer periods at higher rates whilst maintaining sufficient liquidity to meet all claims that might fall due. The Group raises its interest margins by obtaining above-average margins, net of provisions, through lending to commercial and retail borrowers with a range of credit standing.

The Group also enters into transactions denominated in foreign currencies. This activity generally requires the Group to take foreign currency positions in order to exploit short-term movements to the foreign currency market. The Board places trading limits on the level of exposure that can be taken in relation to both overnight and intra-day market positions.

Risk in the Group is managed by a system of delegated limits. These limits set the maximum level of risks that can be assumed by each operational unit and the Group as a whole. The limits are delegated from the Board of Directors to executive management and then to the respective operational managers.

(a) Market risk

Market risk is the risk that movements in market factors, such as foreign exchange rates, interest rates, credit spreads and equity prices, will reduce the Group's income or the value of its portfolios.

The group is exposed to the following type of market risks:

(i) Foreign exchange risk;

(ii) Interest rate risk; and

(iii) Equity price risk.

(i) Foreign exchange risk

The Group undertakes transactions denominated in foreign currencies from time to time and resulting from these activities, exposures in foreign currencies arise. Though there are no specific hedging activities to mitigate any currency risk, this exposure is monitored by management on an ongoing basis.

4. Financial risk management (continued)
(a) Market risk (continued)

Exposure

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in PGK, was as follows:

K '000	USD	AUD	SGD	GBP	EUR	NZD	JPY	Others
31 December 2024								
Cash balance	670	400	3	16	133	557	160	789
Due from other banks	113,159	10,190	1,772	10,006	955	801	204	6,460
Due to other banks	(3)	-	-	-	-	-	-	(99)
	113,826	**10,590**	**1,775**	**10,022**	**1,088**	**1,358**	**364**	**7,150**
31 December 2023								
Cash balance	177	51	135	87	145	589	178	149
Due from other banks	27,584	5,496	83	8,498	1,715	160	239	932
Due to other banks	(6,667)	(4,399)	(2,022)	-	-	-	-	(651)
	21,094	**1,148**	**(1,804)**	**8,585**	**1,860**	**749**	**417**	**430**

Sensitivity

As shown in the table above, the Group is primarily exposed to changes in USD/PGK exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from US dollar denominated financial instruments.

	Impact on statement of comprehensive income in	
	K'000	K'000
	2024	2023
USD/PGK – exchange rate – increase 10% (2023:10%)	**(10,287)**	(1,902)
USD/PGK – exchange rate – decrease 10% (2023:10%)	**12,573**	2,324

(ii) Interest rate risk

Interest rate risk in the statements of financial position arises from the potential for a change in interest rate to have an adverse effect on the earnings in the current and future years. As interest rates and yield curves change over time the Group may be exposed to a loss in earnings due to the effects of interest rates on the components of the statements of financial position.

Sensitivity to interest rates arises from mismatches in re-pricing dates, cash flows and other characteristics of the assets and their corresponding liability funding.

These mismatches are actively managed by the Assets and Liabilities Committee (ALCO), which meets regularly to review the effects of fluctuations in the prevailing levels of market interest rates of the financial position and cash flows of the Group.

4. Financial risk management (continued)
(a) Market risk (continued)

The following table risks summarises the Group's exposure to interest rate risks:

	Year ended 31 December 2024	
	Carrying amount	**Average interest rate**
Assets	**K '000**	**(% p.a.)**
Cash and cash equivalents	529,810	0%
Central bank bills	762,088	3.84%
Loans and advances to customers	2,883,500	8.21%
Investments in Government Inscribed Stocks	93,331	9.74%
Liability		
Due to customers	4,351,990	1.15%

	Year ended 31 December 2023	
	Carrying amount	**Average interest rate**
Assets	**K '000**	**(% p.a.)**
Cash and cash equivalents	396,840	0.21%
Central bank bills	1,236,496	3.62%
Loans and advances to customers	2,562,078	8.22%
Investments in Government Inscribed Stocks	157,554	9.02%
Liability		
Due to customers	4,344,571	1.15%

Sensitivity

Given the profile of assets and liabilities at 31 December 2024 and prevailing interest rates, a 200 basis points increase/decrease in market rates in relation to interest bearing assets and liabilities will result in a maximum of K1,665,217 (2023: K167,967) decrease/increase in net interest income at a Group level.

(iii) Equity price risk

The Group is exposed to equity securities price risk due to the listed shares traded on stock exchange. To manage its price risks arising from financial assets at fair value through profit or loss, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group. The Group's financial assets at fair value through profit or loss are publicly traded on the Port Moresby Stock Exchange (PNGX).

Sensitivity

The sensitivity analysis below has been determined based on the exposure to equity price risks at the end of the reporting period. If equity prices had been 5% higher/lower, net profit for the year ended 31 December 2024 and net assets as of balance date would have been affected by K2,280,316 (2023: K899,745).

	Impact on statement of comprehensive income in K '000	
	2024	2023
Equity prices – increase 5% (2023:5%)	**2, 083**	900
Equity prices – decrease 5% (2023:5%)	**(2,083)**	(900)

(b) Credit risk

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's main income-generating activity is lending to customers and therefore credit risk is a principal risk. Credit risk mainly arises from loans and advances to customers and other banks (including related commitments to lend such as loan or credit card facilities) and investments in debt securities. The Group considers all elements of credit risk exposure such as counterparty default risk, geographical risk and sector risk for risk management purposes.

(i) Credit risk management

The Group's credit committee is responsible for managing the Group's credit risk by:

- Ensuring that the Group has appropriate credit risk practices, including an effective system of internal control, to consistently determine adequate allowances in accordance with the Group's stated policies and procedures, IFRS and relevant supervisory guidance.
- Identifying, assessing and measuring credit risk across the Group, from an individual instrument to a portfolio level.
- Creating credit policies to protect the Group against the identified risks including the requirements to obtain collateral from borrowers, to perform robust ongoing credit assessment of borrowers and to continually monitor exposures against internal risk limits.
- Limiting concentrations of exposure by type of asset, counterparties, industry, credit rating, geographic location etc.
- Establishing a robust control framework regarding the authorisation structure for the approval and renewal of credit facilities.
- Developing and maintaining the Group's risk grading to categorise exposures according to the degree of risk of default. Risk grades are subject to regular reviews.
- Developing and maintaining the Group's processes for measuring ECL including monitoring of credit risk, incorporation of forward looking information and the method used to measure ECL.
- Ensuring that the Group has policies and procedures in place to appropriately maintain and validate models used to assess and measure ECL.
- Establishing a sound credit risk accounting assessment and measurement process that provides it with a strong basis for common systems, tools and data to assess credit risk and to account for ECL. Providing advice, guidance and specialist skills to business units to promote best practice throughout the Group in the management of credit risk.

The internal audit function performs regular audits making sure that the established controls and procedures are adequately designed and implemented.

(ii) Significant increase in credit risk

As explained in note 1 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.

(iii) Incorporation of forward-looking information

The Group uses forward-looking information that is available without undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of ECL.

4. Financial risk management (continued)
(b) Credit risk (continued)

(iv) Measurement of ECL

The key inputs used for measuring ECL are (1) Probability of default (PD), (2) Loss given default (LGD) and (3) Exposure at default (EAD). These figures are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect probability-weighted forward-looking information.

PD is an estimate of the likelihood of default over a given time horizon. It is estimated as at a point in time. The calculation is based on rating models and assessed using rating tools tailored to the various categories of counterparties and exposures. These models are based on market data (where available), as well as internal data comprising both quantitative and qualitative factors.

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from any collateral.

EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities.

(v) Groupings based on shared risks characteristics

In determining the ECL, the financial instruments are grouped on the basis of shared risk characteristics, such as instrument type, credit risk grade, collateral type, the value of collateral relative to financial asset (loan-to-value (LTV) ratios) etc. The groupings are reviewed on a regular basis to ensure that each group is comprised of homogenous exposures.

(vi) Credit quality

The Group monitors credit risk per class of financial instrument. The table below outlines the classes identified, as well as the financial statement line item and the note that provides an analysis of the items included in the financial statement line for each class of financial instrument:

Class of financial instrument	Financial statement line	Note
Cash and cash equivalents at amortised cost	Cash and cash equivalents	Note 13
Treasury and central bank bills at amortised cost	Central bank bills	Note 14
Regulatory deposits at amortised cost	Regulatory deposits	Note 15
Loans and advances to customers at amortised cost	Loans and advances to customers	Note 17
Investments in Government Inscribed Stocks at amortised cost	Investments in Government Inscribed Stocks	Note 18
Bank guarantees	Contingent liabilities	Note 33
Other financial assets	Other assets	Note 22

An analysis of the Group's **credit risk concentrations** per class of financial asset is provided in the following tables. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For documentary letters of credit and bank guarantees, the amounts in the table represent the amounts committed or guaranteed, respectively.

4. Financial risk management (continued)
(b) Credit risk (continued)

	Consolidated	
	31 December 2024 K'000	31 December 2023 K'000
Cash and cash equivalents at amortised cost		
Concentration by sector		
Cash on hand	**177,076**	173,876
With central bank (exchange settlement account)	**199,839**	168,972
With other banks	**152,895**	53,992
Total	**529,810**	**396,840**
Concentration by region		
Papua New Guinea	**387,179**	365,871
Offshore*	**142,631**	30,969
Total	**529,810**	**396,840**

*Bank accounts maintained in Australia, New Zealand, Great Britain, Singapore, Malaysia, Philippines, Japan, India and Turkey

	Parent	
	31 December 2024 K'000	31 December 2023 K'000
Cash and cash equivalents at amortised cost		
Concentration by sector		
Cash on hand	**177,076**	173,876
With central bank (exchange settlement account)	**199,839**	168,972
With other banks	**149,798**	48,509
Total	**526,713**	**391,357**
Concentration by region		
Papua New Guinea	**387,179**	365,871
Offshore*	**139,534**	25,486
Total	**526,713**	**391,357**

*Bank accounts maintained in Australia, New Zealand, Great Britain, Singapore, Malaysia, Philippines, Japan, India and Turkey

4. Financial risk management (continued)

(b) Credit risk (continued)

	Consolidated	
	31 December 2024 K'000	31 December 2023 K'000
Treasury and central bank bills at amortised cost		
Concentration by sector		
With central banks	**762,088**	1,236,496
Total	**762,088**	1,236,496
Concentration by region		
Papua New Guinea	**762,088**	1,236,496
Total	**762,088**	1,236,496

	Parent	
	31 December 2024 K'000	31 December 2023 K'000
Treasury and central bank bills at amortised cost		
Concentration by sector		
With central banks	**762,088**	1,236,496
Total	**762,088**	1,236,496
Concentration by region		
Papua New Guinea	**762,088**	1,236,496
Total	**762,088**	1,236,496

	Consolidated	
	31 December 2024 K'000	31 December 2023 K'000
Regulatory deposits at amortised cost		
Concentration by sector		
With central banks	**522,784**	433,274
Total	**522,784**	433,274
Concentration by region		
Papua New Guinea	**522,784**	433,274
Total	**522,784**	433,274

	Parent	
	31 December 2024 K'000	31 December 2023 K'000
Regulatory deposits at amortised cost		
Concentration by sector		
With central banks	**522,784**	433,274
Total	**522,784**	433,274
Concentration by region		
Papua New Guinea	**522,784**	433,274
Total	**522,784**	433,274

4. Financial risk management (continued)
(b) Credit risk (continued)

	Consolidated	
	31 December 2024 K'000	31 December 2023 K'000
Loans and advances to customers at amortised cost		
Concentration by sector		
Individuals:		
Mortgages	**634,701**	601,556
Unsecured lending	**99,450**	88,812
Corporate entities:		
Agriculture, Forestry & Fishing	**10,968**	4,101
Mining	**11,860**	15,486
Manufacturing	**24,768**	21,079
Electrical, Gas & Water	**12,207**	869
Building and Construction	**251,961**	183,612
Wholesale & Retail	**846,860**	770,868
Hotel & Restaurants	**95,599**	75,058
Transport & Storage	**76,335**	67,775
Financial Intermediation	**575**	655
Real Estate/Renting/Business Services	**426,880**	360,122
Post & Telecommunication	**96,730**	96,731
Equipment Hire	**20,921**	34,037
Other Business	**338,021**	290,705
Personal Banking	**2,972**	3,078
Total	**2,950,808**	2,614,544
Concentration by region		
Papua New Guinea	**2,950,808**	2,614,544
Total	**2,950,808**	2,614,544

4. Financial risk management (continued)
(b) Credit risk (continued)

	Parent	
Loans and advances to customers at amortised cost	**31 December 2024 K'000**	31 December 2023 K'000
Concentration by sector		
Individuals:		
Mortgages	**634,701**	601,556
Unsecured lending	**99,450**	88,812
Corporate entities:		
Agriculture, Forestry & Fishing	**10,968**	4,101
Mining	**11,860**	15,486
Manufacturing	**24,768**	21,079
Electrical, Gas & Water	**12,207**	869
Building and Construction	**251,961**	183,612
Wholesale & Retail	**846,860**	770,868
Hotel & Restaurants	**95,599**	75,058
Transport & Storage	**76,335**	67,775
Financial Intermediation	**575**	655
Real Estate/Renting/Business Services	**426,880**	360,122
Post & Telecommunication	**96,730**	96,731
Equipment Hire	**20,921**	34,037
Other Business	**325,757**	286,709
Personal Banking	**2,972**	3,078
Total	**2,938,544**	2,610,548
Concentration by region		
Papua New Guinea	**2,938,544**	2,610,548
Total	**2,938,544**	2,610,548

	Consolidated	
Investments in Government Inscribed Stocks at amortised cost	**31 December 2024 K'000**	31 December 2023 K'000
Concentration by sector		
Sovereign	**94,620**	159,856
Total	**94,620**	159,856
Concentration by region		
Papua New Guinea	**94,620**	159,856
Total	**94,620**	159,856

	Parent	
Investments in Government Inscribed Stocks at amortised cost	**31 December 2024 K'000**	31 December 2023 K'000
Concentration by sector		
Sovereign	**94,620**	159,856
Total	**94,620**	159,856
Concentration by region		
Papua New Guinea	**94,620**	159,856
Total	**94,620**	159,856

4. Financial risk management (continued)

(b) Credit risk (continued)

	Consolidated	
Bank guarantees	**31 December 2024 K'000**	31 December 2023 K'000
Concentration by sector		
Corporate entities:		
Agriculture, Forestry & Fishing	-	1,121
Mining	**5,190**	10,439
Manufacturing	**2,150**	2,000
Wholesale & Retail	**320**	531
Building and Construction	**210**	9,213
Transport & Storage	**660**	1,064
Other Business	**3,833**	2,465
Total	**12,363**	26,833
Concentration by region		
Papua New Guinea	**12,363**	26,833
Total	**12,363**	26,833

	Parent	
Bank guarantees	**31 December 2024 K'000**	31 December 2023 K'000
Concentration by sector		
Corporate entities:		
Agriculture, Forestry & Fishing	-	1,121
Mining	**5,190**	10,439
Manufacturing	**2,150**	2,000
Wholesale & Retail	**320**	531
Building and Construction	**210**	9,213
Transport & Storage	**660**	1,064
Other Business	**3,833**	2,465
Total	**12,363**	26,833
Concentration by region		
Papua New Guinea	**12,363**	26,833
Total	**12,363**	26,833

The amount of bank guarantees disclosed above represent notional amount guaranteed being the maximum exposure to credit risk.

4. *Financial risk management (continued)*
(b) *Credit risk (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.

	Consolidated				
	31 December 2024				
	Stage 1 K'000	**Stage 2 K'000**	**Stage 3 K'000**	**POCI K'000**	**Total K'000**
Cash and cash equivalents	529,810	-	-	-	529,810
Treasury and central bank bills	762,088	-	-	-	762,088
Regulatory deposits	522,784	-	-	-	522,784
Loans and advances	2,577,492	45,747	318,746	8,823	2,950,808
Investments in Government Inscribed Stocks	94,620	-	-	-	94,620
Other financial assets	139,475	-	-	-	139,475
Total gross carrying amount	**4,626,269**	**45,747**	**318,746**	**8,823**	**4,999,585**
Loss allowance	(32,817)	(3,701)	(36,069)	-	(72,587)
Net carrying amount	**4,593,452**	**42,046**	**282,677**	**8,823**	**4,926,998**

	Consolidated				
	31 December 2023				
	Stage 1 K'000	**Stage 2 K'000**	**Stage 3 K'000**	**POCI K'000**	**Total K'000**
Cash and cash equivalents	396,840	-	-	-	396,840
Treasury and central bank bills	1,236,496	-	-	-	1,236,496
Regulatory deposits	433,274	-	-	-	433,274
Loans and advances	2,401,427	46,756	157,597	8,764	2,614,544
Investments in Government Inscribed Stocks	159,856	-	-	-	159,856
Other financial assets	123,984	-	-	-	123,984
Total gross carrying amount	**4,751,877**	**46,756**	**157,597**	**8,764**	**4,964,994**
Loss allowance	(25,174)	(5,480)	(28,104)	-	(58,758)
Net carrying amount	**4,726,703**	**41,276**	**129,493**	**8,764**	**4,906,236**

4. Financial risk management (continued)

(b) Credit risk (continued)

	Parent				
	31 December 2024				
	Stage 1 K'000	**Stage 2 K'000**	**Stage 3 K'000**	**POCI K'000**	**Total K'000**
Cash and cash equivalents	526,713	-	-	-	526,713
Treasury and central bank bills	762,088	-	-	-	762,088
Regulatory deposits	522,784	-	-	-	522,784
Loans and advances	2,568,494	45,363	315,864	8,823	2,938,544
Investments in Government Inscribed Stocks	94,620	-	-	-	94,620
Other financial assets	141,083	-	-	-	141,083
Total gross carrying amount	**4,615,782**	**45,363**	**315,864**	**8,823**	**4,985,832**
Loss allowance	(32,817)	(3,701)	(34,848)	-	(71,366)
Net carrying amount	**4,582,965**	**41,662**	**281,016**	**8,823**	**4,914,466**

	Parent				
	31 December 2023				
	Stage 1 K'000	**Stage 2 K'000**	**Stage 3 K'000**	**POCI K'000**	**Total K'000**
Cash and cash equivalents	391,357	-	-	-	391,357
Treasury and central bank bills	1,236,496	-	-	-	1,236,496
Regulatory deposits	433,274	-	-	-	433,274
Loans and advances	2,398,406	46,461	156,917	8,764	2,610,548
Investments in Government Inscribed Stocks	159,856	-	-	-	159,856
Other financial assets	119,832	-	-	-	119,832
Total gross carrying amount	**4,739,221**	**46,461**	**156,917**	**8,764**	**4,951,363**
Loss allowance	(25,176)	(5,478)	(27,439)	-	(58,093)
Net carrying amount	**4,714,045**	**40,983**	**129,478**	**8,764**	**4,893,270**

In addition to the above, the Group has issued financial guarantee contracts with a notional value of K12,362,807 (2023: K 26,833,000) which are secured against cash and term deposits for which loss allowance of NIL (2023: NIL) has been recognised.

4. Financial risk management (continued)
(b) Credit risk (continued)

This table summarises the **loss allowance** as of the year end by class of exposure/asset.

	Consolidated	
Loss allowance by classes	**31 December 2024 K'000**	31 December 2023 K'000
Loans and advances to customers at amortised cost	**67,308**	52,466
Investments in Government Inscribed Stocks at amortised cost	**1,289**	2,302
Other financial assets	**3,990**	3,990
Total	**72,587**	58,758

	Parent	
Loss allowance by classes	**31 December 2024 K'000**	31 December 2023 K'000
Loans and advances to customers at amortised cost	**66,087**	51,801
Investments in Government Inscribed Stocks at amortised cost	**1,289**	2,302
Other financial assets	**3,990**	3,990
Total	**71,366**	58,093

Other financial assets comprise of miscellaneous receivables from individuals on which lifetime ECL has been recognised. No ECL has been recognised on other classes of financial assets either due to negligible probability of default or the assets being fully collateralised by high quality liquid assets.

Table below summarises the movement in ECL during the year by class of financial assets:

			Consolidated		
Loss allowance by classes	**Balance at 01 January 2024 K'000**	**ECL recognised during the year K'000**	**Write-offs K'000**	**Bad debt Recoveries K'000**	**Balance at 31 December 2024 K'000**
Loans and advances to customers at amortised cost	52,466	19,164	(12,320)	7,998	67,308
Investments in Government Inscribed Stocks at amortised cost	2,302	(1,013)	-	-	1,289
Other financial assets	3,990	-	-	-	3,990
Total	**58,758**	**18,151**	**(12,320)**	**7,998**	**72,587**

4. Financial risk management (continued)
(b) Credit risk (continued)

	Consolidated				
Loss allowance by classes	**Balance at 01 January 2023 K'000**	**ECL recognised during the year K'000**	**Write-offs K'000**	**Bad debt Recoveries K'000**	**Balance at 31 December 2023 K'000**
Loans and advances to customers at amortised cost	42,497	9,758	(288)	499	52,466
Investments in Government Inscribed Stocks at amortised cost	2,231	71	-	-	2,302
Other financial assets	3,990	-	-	-	3,990
Total	**48,718**	**9,829**	**(288)**	**499**	**58,758**

	Parent				
Loss allowance by classes	**Balance at 01 January 2024 K'000**	**ECL recognised during the year K'000**	**Write-offs K'000**	**Bad debt Recoveries K'000**	**Balance at 31 December 2024 K'000**
Loans and advances to customers at amortised cost	51,801	18,606	(12,320)	7,999	66,087
Investments in Government Inscribed Stocks at amortised cost	2,302	(1,013)	-	-	1,289
Other financial assets	3,990	-	-	-	3,990
Total	**58,093**	**17,593**	**(12,320)**	**7,999**	**71,366**

	Parent				
Loss allowance by classes	**Balance at 01 January 2023 K'000**	**ECL recognised during the year K'000**	**Write-offs K'000**	**Bad debt Recoveries K'000**	**Balance at 31 December 2023 K'000**
Loans and advances to customers at amortised cost	41,479	10,111	(288)	499	51,801
Investments in Government Inscribed Stocks at amortised cost	2,231	71	-	-	2,302
Other financial assets	3,990	-	-	-	3,990
Total	**47,700**	**10,182**	**(288)**	**499**	**58,093**

4. *Financial risk management (continued)*

(b) *Credit risk (continued)*

	Consolidated				
	31 December 2024				
	Stage 1 **12-month ECL**	**Stage 2** **Lifetime ECL**	**Stage 3** **Lifetime ECL**	**POCI**	**Total**
Loss allowance – Loans and advances to customers at amortised cost	**K'000**	**K'000**	**K'000**	**K'000**	**K'000**
Loss allowance as at 01 January	**18,882**	**5,481**	**28,103**	**-**	**52,466**
Changes in the loss allowance					
- Transfer to stage 1	1,216	(1,216)	-	-	-
- Transfer to stage 2	(510)	510	-	-	-
- Transfer to stage 3	(837)	(3,466)	4,303	-	-
- Write-offs	-	-	(12,320)	-	(12,320)
New financial assets originated or purchased	18,224	3,235	26,529	-	47,988
Financial assets that have been derecognised	(9,437)	(843)	(10,546)	-	(20,826)
Loss allowance as at 31 December	**27,538**	**3,701**	**36,069**	**-**	**67,308**

	Consolidated				
	31 December 2023				
	Stage 1 **12-month ECL**	**Stage 2** **Lifetime ECL**	**Stage 3** **Lifetime ECL**	**POCI**	**Total**
Loss allowance – Loans and advances to customers at amortised cost	**K'000**	**K'000**	**K'000**	**K'000**	**K'000**
Loss allowance as at 01 January	**17,460**	**5,458**	**19,579**	**-**	**42,497**
Changes in the loss allowance					
- Transfer to stage 1	1,066	(543)	(523)	-	-
- Transfer to stage 2	(1,457)	2,766	(1,309)	-	-
- Transfer to stage 3	(4,552)	(1,266)	5,818	-	-
- Write-offs	-	-	(288)	-	(288)
New financial assets originated or purchased	13,810	4,363	10,883	-	29,056
Financial assets that have been derecognised	(7,445)	(5,297)	(6,057)	-	(18,799)
Loss allowance as at 31 December	**18,882**	**5,481**	**28,103**	**-**	**52,466**

4. Financial risk management (continued)
(b) Credit risk (continued)

	Parent				
	31 December 2024				
	Stage 1 12-month ECL	**Stage 2** Lifetime ECL	**Stage 3** Lifetime ECL	**POCI**	**Total**
Loss allowance – Loans and advances to customers at amortised cost	**K'000**	**K'000**	**K'000**	**K'000**	**K'000**
Loss allowance as at 01 January	**18,884**	**5,479**	**27,438**	**-**	**51,801**
Changes in the loss allowance					
- Transfer to stage 1	1,216	(1,216)	-	-	-
- Transfer to stage 2	(510)	510	-	-	-
- Transfer to stage 3	(837)	(3,466)	4,303	-	-
- Write-offs	-	-	(12,320)	-	(12,320)
New financial assets originated or purchased	18,224	3,235	25,951	-	47,410
Financial assets that have been derecognised	(9,439)	(841)	(10,524)	-	(20,804)
Loss allowance as at 31 December	**27,538**	**3,701**	**34,848**	**-**	**66,087**

	Parent				
	31 December 2023				
	Stage 1 12-month ECL	**Stage 2** Lifetime ECL	**Stage 3** Lifetime ECL	**POCI**	**Total**
Loss allowance – Loans and advances to customers at amortised cost	**K'000**	**K'000**	**K'000**	**K'000**	**K'000**
Loss allowance as at 01 January	**17,462**	**5,456**	**18,561**	**-**	**41,479**
Changes in the loss allowance					
- Transfer to stage 1	1,066	(543)	(523)	-	-
- Transfer to stage 2	(1,457)	2,766	(1,309)	-	-
- Transfer to stage 3	(4,552)	(1,266)	5,818	-	-
- Write-offs	-	-	(288)	-	(288)
New financial assets originated or purchased	13,810	4,363	10,847	-	29,020
Financial assets that have been derecognised	(7,445)	(5,297)	(5,668)	-	(18,410)
Loss allowance as at 31 December	**18,884**	**5,479**	**27,438**	**-**	**51,801**

4. Financial risk management (continued)

(b) Credit risk (continued)

	Consolidated				
	31 December 2024				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total
Loans and advances to customers at amortised cost	**K'000**	**K'000**	**K'000**	**K'000**	**K'000**
Gross carrying amount as at 01 January	**2,401,427**	**46,756**	**157,597**	**8,764**	**2,614,544**
Changes in the gross carrying amount					
- Transfer to stage 1	3,663	(3,663)	-	-	-
- Transfer to stage 2	(33,520)	33,520	-	-	-
- Transfer to stage 3	(144,777)	(26,045)	170,822	-	-
- Write-offs	-	-	(12,320)	-	(12,320)
New financial assets originated or purchased	900,283	12,804	47,088	59	960,234
Financial assets that have been derecognised	(549,584)	(17,625)	(44,441)	-	(611,650)
Gross carrying amount as at 31 December	**2,577,492**	**45,747**	**318,746**	**8,823**	**2,950,808**

	Consolidated				
	31 December 2023				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total
Loans and advances to customers at amortised cost	**K'000**	**K'000**	**K'000**	**K'000**	**K'000**
Gross carrying amount as at 01 January	**1,899,383**	**110,370**	**178,079**	**13,586**	**2,201,418**
Changes in the gross carrying amount					
- Transfer to stage 1	55,034	(38,942)	(16,092)	-	-
- Transfer to stage 2	(17,860)	20,186	(2,326)	-	-
- Transfer to stage 3	(21,478)	(14,970)	36,448	-	-
- Write-offs	-	-	(499)	-	(499)
New financial assets originated or purchased	869,174	13,201	22,471	-	904,846
Financial assets that have been derecognised	(382,826)	(43,089)	(60,484)	(4,822)	(491,221)
Gross carrying amount as at 31 December	**2,401,427**	**46,756**	**157,597**	**8,764**	**2,614,544**

4. Financial risk management (continued)

(b) Credit risk (continued)

	Parent				
	31 December 2024				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total
Loans and advances to customers at amortised cost	**K'000**	**K'000**	**K'000**	**K'000**	**K'000**
Gross carrying amount as at 01 January	**2,398,406**	**46,461**	**156,917**	**8,764**	**2,610,548**
Changes in the gross carrying amount					
- Transfer to stage 1	3,663	(3,663)	-	-	-
- Transfer to stage 2	(33,520)	33,520	-	-	-
- Transfer to stage 3	(144,777)	(26,045)	170,822	-	-
- Write-offs	-	-	(12,320)	-	(12,320)
New financial assets originated or purchased	891,285	12,419	44,856	59	948,619
Financial assets that have been derecognised	(546,563)	(17,329)	(44,411)	-	(608,303)
Gross carrying amount as at 31 December	**2,568,494**	**45,363**	**315,864**	**8,823**	**2,938,544**

	Parent				
	31 December 2023				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total
Loans and advances to customers at amortised cost	**K'000**	**K'000**	**K'000**	**K'000**	**K'000**
Gross carrying amount as at 01 January	**1,895,673**	**110,248**	**176,935**	**13,586**	**2,196,442**
Changes in the gross carrying amount					
- Transfer to stage 1	55,034	(38,942)	(16,092)	-	-
- Transfer to stage 2	(17,860)	20,186	(2,326)	-	-
- Transfer to stage 3	(21,478)	(14,964)	36,442	-	-
- Write-offs	-	-	(499)	-	(499)
New financial assets originated or purchased	866,159	12,899	22,443	-	901,501
Financial assets that have been derecognised	(379,122)	(42,966)	(59,986)	(4,822)	(486,896)
Gross carrying amount as at 31 December	**2,398,406**	**46,461**	**156,917**	**8,764**	**2,610,548**

4. Financial risk management (continued)

(b) Credit risk (continued)

The table below provides an analysis of the gross carrying amount of loans and advances to customers by **past due status**.

Consolidated				
	Year ended 2024		Year ended 2023	
Loans and advances to customers	**Gross carrying amount K'000**	**Loss allowance K'000**	Gross carrying amount K'000	Loss allowance K'000
0-29 days	**2,647,023**	**28,138**	2,401,297	25,190
30-59 days	**48,976**	**3,270**	33,137	2,835
60-89 days	**17,255**	**1,129**	15,539	1,108
90-180 days	**45,542**	**6,485**	22,348	3,526
More than 181 days	**192,012**	**28,286**	142,223	19,807
Total	**2,950,808**	**67,308**	2,614,544	52,466

Parent				
	Year ended 2024		Year ended 2023	
Loans and advances to customers	**Gross carrying amount K'000**	**Loss allowance K'000**	Gross carrying amount K'000	Loss allowance K'000
0-29 days	**2,638,026**	**28,138**	2,398,277	25,190
30-59 days	**48,743**	**3,270**	32,921	2,835
60-89 days	**17,102**	**1,129**	15,459	1,108
90-180 days	**43,385**	**5,950**	22,342	3,524
More than 181 days	**191,288**	**27,600**	141,549	19,144
Total	**2,938,544**	**66,087**	2,610,548	51,801

4. Financial risk management (continued)
(b) Credit risk (continued)

Collateral held as security and other credit enhancements

The Group holds collateral or other credit enhancements to mitigate credit risk associated with financial assets. The main types of collateral and the types of assets these are associated with are listed in the table below.

Exposure type	Type of collateral held
Mortgage lending	Mortgage over residential property
Personal lending	Mortgage over residential property / bill of sale
Corporate lending	Mortgage over commercial property
Investment securities	Sovereign guarantee
Lease receivables	Charge over property and equipment
Bank guarantee and documentary letters of credit	Charge over cash deposit

In addition to the collateral included in the table above, the Group holds other types of collateral and credit enhancements, such as second charges, floating charges and guarantees for which specific values are not generally available.

Mortgage lending

The Group holds mainly residential properties as collateral for the mortgage loans it grants to customers. In some cases it does hold cash as collateral. It monitors its exposure to retail mortgage lending using a Loan To Discounted Value (LTDV) ratio. At origination, the Group lends based on a discounted collateral value which is calculated at 80% of the market value at that time. This becomes the Value definition for the LTDV. The Group then lends up to 100% of this Value. The following table reflects the exposure by ranges based on this methodology. The Group believes that this methodology provides further risk reduction in case of changes in market value. For credit-impaired loans the value of collateral is based on the most recent valuations.

	Consolidated	
	Year ended 2024	Year ended 2023
Mortgage lending LTDV ratio	**Gross carrying amount K'000**	Gross carrying amount K'000
Less than 50%	**64,370**	68,556
51-75%	**86,721**	82,524
75-90%	**62,473**	55,401
90-100%	**177,877**	166,144
More than 100%	**243,260**	228,931
Total	**634,701**	601,556

	Parent	
	Year ended 2024	Year ended 2023
Mortgage lending LTDV ratio	**Gross carrying amount K'000**	Gross carrying amount K'000
Less than 50%	**64,370**	68,556
51-75%	**86,721**	82,524
75-90%	**62,473**	55,401
90-100%	**177,877**	166,144
More than 100%	**243,260**	228,931
Total	**634,701**	601,556

4. *Financial risk management (continued)*
(b) *Credit risk (continued)*

	Consolidated	
	Year ended 2024	Year ended 2023
Credit impaired – Mortgage lending LTDV ratio	**Gross carrying amount K'000**	Gross carrying amount K'000
Less than 50%	**10,442**	7,899
51-75%	**18,386**	12,278
75-90%	**9,939**	7,631
90-100%	**10,822**	4,927
More than 100%	**33,742**	23,846
Total	83,331	56,581

	Parent	
	Year ended 2024	Year ended 2023
Credit impaired – Mortgage lending LTDV ratio	**Gross carrying amount K'000**	Gross carrying amount K'000
Less than 50%	**10,442**	7,899
51-75%	**18,386**	12,278
75-90%	**9,939**	7,631
90-100%	**10,822**	4,927
More than 100%	**33,742**	23,846
Total	83,331	56,581

Personal lending

The Group's personal lending portfolio consists of secured and unsecured loans as follows:

	Consolidated and Parent	
	Year ended 2024 K'000	Year ended 2023 K'000
Secured	**634,701**	601,556
Unsecured	**99,450**	88,812
Total	**734,151**	690,368

For secured loans, the Group requires formal valuation of collateral to be performed prior to approval of the loan facility. The valuation is conducted by the external firm of valuers independent of the Group who are required to meet certain minimum standards as per the Group's policy. Collateral value determined by the valuer is further discounted by 20-30% before determining the facility limit. The discounted value of the collateral must exceed the facility limit by at least 12.5% to allow for sufficient buffer should there be any adverse movement in value due change in macroeconomic indicators.

The collateral value is updated when the facility is classified as stage 3 or at least every 2 years. The Group monitors the collateral value on an ongoing basis and in event of any indicator which may result in significant decline will require the fresh valuation to be performed. As at 31 December 2024, the portfolio of secured personal lending is entirely secured by eligible collateral.

For unsecured loans, the Group takes a higher level of return to reflect the credit risk. However, credit risk standards are maintained to ensure a reasonable standard of debt servicing is proven.

4. Financial risk management (continued)
(b) Credit risk (continued)

Corporate lending

The most relevant indicator of corporate customers' creditworthiness is an analysis of their financial performance and their liquidity, leverage, management effectiveness and growth ratios. In addition, the Group also requires collaterals and guarantees to secure the corporate loans. Similar to personal lending, collaterals are required to be valued by independent firm of valuers before the facility is approved. The approved facility limit is equal to or less than the assessed value of the collateral discounted by 10-50% to allow for sufficient buffer should there be any adverse movement in the value due to change in macroeconomic indicators. Collateral values are updated at least every 2 years if there are any changes to the loan facilities or if the facility is classified as stage 3 loan. The Group monitors the collateral value on an ongoing basis and in event of any indicator which may result in significant decline will require the fresh valuation to be performed. As at 31 December 2024, the portfolio of the corporate lending is fully collateralised by eligible collateral.

Investment securities

The Group holds Investments in Government Inscribed Stocks measured at amortised cost with a carrying amount of K93,331,180 (2023: K157,554,061) which are collateralised by sovereign guarantee.

Bank guarantee and documentary letters of credit

Bank guarantees and documentary letters of credit are fully collateralised by charge over the cash deposits.

(c) Liquidity risk

Liquidity risk is the risk of being unable to meet financial obligations as they fall due. The Group's liquidity and funding risks are governed by a policy framework which is approved by the Board of Directors. Liquidity and funding positions and associated risks are overseen by the ALCO. The following outlines the Group's approach to liquidity and funding risk management focusing on conditions brought on by the current global economic environment:

- ensuring the liquidity management framework is compatible with local regulatory requirements,
- daily liquidity reporting and scenario analysis to quantify the Group's positions,
- targeting commercial and corporate customers' liability compositions,
- intense monitoring of detail daily reports to alert management and directors of abnormalities, and
- arranging back up facilities to protect against adverse funding conditions and to support day-to-day operations.

The Group is monitoring its liquidity contingency plans, lending requirements and guidelines which include:

- the monitoring of issue severity/stress levels with high level diligence,
- early warning signals indicative of an approaching issue and a mechanism to monitor and report these against signals,
- action plans and courses of action to account for early warning signals as noted above,
- management reporting at a higher level,
- maintenance of contractual obligations in regards to deposits, and
- assigned responsibilities for internal and external written communications.

4. *Financial risk management (continued)*
(c) *Liquidity risk (continued)*

Maturities of financial assets and liabilities

The table below presents a maturity analysis of the Group's financial liabilities including issued financial guarantee contracts and corresponding analysis of financial assets held to manage the inherent liquidity risk using undiscounted contractual cash flows associated with those assets and liabilities.

	Consolidated						
	Up to 1 month	**1 to 3 months**	**4 to 12 months**	**1 to 5 years**	**Over 5 years**	**Total contract value**	**Total carrying value**
	K'000	**K'000**	**K'000**	**K'000**	**K'000**	**K'000**	**K'000**
31 December 2024							
Cash and cash equivalents	529,810	-	-	-	-	529,810	529,810
Central bank bills	45,000	405,000	325,000	-	-	775,000	762,088
Regulatory deposits	522,784	-	-	-	-	522,784	522,784
Total financial assets	**1,097,594**	**405,000**	**325,000**	**-**	**-**	**1,827,594**	**1,814,682**
Due to other banks	135	-	-	-	-	135	135
Due to customers	3,303,008	371,360	619,725	76,971	57	4,371,121	4,351,990
Other liabilities	142,224	-	-	-	-	142,224	142,224
Total financial liabilities	3,445,367	371,360	619,725	76,971	57	4,513,480	4,494,349
Issued financial guarantee contracts	169	651	11,523	20	-	12,363	12,363
Issued loan commitments	13,160	-	-	-	-	13,160	13,160
Total	**13,329**	**651**	**11,523**	**20**	**-**	**25,523**	**25,523**
31 December 2023							
Cash and cash equivalents	396,840	-	-	-	-	396,840	396,840
Central bank bills	28,000	391,200	838,380	-	-	1,257,580	1,236,496
Regulatory deposits	433,274	-	-	-	-	433,274	433,274
Total financial assets	**858,114**	**391,200**	**838,380**	**-**	**-**	**2,087,694**	**2,066,610**
Due to other banks	13,912	-	-	-	-	13,912	13,912
Due to customers	3,241,808	306,318	773,524	40,166	306	4,362,122	4,344,571
Other liabilities	118,831	-	-	-	-	118,831	118,831
Total financial liabilities	**3,374,551**	**306,318**	**773,524**	**40,166**	**306**	**4,494,865**	**4,477,314**
Issued financial guarantee contracts	9,650	951	16,232	-	-	26,833	26,833
Issued loan commitments	39,152	-	-	-	-	39,152	39,152
Total	**48,802**	**951**	**16,232**	**-**	**-**	**65,985**	**65,985**

4. Financial risk management (continued)
(c) Liquidity risk (continued)

	Parent						
	Up to 1 month	**1 to 3 months**	**4 to 12 months**	**1 to 5 years**	**Over 5 years**	**Total contract value**	**Total carrying value**
	K'000	**K'000**	**K'000**	**K'000**	**K'000**	**K'000**	**K'000**
31 December 2024							
Cash and cash equivalents	526,713	-	-	-	-	526,713	526,713
Central bank bills	45,000	405,000	325,000	-	-	775,000	762,088
Regulatory deposits	522,784	-	-	-	-	522,784	522,784
Due from subsidiaries	1,095	-	-	-	-	1,095	1,095
Total financial assets	**1,095,592**	**405,000**	**325,000**	**-**	**-**	**1,825,592**	**1,812,680**
Due to other banks	135	-	-	-	-	135	135
Due to customers	3,337,233	371,360	619,725	76,971	57	4,405,346	4,386,215
Other liabilities	140,094	-	-	-	-	140,094	140,094
Due to subsidiaries	50,856	-	-	-	-	50,856	50,856
Total financial liabilities	**3,528,318**	**371,360**	**619,725**	**76,971**	**57**	**4,596,431**	**4,577,300**
Issued financial guarantee contracts	169	651	11,523	20	-	12,363	12,363
Issued loan commitments	13,160	-	-	-	-	13,160	13,160
Total	**13,329**	**651**	**11,523**	**20**	**-**	**25,523**	**25,523**
31 December 2023							
Cash and cash equivalents	391,357	-	-	-	-	391,357	391,357
Central bank bills	28,000	391,200	838,380	-	-	1,257,580	1,236,496
Regulatory deposits	433,274	-	-	-	-	433,274	433,274
Due from subsidiaries	4,284	-	-	-	-	4,284	4,284
Total financial assets	**856,915**	**391,200**	**838,380**	**-**	**-**	**2,086,495**	**2,065,411**
Due to other banks	13,912	-	-	-	-	13,912	13,912
Due to customers	3,276,024	306,318	773,524	40,166	306	4,396,338	4,368,599
Other liabilities	114,149	-	-	-	-	114,149	114,149
Due to subsidiaries	43,899	-	-	-	-	43,899	43,899
Total financial liabilities	**3,447,984**	**306,318**	**773,524**	**40,166**	**306**	**4,568,298**	**4,540,559**
Issued financial guarantee contracts	9,650	951	16,232	-	-	26,833	26,833
Issued loan commitments	39,152	-	-	-	-	39,152	39,152
Total	**48,802**	**951**	**16,232**	**-**	**-**	**65,985**	**65,985**

The liquidity gap in 'up to 1 month' bucket is due to the assumption that current and saving deposits amounting to K2,573 million (31 December 2023: K2,411 million) included within 'due to customers' mature within one month since these are on demand and do not have any fixed or determinable maturity.

5. Capital adequacy

Kina Securities Limited ("KSL") as the consolidated Company is required to comply with prudential standard PS1/2003 `Capital Adequacy` issued by the Bank of Papua New Guinea ("BPNG"). BPNG is the Government authority responsible for the prudential supervision of Banks and financial institutions in Papua New Guinea. The prudential guidelines issued by BPNG follow the prudential guidelines set by the Bank of International Settlements under the terms of the Basel Accord (Basel 1).

KSL calculates and reports its capital adequacy in respect of the bank.

Prudential Standard PS1/2003 `Capital Adequacy' is intended to ensure KSL maintains a level of capital which:

1) Is adequate to protect the interest of depositors and creditors,
2) Is commensurate with risk profile and activities of KSL, and
3) Provide public confidence in KSL as a financial institution and the overall banking system

PS1/2003 `Capital Adequacy` prescribes ranges of capital ratios to measure whether KSL is under, adequately, or well capitalised and also prescribes a leverage ratio. The minimum capital adequacy ratios prescribed under PS1/2003 `Capital Adequacy` are:

1) Tier 1 risk based ratio of 8%,
2) Total risk-based capital of 12%,and
3) Leverage capital of 6%.

As at 31 December 2024, KSL's capital ratios were in compliance with the BPNG Minimum capital adequacy requirements as follows:

	2024 K'000	2023 K'000
Risk weighted assets	**2,854,943**	2,516,916
Capital : tier 1	**400,418**	379,868
Capital : tier 2	**135,982**	136,426
Capital : tier 1 and tier 2	**523,400**	502,516
Capital adequacy ratios		
Tier 1 capital	**14.0%**	15.1%
Total capital ratio	**18.3%**	20.0%
Leverage capital ratio	**7.9%**	7.6%

The measure of capital used for the purpose of prudential supervision is referred to as base capital. Total base capital varies from the capital shown in the statements of financial position and is made up of Tier 1 (core) and Tier 2 (supplementary) capital, after deducting the value of investments in other banks and financial institutions. Tier 1 capital is obtained by deducting intangible assets including deferred tax assets from equity capital and audited retained earnings (or accumulated losses). Tier 2 capital cannot exceed the amount of tier 1 capital, and can include subordinated loan capital, specified assets revaluation reserves, un-audited profits (or losses) and a small percentage of general loan provisions.

The Leverage Capital is calculated as Tier 1 Capital (less inter-group loans) divided by Total Assets. Risk-weighted assets are derived from on-statements of financial positions assets. On-statements of financial position assets are weighted for credit risk by applying weightings (0, 20, 50 and 100 percent) according to risk classification criteria set by the BPNG, for example cash and money market instruments have a zero-risk weighting which means that no capital is required to support the holding of these assets.

6. Net interest income

	Consolidated		Parent	
	2024	2023	**2024**	2023
	K'000	K'000	**K'000**	K'000
Interest income				
Cash and short-term funds	**38,659**	45,232	**38,515**	44,506
Investments in Government Inscribed Stocks	**12,224**	13,993	**12,224**	13,993
Loans and advances to customers	**223,586**	194,115	**223,586**	194,115
	274,469	253,340	**274,325**	252,614
Interest expense				
Banks and customers	**(52,246)**	(50,020)	**(53,018)**	(50,180)
	(52,246)	(50,020)	**(53,018)**	(50,180)
Net interest income	**222,223**	203,320	**221,307**	202,434

7. Net fee and commission income

	Consolidated		Parent	
	2024	2023	**2024**	2023
	K'000	K'000	**K'000**	K'000
Fees and commission income				
Investment and portfolio management	**11,325**	10,438	**-**	-
Fund administration	**27,392**	23,180	**-**	-
Shares brokerage	**2,413**	1,500	**1,202**	914
Loans fees and bank commissions	**29,864**	30,358	**29,864**	30,358
Digital banking fees	**80,930**	63,819	**80,930**	63,819
ATM and other transaction fees	**9,759**	7,684	**7,320**	7,402
	161,683	136,979	**119,316**	102,493
Fee and commission expenses	**(32)**	(16)	**(32)**	(16)
Net fee and commission income	**161,651**	136,963	**119,284**	102,477

8. Dividend income

	Consolidated		Parent	
	2024	2023	**2024**	2023
	K'000	K'000	**K'000**	K'000
Dividend income from investments				
Financial assets at fair value through profit or loss	**944**	660	**64**	40
	944	660	**64**	40

9. Other income

	Consolidated		Parent	
	2024	2023	**2024**	2023
	K'000	K'000	**K'000**	K'000
Profits from disposal of property and equipment	**154**	89	**154**	89
Unrealised foreign currency gains/losses	**1,323**	5,576	**1,020**	4,062
Support fees from subsidiaries	**-**	-	**1,842**	(88)
Management fees	**-**	-	**235**	(91)
Other	**4,721**	3,474	**4,894**	3,473
	6,198	9,139	**8,145**	7,445

10. Other operating expenses

	Consolidated		Parent	
	2024	2023	**2024**	2023
	K'000	K'000	**K'000**	K'000
Staff costs	**102,859**	86,059	**97,097**	81,497
Administrative expenses	**98,253**	71,865	**94,774**	68,917
Depreciation and amortisation	**31,317**	29,946	**31,317**	29,946
Operating lease	**6,358**	4,331	**6,297**	4,173
Software maintenance and support charges	**10,789**	8,365	**7,284**	7,483
Auditor's remuneration (note 36)	**2,210**	1,965	**1,946**	1,769
Other*	**34,852**	16,187	**34,625**	15,871
	286,638	218,718	**273,340**	209,656

* Other expenses include non-lending losses amounting to K13 million on account of a fraud incident involving a small number of customers. Through root cause analysis, the Group identified certain system vulnerabilities which were addressed upon identification of the incident. Based on detailed reconciliations, the Group recorded a provision of K12.6 million. The Group is currently evaluating all its options and prospects for recovery of these losses, however, no recoveries have been accounted for in these financial statements.

Staff costs are detailed as below:

	Consolidated		Parent	
	2024	2023	**2024**	2023
	K'000	K'000	**K'000**	K'000
Salaries, wages and other benefits	**95,870**	80,534	**90,320**	76,148
Superannuation costs	**4,315**	3,726	**4,103**	3,550
Cost of employee share based incentive plan	**2,674**	1,799	**2,674**	1,799
Total staff costs	**102,859**	86,059	**97,097**	81,497

As at 31 December 2024, the Group had 736 employees (2023: 718) and 6 consultants (2023: 8). The Parent had 679 (2023: 699) employees and 5 (2023: 3) consultants.

11. Income taxes

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

	Consolidated		Parent	
	2024	2023	**2024**	2023
	K'000	K'000	**K'000**	K'000
Profit before tax	**184,059**	175,539	**152,072**	146,664
Prima facie tax* (2023: 30%)	**78,029**	74,662	**68,432**	65,999
Tax effect of:				
Permanent differences	**(4,290)**	(3,069)	**(3,088)**	(2,900)
Prior year adjustment	**(3,090)**	(1,017)	**(2,540)**	(1,018)
Impact of phased decrease in tax rate on deferred taxes	**9,165**	-	**9,165**	-
Income tax expense	**79,814**	70,576	**71,969**	62,081

Represented by:

Current tax	**81,901**	75,853	**73,031**	67,725
Deferred taxes	**(2,087)**	(5,277)	**(1,062)**	(5,644)
Income tax expense	**79,814**	70,576	**71,969**	62,081

* 2024 Income tax rate applied on Parent: 45% and 30% for subsidiaries.

The Group applied corporate tax rate of 45% on the taxable income of the parent entity whereas the corporate tax rate for subsidiary entities to remain at 30%.

In December 2024, during the PNG Government's roll out of the 2025 national budget, a decrease in the corporate income tax rate from 45% to 40% on smaller commercial banks (defined as those with annual earning up to K300 million) was announced effective 1 January 2025. Kina's Deferred taxes were therefore remeasured as at 31 December 2024 to the new rate in line with IFRS to reflect the change. This has resulted in a decrease in deferred tax asset of K9.2 million and a corresponding exceptional tax expense of K9.2 million included in the statutory net profit after tax for 31 December 2024. The tax rate for smaller banks is scheduled to decline again in 2026 to 35%.

12. Deferred taxes

(a) Net deferred tax assets where there is a right to offset:

	Consolidated		Parent	
	2024	2023	**2024**	2023
	K'000	K'000	**K'000**	K'000
Allowance for losses	**32,592**	29,423	**32,225**	29,224
Employee benefit provision	**5,275**	7,143	**4,802**	6,614
Lease liability	**11,527**	15,199	**11,527**	15,199
	49,394	51,765	**48,554**	51,037
Depreciation and amortisation	**(10,304)**	(15,590)	**(10,304)**	(15,590)
Others	**(2,287)**	(1,076)	**(2,404)**	(829)
	(12,591)	(16,666)	**(12,708)**	(16,419)
Net deferred tax asset	**36,803**	35,099	**35,846**	34,618

12. Deferred taxes (continued)

(b) The movement on deferred tax account is as follows:

	Consolidated		Parent	
	2024	2023	**2024**	2023
	K'000	K'000	**K'000**	K'000
Balance at beginning of year	**35,099**	30,067	**34,618**	29,220
Statement of comprehensive income credit/(charge)	**1,704**	5,032	**1,228**	5,398
Balance at end of year	**36,803**	35,099	**35,846**	34,618
Represented by:				
Deferred tax assets (note 12(a))	**49,394**	51,765	**48,554**	51,037
Deferred tax liabilities (note 12(a))	**(12,591)**	(16,666)	**(12,708)**	(16,419)
	36,803	35,099	**35,846**	34,618

13. Cash and cash equivalents

	Consolidated		Parent	
	2024	2023	**2024**	2023
	K'000	K'000	**K'000**	K'000
Cash on hand	**177,076**	173,876	**177,076**	173,876
Exchange settlement accounts	**199,839**	168,972	**199,839**	168,972
Due from other banks	**152,895**	53,992	**149,798**	48,509
	529,810	396,840	**526,713**	391,357

14. Central bank bills

	Consolidated		Parent	
	2024	2023	**2024**	2023
	K'000	K'000	**K'000**	K'000
Central bank and treasury bills				
Less than 90 days	**450,000**	419,200	**450,000**	419,200
Over 90 days	**325,000**	838,380	**325,000**	838,380
Unearned discount	**(12,912)**	(21,084)	**(12,912)**	(21,084)
	762,088	1,236,496	**762,088**	1,236,496

Central bank bills are debt securities issued by the Bank of Papua New Guinea (BPNG) and are measured at amortised cost.

15. Regulatory deposits

Regulatory deposit of the Group as at 31 December 2024 amounted to K522,783,600 (2023: K433,273,700). This represents the mandatory balance required to be maintained in a non-interest-bearing account with the Central Bank - Bank of Papua New Guinea. Regulatory deposits are measured at amortised cost. Regulatory deposit of the parent as at 31 December 2024 amounted to K522,783,600 (2023: K433,273,700).

16. Financial assets at fair value through profit or loss

	Consolidated		Parent	
	2024	2023	**2024**	2023
	K'000	K'000	**K'000**	K'000
Securities				
- Listed	**5,846**	4,878	**95**	196
- Unlisted	**35,810**	30,938	**35,781**	30,909
	41,656	35,816	**35,876**	31,105

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

	Consolidated		Parent	
	2024	2023	**2024**	2023
	K'000	K'000	**K'000**	K'000
Balance at beginning of year	**35,816**	15,262	**31,105**	10,508
Gains from changes in fair value	**7,418**	2,733	**4,902**	2,776
Realised gain from disposal of fair value of securities	**495**	-	**41**	-
Financial assets acquired/(disposed) during the year	**(2,073)**	17,821	**(172)**	17,821
Balance at end of year	**41,656**	35,816	**35,876**	31,105

The fair value of the listed equities is based on quoted market prices at the end of the reporting period. The quoted market price used is the current market prices. These financial instruments are categorised as level 1 within the fair value hierarchy. Unlisted equities are categorised within level 3 of the fair value hierarchy.

17. Loans and advances to customers

	Consolidated		Parent	
	2024	2023	**2024**	2023
	K'000	K'000	**K'000**	K'000
Loans to individuals	**679,498**	693,446	**679,498**	693,446
Loans to corporate entities	**2,271,310**	1,921,098	**2,259,046**	1,917,102
Gross loans and advances to customers	**2,950,808**	2,614,544	**2,938,544**	2,610,548
Expected credit losses (note 4b)	**(67,308)**	(52,466)	**(66,087)**	(51,801)
	2,883,500	2,562,078	**2,872,457**	2,558,747

17. Loans and advances to customers (continued)

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

	Consolidated		Parent	
	2024	2023	**2024**	2023
	K'000	K'000	**K'000**	K'000
Overdrafts	**98,942**	97,628	**98,942**	97,628
Property mortgage	**720,031**	685,343	**720,031**	685,343
Asset financing	**97,916**	92,584	**97,916**	92,585
Business and other loans	**2,033,919**	1,738,989	**2,021,655**	1,734,992
	2,950,808	2,614,544	**2,938,544**	2,610,548

Movements in expected credit losses are as follows:

	Consolidated		Parent	
	2024	2023	**2024**	2023
	K'000	K'000	**K'000**	K'000
Balance at beginning of year	**52,466**	42,497	**51,801**	41,479
Impairment losses during the year	**18,151**	9,758	**17,593**	10,111
Loans written off	**(3,881)**	(288)	**(3,879)**	(288)
Bad debt recoveries	**572**	499	**572**	499
Balance at end of year	**67,308**	52,466	**66,087**	51,801

18. Investments in Government Inscribed Stocks

	Consolidated		Parent	
	2024	2023	**2024**	2023
	K'000	K'000	**K'000**	K'000
Government Inscribed Stocks principal balance	**95,000**	160,000	**95,000**	160,000
Unamortised premium	**79**	258	**79**	258
Unamortised discount	**(2,534)**	(3,140)	**(2,534)**	(3,140)
Accrued interest	**2,075**	2,738	**2,075**	2,738
Gross Investments in Government Inscribed Stocks	**94,620**	159,856	**94,620**	159,856
Expected credit losses (note 4b)	**(1,289)**	(2,302)	**(1,289)**	(2,302)
	93,331	157,554	**93,331**	157,554

18. Investments in Government Inscribed Stocks (continued)

The movement in Investments in Government Inscribed Stocks is as follows:

	Consolidated		**Parent**	
	2024	2023	**2024**	2023
	K'000	K'000	**K'000**	K'000
Balance at beginning of year	**157,554**	152,650	**157,554**	152,650
Additions / (maturities)	**(65,000)**	5,000	**(65,000)**	5,000
Amortised discount/(premium)	**427**	103	**427**	103
Accrued interest	**(663)**	(128)	**(663)**	(128)
Write back / (addition) of expected credit losses	**1,013**	(71)	**1,013**	(71)
	93,331	157,554	**93,331**	157,554

Investments in Government Inscribed Stocks are measured at amortised cost. Included within the balance is an amount of K nil (31 December 2023:K nil) which has been pledged with a third party against repurchase agreement transaction.

19. Investments in subsidiaries

	Shareholdings*			
	2024	2023	**2024**	2023
	%	%	**Amount (PGK)**	Amount (PGK)
Kina Funds Management Limited (KFM)	**100**	100	**2**	2
Kina Investment and Superannuation Services Limited (KISS)	**100**	100	**2**	2
Kina Wealth Management Limited (KWML)	**100**	100	**2**	2
Kina Nominees Limited (KNL)	**100**	100	**500,002**	500,002
Kina Securities (Fiji) PTE Limited	**100**	100	**197**	197
Total Investment at cost			**500,205**	500,205
Provision for impairment			**(251,677)**	(251,677)
Balance as at 31 December			**248,528**	248,528

* All the subsidiaries are incorporated in Papua New Guinea and in Fiji. The results of the operations of the above subsidiaries have been consolidated in the Group's financial statements.

20. Property, plant and equipment

Consolidated	Furniture & Fittings	Building improvements	Motor Vehicles	Office Equipment	Land & Building	Work in Progress	Right-of-use assets	Total
Cost	**K'000**	**K'000**	**K'000**	**K'000**	**K'000**	**K'000**	**K'000**	**K'000**
Balance 31 December 2022	**4,814**	**25,968**	**4,246**	**58,894**	**2,129**	**1,435**	**64,173**	**161,659**
Additions	23	1,300	3,447	2,893	-	73	952	8,688
Transfer in (out)	-	441	-	-	-	(441)	-	-
Disposals	-	-	(453)	-	-	-	(4,180)	(4,633)
Balance 31 December 2023	**4,837**	**27,709**	**7,240**	**61,787**	**2,129**	**1,067**	**60,945**	**165,714**
Additions	41	205	1,960	5,833	-	981	16,272	25,292
Transfer in (out)	-	-	-	-	-	-	-	-
Disposals	-	-	(963)	(176)	-	-	(19,866)	(21,005)
Balance 31 December 2024	**4,878**	**27,914**	**8,237**	**67,444**	**2,129**	**2,048**	**57,351**	**170,001**
Accumulated depreciation								
Balance 31 December 2022	**(3,750)**	**(10,665)**	**(3,379)**	**(31,877)**	**-**	**-**	**(29,149)**	**(78,820)**
Charge during the year	(546)	(2,414)	(1,063)	(6,609)	-	-	(9,348)	(19,980)
Disposals	-	-	453	-	-	-	4,587	5,040
Balance 31 December 2023	**(4,296)**	**(13,079)**	**(3,989)**	**(38,486)**	**-**	**-**	**(33,910)**	**(93,760)**
Charge during the year	(432)	(2,324)	(1,697)	(6,880)	-	-	(9,956)	(21,289)
Disposals	-	-	963	156	-	-	13,232	14,351
Balance 31 December 2024	**(4,728)**	**(15,403)**	**(4,723)**	**(45,210)**	**-**	**-**	**(30,634)**	**(100,698)**
Book value								
Balance 31 December 2024	**150**	**12,511**	**3,514**	**22,234**	**2,129**	**2,048**	**26,717**	**69,303**
Balance 31 December 2023	541	14,630	3,251	23,301	2,129	1,067	27,035	71,954

Parent	Furniture & Fittings	Building improvements	Motor Vehicles	Office Equipment	Land & Building	Work in Progress	Right-of-use assets	Total
Cost	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000
Balance 31 December 2022	**4,814**	**25,968**	**4,246**	**58,894**	**2,129**	**1,435**	**64,173**	**161,659**
Additions	23	1,300	3,447	2,893	-	73	952	8,688
Transfer in (out)	-	441	-	-	-	(441)	-	-
Disposals	-	-	(453)	-	-	-	(4,180)	(4,633)
Balance 31 December 2023	**4,837**	**27,709**	**7,240**	**61,787**	**2,129**	**1,067**	**60,945**	**165,714**
Additions	41	205	1,960	5,833	-	981	16,272	25,292
Transfer in (out)	-	-	-	-	-	-	-	-
Disposals	-	-	(963)	(176)	-	-	(19,866)	(21,005)
Balance 31 December 2024	**4,878**	**27,914**	**8,237**	**67,444**	**2,129**	**2,048**	**57,351**	**170,001**
Accumulated depreciation								
Balance 31 December 2022	**(3,750)**	**(10,665)**	**(3,379)**	**(31,877)**	**-**	**-**	**(29,149)**	**(78,820)**
Charge during the year	(546)	(2,414)	(1,063)	(6,609)	-	-	(9,348)	(19,980)
Disposals	-	-	453	-	-	-	4,587	5,040
Balance 31 December 2023	**(4,296)**	**(13,079)**	**(3,989)**	**(38,486)**	**-**	**-**	**(33,910)**	**(93,760)**
Charge during the year	(432)	(2,324)	(1,697)	(6,880)	-	-	(9,956)	(21,289)
Disposals	-	-	963	156	-	-	13,232	14,351
Balance 31 December 2024	**(4,728)**	**(15,403)**	**(4,723)**	**(45,210)**	**-**	**-**	**(30,634)**	**(100,698)**
Book value								
Balance 31 December 2024	**150**	**12,511**	**3,514**	**22,234**	**2,129**	**2,048**	**26,717**	**69,303**
Balance 31 December 2023	541	14,630	3,251	23,301	2,129	1,067	27,035	71,954

21. Intangible assets

Consolidated	Software	Customer deposit relationship / intangible	Work in Progress	Total
Cost	**K'000**	**K'000**	**K'000**	**K'000**
Balance 31 December 2022	**62,927**	**22,468**	**5,474**	**90,869**
Additions	1,013	-	4,069	5,082
Transfer in (out)	506	-	(506)	-
Balance 31 December 2023	**64,446**	**22,468**	**9,037**	**95,951**
Additions	697	-	17,616	18,313
Transfer in (out)	119	-	(119)	-
Balance 31 December 2024	**65,262**	**22,468**	**26,534**	**114,264**
Accumulated amortisation				
Balance 31 December 2022	**(35,908)**	**(22,468)**	**-**	**(58,376)**
Charge during the year	(9,967)	-	-	(9,967)
Balance 31 December 2023	**(45,875)**	**(22,468)**	**-**	**(68,343)**
Charge during the year	(10,028)	-	-	(10,028)
Balance 31 December 2024	**(55,903)**	**(22,468)**	**-**	**(78,371)**
Book value				
Balance 31 December 2024	**9,359**	**-**	**26,534**	**35,893**
Balance 31 December 2023	18,571	-	9,037	27,608

21. Intangible assets (continued)

Parent	Software	Customer deposit relationship / intangible	Work in Progress	Total
Cost	**K'000**	**K'000**	**K'000**	**K'000**
Balance 31 December 2022	**62,927**	**22,468**	**5,474**	**90,869**
Additions	1,013	-	4,069	5,082
Transfer in (out)	506	-	(506)	-
Balance 31 December 2023	**64,446**	**22,468**	**9,037**	**95,951**
Additions	697	-	17,616	18,313
Transfer in (out)	119	-	(119)	-
Balance 31 December 2024	**65,262**	**22,468**	**26,534**	**114,264**
Accumulated amortisation				
Balance 31 December 2022	**(35,908)**	**(22,468)**	**-**	**(58,376)**
Charge during the year	(9,967)	-	-	(9,967)
Balance 31 December 2023	**(45,875)**	**(22,468)**	**-**	**(68,343)**
Charge during the year	(10,028)	-	-	(10,028)
Balance 31 December 2024	**(55,903)**	**(22,468)**	**-**	**(78,371)**
Book value				
Balance 31 December 2024	**9,359**	**-**	**26,534**	**35,893**
Balance 31 December 2023	18,571	-	9,037	27,608

The acquisition of Australian and New Zealand (ANZ) Bank's retail, commercial and SME banking businesses in PNG on 23 September 2019 gave rise to the recognition of core customer deposit intangible.

The intangible assets were estimated to have a useful life of five years and three years respectively based on the license term of software and expected length of customer deposit relationship and core deposit intangible. Customer deposit relationship and core deposit intangible was fully amortised in 2022.

22. Other assets

	Consolidated		Parent	
	2024	2023	**2024**	2023
	K'000	K'000	**K'000**	K'000
Prepayments	**13,389**	9,895	**13,338**	9,845
Security deposits and bonds	**35,412**	31,303	**35,353**	31,255
Other debtors	**30,819**	42,125	**32,485**	38,081
	152,864	133,819	**154,420**	129,677
Less: Expected credit losses	**(3,990)**	(3,990)	**(3,990)**	(3,990)
	148,874	129,829	**150,430**	125,687

Movement of expected credit loss on other assets is as follows:

Balances at beginning of year	**(3,990)**	(3,990)	**(3,990)**	(3,990)
Write-off	**-**	-	**-**	-
Balance at end of year	**(3,990)**	(3,990)	**(3,990)**	(3,990)

23. Due to customers

	Consolidated		Parent	
	2024	2023	**2024**	2023
	K'000	K'000	**K'000**	K'000
Corporate customers	**3,296,393**	3,335,288	**3,330,618**	3,359,317
Retail customers	**1,055,597**	1,009,283	**1,055,597**	1,009,282
	4,351,990	4,344,571	**4,386,215**	4,368,599

24. Current income tax (assets) liabilities

	Consolidated		Parent	
	2024	2023	**2024**	2023
	K'000	K'000	**K'000**	K'000
Balance at beginning of year	**11,461**	4,196	**10,332**	5,130
Paid during the year	**(82,438)**	(68,506)	**(74,241)**	(62,516)
Current provision	**81,306**	76,788	**73,001**	68,736
Prior year under provision	**-**	(1,017)	**-**	(1,018)
Balance at end of year	**10,329**	11,461	**9,091**	10,332

Net current income tax (assets) liabilities are represented by:

Current income tax assets	**(6)**	(13)	**-**	-
Current income tax liabilities	**10,335**	11,598	**9,091**	10,332
	10,329	11,461	**9,091**	10,332

25. Employee provisions

Consolidated	2024			
	Opening balance	Additions	Payments	Closing balance
	K'000	K'000	K'000	K'000
Provision for Annual Leave	5,029	3,170	(3,560)	4,639
Provision for Long Service Leave	5,847	919	(64)	6,702
Provision for Salaries	(47)	66,121	(67,384)	(1,310)
Provision for Bonus	5,632	7,346	(8,537)	4,441
Total	**16,461**	**77,556**	**(79,545)**	**14,472**

Parent	2024			
	Opening balance	Additions	Payments	Closing balance
	K'000	K'000	K'000	K'000
Provision for Annual Leave	4,490	3,429	(3,580)	4,339
Provision for Long Service Leave	5,309	871	(66)	6,114
Provision for Salaries	(50)	61,649	(62,855)	(1,256)
Provision for Bonus	4,949	6,946	(8,199)	3,697
Total	**14,698**	**72,895**	**(74,700)**	**12,893**

2024	Consolidated	Parent
Represented by:		
Short term provisions	7,770	6,779
Long term provisions	6,702	6,114
Total employee provision	**14,472**	**12,893**

25. Employee provisions (continued)

Consolidated	2023			
	Opening balance	Additions	Payments	Closing balance
	K'000	K'000	K'000	K'000
Provision for Annual Leave	4,663	3,842	(3,476)	5,029
Provision for Long Service Leave	4,745	1,099	3	5,847
Provision for Salaries	1	57,257	(57,305)	(47)
Provision for Bonus	4,702	7,898	(6,968)	5,632
Total	**14,111**	**70,096**	**(67,746)**	**16,461**

Parent	2023			
	Opening balance	Additions	Payments	Closing balance
	K'000	K'000	K'000	K'000
Provision for Annual Leave	4,342	3,550	(3,402)	4,490
Provision for Long Service Leave	4,197	1,114	(2)	5,309
Provision for Salaries	1	54,026	(54,077)	(50)
Provision for Bonus	4,177	7,434	(6,662)	4,949
Total	**12,717**	**66,124**	**(64,143)**	**14,698**

2023	Consolidated	Parent
Represented by:		
Short term provisions	10,614	9,389
Long term provisions	5,847	5,309
Total employee provision	**16,461**	**14,698**

26. Lease Liabilities

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

Consolidated	31 December 2024	31 December 2023
Maturity analysis – contractual undiscounted cash flows	**K'000**	**K'000**
Less than one year	**12,095**	10,829
One to five years	**23,086**	26,871
More than five years	-	1,066
Total undiscounted lease liabilities	**35,181**	38,766
Lease liabilities included in statement of financial position		
Current	**12,211**	10,992
Non-current	**19,273**	22,783
	31,484	33,775
Amounts recognised in statement of comprehensive income		
Interest on lease liabilities	**2,477**	2,805
Expense relating to short-term leases	**11,516**	8,474
	13,993	11,279
Amounts recognised in statement of cash flows		
Total cash outflow for short-term lease	**11,366**	8,381
Total cash outflow for leases	**12,449**	11,838

Parent	31 December 2024	31 December 2023
Maturity analysis – contractual undiscounted cash flows	**K'000**	**K'000**
Less than one year	**12,095**	10,829
One to five years	**23,086**	26,871
More than five years	-	1,066
Total undiscounted lease liabilities	**35,181**	38,766
Lease liabilities included in statement of financial position		
Current	**12,211**	10,992
Non-current	**19,273**	22,783
	31,484	33,775
Amounts recognised in statement of comprehensive income		
Interest on lease liabilities	**2,477**	2,805
Expense relating to short-term leases	**11,196**	8,148
	13,673	10,953
Amounts recognised in statement of cash flows		
Total cash outflow for short-term lease	**11,053**	8,058
Total cash outflow for leases	**12,449**	11,838

27. Other liabilities

	Consolidated		Parent	
	2024	2023	**2024**	2023
	K'000	K'000	**K'000**	K'000
Accruals	**27,192**	26,295	**26,656**	25,389
Unclaimed money and stale cheques	**20,217**	17,322	**20,217**	17,322
Bank cheques	**1,924**	10,473	**1,924**	10,473
Accounts payable	**4,041**	4,736	**4,015**	4,681
Unearned commission income	**175**	310	**175**	310
Advance payments	**49,821**	35,305	**49,821**	35,305
Other liabilities	**38,854**	24,390	**37,286**	20,669
Balance at end of year	**142,224**	118,831	**140,094**	114,149

28. Issued and paid ordinary shares

(a) Movement

The Company does not have authorised capital and ordinary shares have no par value. The table below provides the annual balances in share capital.

	Number of shares	Share capital
	Shares	**K'000**
Balance as at 31 December 2022	**286,936**	**394,693**
Share issued during the year	-	-
Balance as at 31 December 2023	**286,936**	**394,693**
Share issued during the year	1,013	2,561
Balance as at 31 December 2024	**287,949**	**397,254**

(b) Earnings per share

Basic earnings per ordinary share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares on issue during the year. The group has no significant dilutive potential ordinary shares. Consequently, basic earnings per ordinary share equals diluted earnings per share.

	Consolidated	
	2024	2023
Net profit attributable to shareholders – K'000	**100,296**	104,963
Weighted average number of ordinary shares basic earnings	**287,414**	286,936
Weighted average number of ordinary shares diluted earnings	**289,120**	289,093
Basic earnings per share (in toea)	**34.90**	36.67
Diluted earnings per share (in toea)	**34.69**	36.39

(c) Share-based payment reserve

Kina operates both a Short Term Incentive (STI) and Long Term Incentive (LTI) plan. The purpose of these Plans is to assist in the reward, retention and motivation of key management personnel and align the interests of management and shareholders. The plans are commensurate with those adopted by major banks in Australia and the Pacific and is managed by an independent Plan manager. The operation of both the STI and LTI plans are explained below:

The STI plan provides participants with an opportunity to earn an incentive calculated as a percentage of their salary each year, conditional upon them achieving specified performance targets. Under the plan 100% of any award granted is paid in cash except for the CEO&MD where 65% of any award granted is paid as a cash bonus, with the remaining 35% awarded as a grant of performance rights to shares. The granted performance rights are restricted from exercise and subject to the Company's clawback policy and subject to the rules of the Plan.

Short term incentive plan (STI Plan)

The following STI plan arrangements were in place during the year ended 31 December 2024:

Date of grant	1 April 2024	1 April 2023
Number of share rights granted	335,163	338,448
Market value at grant date	AUD 368,847	AUD 265,072
Vesting date	1 April 2026	1 April 2025
Vesting conditions	Continued service	Continued service

Long term incentive plan (LTI plan)

The LTI plan provides participants with an opportunity to receive an equity interest in Kina through the granting of performance rights. LTI plan participants may be offered performance rights that may be subject to vesting conditions as set out by the Board. The selection of participants is at the discretion of the Board.

A performance right is a contractual right to receive one ordinary share in Kina, subject to performance and vesting conditions being met. Each vested performance right represents a right to one ordinary share. If the participant leaves Kina any unvested Performance Rights will be forfeited (unless the Board determines otherwise).

The following LTI plan arrangements were in place during the year ended 31 December 2024.

Date of grant	1 April 2024	1 April 2023	1 April 2022
Number of share rights granted	2,058,859	1,345,023	1,297,727
Market value at grant date	AUD 2,265,775	AUD 1,053,424	AUD 1,006,516
Fair value at grant date	AUD 1,060,312	AUD 571,635	AUD 629,398
Vesting date	1 April 2027	1 April 2026	1 April 2025
Vesting conditions	Continued service	Continued service	Continued service
	50% target TSR	50% target TSR	50% target TSR
	50% target EPS growth	50% target EPS growth	50% target EPS growth

The estimated fair value of share rights issued on 1 April 2024 under the LTI plan was AUD 0.52, compared to the grant date market value per share of AUD 1.101. Fair value is generally estimated using a Monte Carlo simulation model taking into account the share price at grant date, the vesting period, share price volatility, risk-free interest rate and market performance conditions.

Retention incentive

Retention awards are no longer applicable or awarded in the ordinary course of business.

28. Issued and paid ordinary shares (continued)
(c) Share-based payment reserve (continued)

Movement in outstanding share rights

	Consolidated	
	2024	2023
	Number	Number
Outstanding rights at beginning of year	**5,229,763**	5,035,388
New rights granted	**2,394,022**	1,683,471
Rights vested and shares issued/purchased	**(2,248,565)**	(1,489,096)
Outstanding rights at end of year	**5,375,220**	5,229,763

The fair value at grant date of share rights awarded under the incentive schemes is recognised as an expense over the expected vesting period with a corresponding increase in the share based payments reserve in equity. The movement in the Share Based Premium Reserve is as below:

	Consolidated	
	2024	2023
	K'000	K'000
Brought forward from previous year	**2,776**	2,477
Expense arising from share incentive plans	**3,945**	2,073
Rights vested	**(3,738)**	(1,529)
Rights forfeited or lapsed	**-**	-
Deferred tax asset on share based payment	**(1,105)**	(245)
Total	**1,878**	2,776

29. Statements of cash flows

(a) For the purposes of the statements of cash flow, cash and cash equivalents comprises the following:

	Consolidated		Parent	
	2024	2023	**2024**	2023
	K'000	K'000	**K'000**	K'000
Cash and cash equivalents (note 13)	**529,810**	396,840	**526,713**	391,357
	529,810	396,840	**526,713**	391,357

(b) Movement in investment securities is as follows:

	Consolidated		
	2024	2023	**Movement**
	K'000	K'000	**K'000**
Central bank bills*	**775,000**	1,257,580	(482,580)
Government Inscribed Stocks*	**93,711**	157,697	(63,987)
Financial assets at FVTPL**	**33,743**	35,816	(2,072)
	902,454	1,451,093	(548,639)

* excluding accrued interest
** excluding FV gain

29. Statements of cash flows (continued)

	Parent		
	2024	2023	**Movement**
	K'000	K'000	**K'000**
Central bank bills*	**775,000**	1,257,580	(482,580)
Government Inscribed Stocks*	**93,711**	157,697	(63,986)
Financial assets at FVTPL**	**31,110**	31,105	5
	899,821	1,446,382	(546,561)

* excluding accrued interest
** excluding FV gain

(c) Reconciliation of net profit after tax for the year to net cash flows from operating activities is presented below.

	Consolidated		Parent	
	2024	2023	**2024**	2023
	K'000	K'000	**K'000**	K'000
Net profit after tax	**100,296**	104,963	**76,153**	84,583
Profit from disposal of property and equipment	**(154)**	(89)	**(154)**	(89)
Depreciation and amortisation	**31,317**	29,946	**31,317**	29,946
(Premium)/ Discount amortisation	**427**	103	**427**	103
Share-based payment expense	**2,674**	2,073	**2,674**	2,073
Net losses/ (gains) from changes in fair values of financial assets	**(7,913)**	(2,733)	**(4,766)**	(2,776)
Dividend income on equity investments	**(944)**	(660)	**(64)**	(40)
Interest income on convertible notes	**(852)**	(620)	**(852)**	(620)
Impairment losses-loans and advances to customers	**18,151**	9,900	**17,593**	10,215
Foreign translation loss/ (gain) on Nostro bank account	**(8,359)**	(2,175)	**(8,430)**	(1,825)
Increase/(decrease) in current tax liability	**(1,132)**	7,264	**(1,241)**	5,201
Increase/(decrease) in deferred tax balances	**(1,703)**	(5,032)	**(1,228)**	(5,399)
(Increase)/decrease in assets	**(430,523)**	(513,234)	**(425,464)**	(466,946)
Increase/(decrease) in liabilities	**(12,157)**	469,812	**7,556**	476,115
Net cash (outflow)/ inflow generated from operating activities	**(310,872)**	99,518	**(306,479)**	130,541

30. 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. The Group is controlled by Kina Securities Limited ("KSL") incorporated in Papua New Guinea, which owns 100% of the ordinary shares of its subsidiaries, unless otherwise stated.

A number of banking transactions are entered into with related parties in the normal course of business. These include loans, deposits and foreign currency transactions. These transactions were carried out on normal commercial terms and at normal market rates. The volumes of related party transactions, outstanding balances at 31 December 2024, and related expenses and income for the year ended are as follows:

a) Directors and management transactions

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

A listing of the members of the Board of Directors is shown in the Annual Report. In 2024, the total remuneration of the Directors was K4,572,339 (2023: K4,209,303).

Key management personnel (KMP) of the group includes directors and the executive general managers (EGMs) during the year.

The table below shows the Group specified EGM remuneration in aggregate (in K'000).

	No of KMP	Salary	Bonus	Superannuation	Equity Options	Other benefits	Total
2024	**12***	**10,441**	**4,441**	**184**	**3,738**	**1,900**	**20,704**
2023	11	10,297	3,543	184	544	1,694	16,262

* 2 resigned as of 10th May 2024 and 2nd August 2024, 3 positions added as of 1st January 2024,1st April 2024 and 22nd May 2024.

(b) Subsidiary transactions and balances

The Company maintains an intercompany account with subsidiary undertakings, which are interest-bearing at the rate of KSL cost of funds plus 12.50 (2023: 12.50) basis points, unsecured and with no fixed term of repayment. Details as follows:

	Transactions				Balance outstanding			
	Income	**Expenses**	Income	Expenses	**Due from**		Due to	
	2024	**2024**	2023	2023	**2024**	2023	**2024**	2023
	K'000	**K'000**	K'000	K'000	**K'000**	K'000	**K'000**	K'000
KFM	**451**	**135**	193	-	**-**	-	**(11,788)**	(7,359)
KISS	**1,626**	**637**	-	915	**-**	-	**(36,906)**	(36,540)
KWM	**-**	**-**	-	-	**1,031**	714	**-**	-
KNL	**-**	**-**	-	-	**64**	64	**-**	-
KSL Fiji	**-**	**-**	-	-	**-**	-	**-**	-
	2,077	**772**	193	915	**1,095**	778	**(48,694)**	(43,899)

31. Investments under trust

The Group acts as trustee holding or placing of assets on behalf of superannuation funds and individuals. As the Group acts in a fiduciary capacity, these assets are not assets of the Group and, therefore, are not included in its statements of financial position. The Group is also engaged in investing client monies. A corresponding liability in respect of these monies is also excluded from the statements of financial position. Investments under trust at year end are:

	Consolidated		Parent	
	2024	2023	**2024**	2023
	K'000	K'000	**K'000**	K'000
Clients funds held for shares trading	**3,600**	6,941	**3,600**	6,901
	3,600	6,941	**3,600**	6,901

32. Segment reporting

The segment information provided to the Chief Operating Decision Maker for the reportable segments for the year ended 31 December 2024 is as follows:

	Banking & Finance	Wealth Management	Total
	K'000	**K'000**	**K'000**
Interest income	273,553	916	274,469
Interest expense	(52,246)	-	(52,246)
Foreign exchange income	85,489	481	85,970
Fee and commission income	119,284	42,367	161,651
Other revenue	10,898	4,157	15,055
Total external income	**436,978**	**47,921**	**484,899**
Other operating expenses	(242,023)	(13,298)	(255,321)
Provision for impairment	(17,594)	(557)	(18,151)
Depreciation and amortisation	(31,317)	-	(31,317)
Total external expenses	**(290,934)**	**(13,855)**	**(304,789)**
Profit before inter-segment revenue and expenses	146,044	34,066	180,110
Inter-segment income	2,078	-	2,078
Inter-segment expense	-	(2,078)	(2,078)
Profit before tax	**148,122**	**31,988**	**180,110**
Income tax expense	(71,969)	(7,845)	(79,814)
Profit after tax	**76,153**	**24,143**	**100,296**
Total assets	**5,195,755**	**21,073**	**5,216,858**
Total assets include:			
Additions to non-current assets	**27,334**	**-**	**27,334**
Total liabilities	**(4,545,687)**	**(4,947)**	**(4,550,634)**

Banking and finance segments include the operations of Kina Bank while Wealth Management includes fund management and fund administration business.

32. *Segment reporting (continued)*

The segment information provided to the management for the reportable segments for the year ended 31 December 2023 is as follows:

	Banking & Finance	Wealth Management	Total
	K'000	**K'000**	**K'000**
Interest income	252,454	886	253,340
Interest expense	(50,020)	-	(50,020)
Foreign exchange income	51,363	(21)	51,342
Fee and commission income	102,478	34,485	136,963
Other revenue	10,442	2,090	12,532
Total external income	**366,717**	**37,440**	**404,157**
Other operating expenses	(179,712)	(9,060)	(188,772)
Provision for impairment	(10,215)	315	(9,900)
Depreciation and amortisation	(29,946)	-	(29,946)
Total external expenses	**(219,873)**	**(8,745)**	**(228,618)**
Profit before inter-segment revenue and expenses	**146,844**	**28,695**	**175,539**
Inter-segment income	179	-	179
Inter-segment expense	-	(179)	(179)
Profit before tax	**147,023**	**28,516**	**175,539**
Income tax expense	(62,081)	(8,495)	(70,576)
Profit after tax	**84,942**	**20,021**	**104,963**
Total assets	**5,165,719**	**13,615**	**5,179,334**
Total assets include:			
Additions to non-current assets	**12,817**	**-**	**12,817**
Total liabilities	**(4,599,364)**	**(60,353)**	**(4,539,011)**

There is only one segment for the Parent entity and the information is the same as the primary statements.

33. 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 31 December 2024, 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 that is not already provided for in the financial statements.

34. Commitments

Capital commitments

There was a total of K3.9 million relating to commitments under contracts for capital expenditure at reporting date (31 December 2023: K1.9 million).

Loan commitments

There was a total of K13.2 million relating to loan commitments at balance sheet date (31 December 2023: K39.2 million).

35. Fair value of financial assets and liabilities

The Group measures fair values in accordance with IFRS 13, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group also uses a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value, which gives highest priority to quoted prices.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Assets and liabilities are classified as Level 1 if their value is observable in an active market.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. A Level 2 input must be observable for substantially the full term of the instrument. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability.
- Level 3 inputs are unobservable inputs. Assets and liabilities are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data.

Where possible, fair value is determined by reference to a quoted market price for the instrument valued. The group does not hold any material financial instruments for which quoted prices are not available other than investment in unlisted shares which are classified in Level 3 category.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped by fair value hierarchy level.

35. Fair value of financial assets and liabilities (continued)

Financial instruments measured at fair value

The following tables present the Group's and the parent's assets and liabilities that are measured at fair value at 31 December 2024.

	Consolidated			
	Level 1	**Level 2**	**Level 3**	**Total**
	K'000	**K'000**	**K'000**	**K'000**
Investment securities measured at FVTPL				
- Investment in securities – Listed	5,847	-	-	5,847
- Investment in securities – Unlisted	-	-	35,809	35,809
Total assets	**5,847**	**-**	**35,809**	**41,656**

	Consolidated			
	Level 1	**Level 2**	**Level 3**	**Total**
	K'000	**K'000**	**K'000**	**K'000**
Investment securities measured at FVTPL				
- Investment in securities – Listed	95	-	-	95
- Investment in securities – Unlisted	-	-	35,781	35,781
Total assets	**95**	**-**	**35,781**	**35,876**

The following tables present the Group's and the parent's assets and liabilities that are measured at fair value at 31 December 2023.

	Parent			
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
	K'000	**K'000**	**K'000**	**K'000**
Investment securities measured at FVTPL				
- Investment in shares – Listed	4,878	-	-	4,878
- Investment in shares – Unlisted	-	-	30,938	30,938
Total assets	**4,878**	**-**	**30,938**	**35,816**

	Parent			
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
	K'000	**K'000**	**K'000**	**K'000**
Investment securities measured at FVTPL				
- Investment in shares – Listed	196	-	-	196
- Investment in shares – Unlisted	-	-	30,909	30,909
Total assets	**196**	**-**	**30,909**	**31,105**

Reconciliation of level 3 fair value measurements of financial assets and financial liabilities

The group holds investment in unlisted securities amounting to K39,759,787 (31 December 2023: K30,937,556) in level 3 category. During the year, there were additions or disposals in these securities. The increase is primarily attributable to the addition of WLTH convertible Note.

The parent holds investment in unlisted securities amounting to K39,731,500 (31 December 2023: K30,909,269) in level 3 category. During the year, there were additions or disposals in these securities. The increase is primarily attributable to the addition of WLTH convertible Note.

Financial instruments not measured at fair value

For the financial instruments not measured at fair value as at 31 December 2024 and 2023, there is no material difference between the fair value and carrying value of the Group's and the Parent's financial assets and liabilities.

36. Auditors' remuneration

	Consolidated	
	2024	2023
	K'000	K'000
Audit and audit related	**2,210**	1,965
Other services	**-**	-
	2,210	1,965

	Parent	
	2024	2023
	K'000	K'000
Audit and audit related	**1,946**	1,769
Other services	**-**	-
	1,946	1,769

37. Goodwill

On 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 Bank's investment in PNG as it was an excellent fit for its expansion program.

The goodwill arising on this acquisition was recorded at K92.8 million. 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.

For the purpose of impairment test, goodwill is allocated to the Group's banking business as an independent cash generating unit (CGU). The banking CGU including goodwill was tested for impairment as at 31 December 2024 by comparing the CGU's carrying amount with its recoverable amount and no impairment loss was recognised.

The recoverable amount is determined based on a value-in-use calculation which uses post-tax cash flow projections based on financial budgets approved by the directors discounted by a cost of equity of 18% (2023: 18%) applicable to banking business. Given a banking business is generally valued on equity basis, the use of post-tax cash flows and discount rate is considered more appropriate. The projected cash flows cover a period of 5 years beyond which they are extrapolated using an estimated terminal growth rate of 3% (2023: 3%) which does not exceed the long-term average growth rate for the market in which the Group operates. Cash flows during the forecast period are derived from approved budgets, and assume an average growth rate in net profit after tax (NPAT) over the forecast period of 26% (2023: 12.2%), which is consistent with the rolling average growth rates over the last 3-5 year period and is driven by growth in the interest-bearing assets, foreign exchange income, and banking fees income, whilst retaining a controlled cost-to-income base.

Sensitivity analysis

Under above assumptions, the estimated recoverable amount of the CGU exceeds its carrying amount by K400 million.

The Group has conducted an analysis of sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount. The directors believe that the following represent reasonably possible changes in the key assumptions on which the recoverable amount of the banking CGU is based would result in the carrying amount to exceed its recoverable amount:

- If all other assumptions remain the same, should the discount rate be increased to 20.1%, the carrying value will exceed the recoverable amount by K270 million.
- If all other assumptions remain the same, should the average NPAT growth rate be reduced to 9.2%, the carrying value will exceed the recoverable amount by K1million.

During the prior year, the corporate income tax was increased from 30% to 45% effective 01 January 2023. The increase had a significant impact on the cash flows used in the value-in-use calculations and consequently on the recoverable amount. Throughout the year, the Group has been assessing its strategic response to the change which include intense focus on loan growth, repricing of loans and deposits, maximising investment of surplus funds in available market instruments, reviewing fees and commissions, and cost control.

Where practical and appropriate, some short-term measures have been implemented, and more strategic action has been taken in the normal course of business, as evidenced by the growth in lending and loan interest spread, and the decline in the cost to income ratio. Business development efforts continue in the area of foreign exchange client relationships with targeted efforts on large importers and exporters in key industries, where revenue potential is set to build as the large natural resource projects proceed along their implementation path.

Whilst these strategic developments are expected to produce positive impacts on the cash flows, the Group has not fully incorporated the effect of these positive impacts on the cash flow projections used in the estimation of recoverable amount.

38. Events after reporting date

Declaration of dividend

Subsequent to the financial reporting date, the directors declared a final dividend of K15.5 toea (AUD 6.0 cents) per share with a total dividend of K44.7 million.

Shareholder Information.

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in the Report is set out below. The information is current as of 31 March 2025.

(a) The distribution of holders of quoted securities (fully paid ordinary shares)

Range	Securities	%	No. of holders	%
1 to 1,000	**315,811**	0.11	**540**	12.16
1,001 to 5,000	**3,048,750**	1.06	**1,064**	23.97
5,001 to 10,000	**5,263,959**	1.83	**666**	15.00
10,001 to 100,000	**62,362,349**	21.66	**1,895**	42.68
100,001 and over	**216,958,410**	73.34	**275**	6.19
Total	**287,949,279**	**100.00**	**4,440**	**100.00**

(b) The distribution of holders of unquoted securities (performance rights)

Range	Securities	%	No. of holders	%
1 to 1,000	-	-	-	-
1,001 to 5,000	-	-	-	-
5,001 to 10,000	-	-	-	-
10,001 to 100,000	**312,816**	5.82	**7**	36.84
100,001 and over	**5,062,404**	94.18	**12**	63.16
Total	**5,375,220**	**100.00**	**19**	**100.00**

(c) Number of holders for each class of equity securities on issue

Class of equity security	Securities	No. of holders
Quoted securities (fully paid ordinary shares)	**287,949,279**	4,440
Unquoted securities (performance rights)	**5,229,763**	19

(d) Unmarketable Parcel of Shares

The number of shareholders holding less than a marketable parcel of ordinary shares is 138, holding 9,211 securities.

(e) Substantial Shareholders

Name	Number of shares	% of total shares issued
HSBC Custody Nominees (Australia) Limited	**25,424,964**	8.83

(f) Stock Exchanges

The Company's ordinary fully paid shares are listed on the Australian Securities Exchange (**ASX**) and the Papua New Guinea National Stock Exchange (**PNGX**).

(g) Voting Rights

Each ordinary shareholder present at a general meeting (whether in person, by proxy or by representative), is entitled to one vote on a show of hands, or on a poll, for each fully paid ordinary share held.

(h) 20 largest holders of quoted securities (fully paid ordinary shares)

Rank	Name	Number of shares	% of total shares issued
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	25,424,964	8.83
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED (ASIAN DEVELOPMENT BANK A/C)	10,751,916	3.73
3	COMRADE TRUSTEE SERVICES LIMITED	9,611,791	3.34
4	CITICORP NOMINEES PTY LIMITED	7,536,536	2.62
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO CUSTOMER	7,000,000	2.43
6	SKY FINANCE LIMITED	6,410,721	2.23
7	NATIONAL SUPERANNUATION FUND	5,978,507	2.08
8	MINERAL RESOURCES CMCA	5,312,834	1.85
9	PACIFIC MARKETS PTY LTD	5,150,000	1.79
10	BNP PARIBAS NOMS PTY LTD	4,992,156	1.73
11	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	4,408,347	1.53
12	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	4,076,958	1.42
13	BNP PARIBAS NOMINEES PTY LTD	4,025,626	1.40
14	CAPITAL NOMINEES LIMITED	3,787,348	1.32
15	ROCKCAR PTY LTD	3,600,000	1.25
16	AIRWOLF LIMITED	2,885,390	1.00
17	MR IVAN LU	2,671,145	0.93
18	KINA NOMINEES LIMITED	2,637,034	0.92
19	GAS RESOURCES PNGLNG PLANT	2,139,037	0.74
20	PNG LENDING CONSULTANTS LTD	1,910,515	0.66
	Total Top 20	**120,310,825**	**41.78**
	Balance of Register	**167,638,454**	**58.22**
	Total fully paid ordinary shares on issue	**287,949,279**	**100.00**

(i) On-market buy-back

There is no current on-market buy-back.

(j) Securities purchased on-market during the reporting period

	Number of shares purchased	Average purchase price
To satisfy the entitlements of holders of performance rights under the Kina Performance Rights Plan	1,548,729	$0.91

Corporate Directory.

Directors
Ian Clough (Chairman)
Ivan Vidovich (CEO)
Karen Smith-Pomeroy
Dr Jane Thomason
Paul Hutchinson
Andrew Carriline
Richard Kimber

Company Secretary
Johnson Kalo

Share Registry
Papua New Guinea

PNG Registries Ltd
Level 4, Cuthbertson Haus
PO Box 1265, Port Moresby
Papua New Guinea
Telephone: (675) 321 6377
Facsimile: (675) 321 6379
Email: salaniet.athew@mpms.mufg.com

Australia

MUFG Corporate Markets (AU) Limited
Liberty Place, Level 41
161 Castlereagh St
Telephone: 1300 554 474
(within Australia)
+61 1300 544 474 (outside Australia)

Auditor

Deloitte Touche Tohmatsu Ltd
Level 9 Deloitte Haus
MacGregor St
PO Box 1275, Port Moresby
National Capital District
Papua New Guinea
Telephone: +675 308 7000
Facsimile: +675 308 7001
www.deloitte.com/pg

Stock Exchange Listing

ASX Code: KSL
PNGX Code: KSL
www.kinabank.com.pg

Registered Office
Head Office

Level 9, Kina Bank Haus Douglas St
PO Box 1141, Port Moresby
National Capital District 121
Papua New Guinea
Telephone: +675 308 3888 or
+675 308 3800

Alotau Office

Chascorp Haus,
Section 10, Allotment 9,
Office 6, Ground Floor, Alotau
PO Box 723, Alotau
Milne Bay Province
Papua New Guinea

Business Centre Harbour City

Portion 13 Section 44
Allotment 30
Off Poreporena Freeway
PO Box 1141, Port Moresby 121
National Capital District
Papua New Guinea

Digital Hubs (Port Moresby)

Elisio Rainbow Shopping Mall
Elisio Waigani Shopping Mall
Boroko Post Office
Rangeview Shopping Mall

Goroka Branch

Cnr of Fox & Elizabeth St
Ground Floor, Gouna Plaza
PO Box 767, Goroka 441
Eastern Highlands Province
Papua New Guinea

Hides Branch

Block 8 – HGDC Para Camp,
Tari, Hela Province
Papua New Guinea

Jacksons Branch

Jacksons International Airport
PO Box 1152, Port Moresby 121
National Capital District
Papua New Guinea

Kimbe Branch

Cnr San Remo Drive and Talasea Rd
PO Box 466, Kimbe 621
West New Britain Province
Papua New Guinea

Kina Bank Centre

Level 1, Kada Gunan Building
Habour City
PO Box 1141, Port Moresby
National Capital District
Papua New Guinea

Kokopo Branch

Peter Torot Street,
Tabubar Kokopo,
PO Box 419, Kokopo
East New Britain Province
Papua New Guinea

Lae Market Branch

Cnr Cedarbank St and Aircorps Rd
Second St, Top Town
PO Box 674, Lae Morobe Province
Papua New Guinea

Lae Top Town Branch

Ground Floor, Nambawan Super Haus
2nd St Top Town
PO Box 682, Lae Morobe Province
Papua New Guinea

Lihir Branch

Block 830, Wide Rd, Londolovit
PO Box 223, Lihir
New Ireland Province
Papua New Guinea

Madang Branch

Section 20, Lot 08
Coastwatcher's Ave
PO Box 181, Madang 511
Madang Province
Papua New Guinea

Mt Hagen Branch

Hagen Dr
PO Box 121, Mt Hagen 281
Western Highlands Province
Papua New Guinea

Popondetta Office

Comfort Inn
Top Town, Section 7 Allotment 2
Killerton Road
Papua New Guinea

Port Moresby Branch

Cnr Musgrave St and Champion Parade
PO Box 143, Port Moresby 121
National Capital District
Papua New Guinea

Vision City Branch

Ground Floor, Sir John Guise Drive
PO Box 1141, National Capital
District 121
Papua New Guinea

Waigani Cameron Rd Branch

Cnr Waigani Dr and Cameron Rd
PO Box 252, Waigani 131
National Capital District 121
Papua New Guinea

Waigani Drive Branch

Cnr Waigani and Islander Dr
PO Box 1141, Port Moresby
National Capital District 121
Papua New Guinea

Wewak Branch

Centre St, PO Box 1069, Wewak 531
East Sepik Province
Papua New Guinea

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