

**KINA SECURITIES LIMITED
AND ITS SUBSIDIARIES**

CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2025

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CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2025**

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KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

DIRECTORS' REPORT

FOR THE HALF YEAR ENDED 30 JUNE 2025

The Directors of Kina Securities Limited (the “Company”, “Kina”) and its subsidiaries (together the “Group”), submit herewith the financial statements of the Group for the half year ended 30 June 2025.

Principal Activities

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

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

Country of Incorporation

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

Registered Office

Its registered office is Level 2, Kina Bank Harbour City, Port Moresby, National Capital District, 121, Papua New Guinea.

Directors and Secretary

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

Isikeli. Taureka, Chairman (ceased 17 April 2025)

Karen. Smith-Pomeroy

Ian. Clough, Chairman (appointed 17 April 2025)

Paul. Hutchinson

Ivan. Vidovich, Managing Director and Chief Executive Officer (appointed 01 January 2025)

Jane. Thomason

Lutz Heim (appointed 22 August 2025)

Richard. Kimber

Robert Nilkare (appointed 22 August 2025)

Andrew. Carriline

The company secretary is Johnson. Kalo.

Dividends

Dividends declared for the half year amounted to K 36,484,797 (and paid for the half year ended 31 December 2024 amounted to K 44,657,141).

Results

The operating profit attributable to equity holders for the half year for the Group was K 57,688,115 (2024: K 42,240,751).

Events subsequent to reporting date

Details of events subsequent to reporting date are outlined in note 29 in this Financial Report on page 33.

Signed at Port Moresby on behalf of the board on the 27th day of August 2025.



Mr Ian Clough
Director and Chairman



Mr Ivan Vidovich
Managing Director and Chief Executive Officer

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

Conclusion

We have reviewed the half-year financial report of Kina Securities Limited (the "Company") and its subsidiaries (the "Group"), which comprises the condensed consolidated statement of financial position as at 30 June 2025, and the condensed consolidated income statement, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date and notes comprising a summary of material accounting policies and other explanatory information.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group is not:

- Giving a true and fair view of the Group's financial position as at 30 June 2025 and of its performance for the half-year ended on that date; and
- Complying with International Accounting Standard IAS 34 *Interim Financial Reporting* and the *Companies Act 1997 (amended 2022)*.

Basis for Conclusion

We conducted our review in accordance with ISRE 2410 *Review of a Financial Interim Financial Information Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("the Code") issued by the International Ethics Standard Board for Accountants (IESBA) that are relevant to our review of the half-year financial report. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' Responsibilities for the Half-year Financial Report

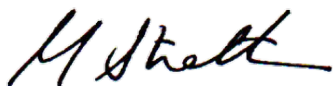
The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with International Accounting Standards IAS 34 *Interim Financial Reporting* and the *Companies Act 1997 (amended 2022)* and for such internal controls as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not giving a true and fair view of the Group's financial position as at 30 June 2025 and its performance for the half-year ended on that date, and complying with International Accounting Standard IAS 34 *Interim Financial Reporting* and the *Companies Act 1997 (amended 2022)*.

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

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU



Mark Stretton
Partner
Chartered Accountants

Melbourne, 27 August 2025

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU



Herbert Maguma
Partner
Registered under the *Accountants Act 1996*

Port Moresby, 27 August 2025

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES
DIRECTORS' DECLARATION
FOR THE HALF YEAR ENDED 30 JUNE 2025

The Directors declare that:

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

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

On behalf of the Directors



Mr Ian Clough
Director and Chairman
Port Moresby



Mr Ivan Vidovich
Managing Director and Chief Executive Officer
Port Moresby

on the 27th day of August 2025.

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME FOR THE HALF YEAR ENDED 30 JUNE 2025

		Consolidated	
		Half Year 30 June	
		2025	2024
	Notes	Unaudited	Unaudited
Continuing operations		K'000	K'000
Interest income		145,386	134,230
Interest expense		(32,172)	(22,655)
Net interest income	3	113,214	111,575
Fee and commission income		85,574	74,633
Fee and commission expense		-	(63)
Net fee and commission income	4	85,574	74,570
Foreign exchange income		50,858	37,037
Dividend income		1	135
Net (loss)/ gain from financial assets at fair value through profit and loss		718	1,696
Other income	5	604	2,495
Operating income before impairment losses and other operating expenses		250,969	227,508
Expected credit losses on financial instruments at amortised cost	6.1	(8,721)	(7,753)
Administrative and operating expenses	7	(148,602)	(147,445)
Profit before tax		93,646	72,310
Income tax expense	8	(35,958)	(30,069)
Total comprehensive income for the period attributable to the equity holders of the Company		57,688	42,241

	2025	2024
Earnings per share - basic (toea) (Note 20 (b))	20.0	14.7
Earnings per share - diluted (toea) (Note 20 (b))	19.7	14.5

The notes on pages 9 to 33 are an integral part of these condensed interim consolidated financial statements.

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN
SHAREHOLDERS' EQUITY FOR THE HALF YEAR ENDED 30 JUNE 2025

Consolidated	Share Capital	Share Based Payment Reserve	Retained Earnings	Total
	K'000	K'000	K'000	K'000
Balance as at 31 December 2023	394,693	2,776	242,854	640,323
Profit for the period	-	-	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 transactions	-	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
Profit for the period	-	-	57,688	57,688
Employee share scheme – vested rights	-	(3,200)	-	(3,200)
Employee share scheme – value of employee services	-	2,115	-	2,115
Deferred tax on share-based payment transactions	-	(317)	-	(317)
Deferred tax adjustment	-	-	(63)	(63)
Additional shares issued	2,568	-	-	2,568
Dividend paid	-	-	(44,657)	(44,657)
Balance as at 30 June 2025	399,822	476	280,030	680,328

The notes on pages 9 to 33 are an integral part of these condensed interim consolidated financial statements.

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025

		Consolidated	
		30 June 2025	31 December 2024
	Notes	Unaudited	Audited
		K'000	K'000
Assets			
Cash and cash equivalents	9	462,110	529,810
Central bank bills	10	856,363	762,088
Regulatory deposits	11	453,142	522,784
Financial assets at fair value through profit and loss	12	42,375	41,656
Loans and advances to customers	13	3,076,067	2,883,500
Investments in government inscribed stocks	14	93,534	93,331
Deferred tax assets		37,517	36,803
Property, plant and equipment	15	89,269	69,303
Goodwill	16	92,786	92,786
Intangible assets	16	46,222	35,893
Other assets	19	170,927	148,874
Total Assets		5,420,312	5,216,828
Liabilities			
Due to other banks		9,839	135
Due to customers	17	4,482,787	4,351,990
Current income tax liabilities		19,389	10,329
Employee provisions		14,612	14,472
Lease Liabilities	18	51,535	31,484
Other liabilities	19	161,822	142,224
Total Liabilities		4,739,984	4,550,634
Net Assets		680,328	666,194
Shareholders' Equity			
Issued and fully paid ordinary shares	20a	399,822	397,254
Share-based payment reserve		476	1,878
Retained earnings		280,030	267,062
Total Equity		680,328	666,194

The notes on pages 9 to 33 are an integral part of these condensed interim consolidated financial statements.

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



Mr Ian Clough
Director and Chairman



Mr Ivan Vidovich
Managing Director and Chief Executive Officer

on the 27th day of August 2025.

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 30 JUNE 2025

		Consolidated	
		30 June	30 June
		2025	2024
	Notes	Unaudited	Unaudited
		K'000	K'000
Cash flows from operating activities			
Interest received		180,665	136,499
Interest paid		(25,615)	(22,318)
Foreign exchange gain		50,858	37,037
Dividend received		1	135
Fee, commission and other income received		85,766	72,181
Fee and commission expense paid		-	(63)
Net trading and other operating income received		1,799	6,814
Recoveries on loans previously written-off		320	287
Cash payments to employees and suppliers		(140,130)	(147,474)
Income tax paid		(26,881)	(25,874)
Cash flows from operating profits before changes in operating assets		126,783	57,224
Changes in operating assets and liabilities:			
- net increase in regulatory deposits	11	69,641	(115,465)
- net increase in loans and advances to customers	13	(192,837)	(81,149)
- net decrease / (increase) in other assets	19	(22,592)	(20,028)
- net increase in due to customers	17	124,239	129,041
- net increase in due to other banks		9,704	(9,403)
- net increase in other liabilities	19	19,676	16,041
Net cash flows from operating activities		134,614	23,739
Cash flows from investing activities			
Payments for purchase of property, equipment and software		(20,198)	(17,370)
Proceeds from sale of property and equipment		24	-
Net movement in investment securities		(130,716)	(71,268)
Net cash flows from investing activities		(150,890)	(88,638)
Cash flows from financing activities			
Dividend paid		(44,657)	(45,499)
Issuance of new shares		2,568	1,080
Cashflows from lease liabilities		(6,644)	(44,419)
Net cash flow from financing activities		(48,733)	(45,499)
Net decrease in cash and cash equivalents		(65,009)	(156,796)
Effect of changes in the foreign exchange rates on cash and cash equivalents		(2,690)	1,009
Cash and cash equivalents at beginning of the period		529,809	396,840
Cash and cash equivalents at end of the period	9	462,110	241,053

The notes on pages 9 to 33 are an integral part of these condensed interim consolidated financial statements

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2025

1. Material accounting policies

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

The Company is listed on Papua New Guinea’s National Stock Exchange (**PNGX**) and the Australian Securities Exchange (**ASX**). The address of its operational office is Level 2, Kina Bank Harbour City, Port Moresby, National Capital District, 121, Papua New Guinea.

a) Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34: *Interim Financial Reporting* as well as the requirements of the *Companies Act 1997 (amended 2022)*. The half year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial statements.

These condensed interim consolidated financial statements have been reviewed, not audited. They were approved for issue by the Board of Directors on 27 August 2025.

b) Basis of presentation

The condensed interim financial statements are denominated in Papua New Guinea Kina, which is the Group’s functional and reporting currency. All financial information presented in Papua New Guinea Kina has been rounded to the nearest thousand Kina, unless otherwise stated.

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

The accounting policies and methods of computations adopted in preparation of the half-year financial report are consistent with those adopted and disclosed in the Group’s 2024 financial report for the financial year ended 31 December 2024. Where the presentation of financial information has changed, comparative information has been changed to ensure consistency.

New and amended standards adopted by the Group

A number of amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

Going Concern

The financial statements are prepared on a going concern basis. The group has net assets of PGK 680m, although there was a decrease in operating activities and cash flows, the Group maintains sufficient financial resilience and has a liquidity risk management policy which outlines strategies to manage liquidity risks effectively, as disclosed in Note 3c of the financial statements for year ended 31 December 2024. As a consequence of this, the Directors are of the view that the Group is well placed to manage its business risks successfully despite the current economic climate. Accordingly, they believe the going concern basis is appropriate.

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2025

2. Critical accounting estimates and judgments

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

In preparing these interim consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2024 except as disclosed otherwise. Key estimates used in preparation of consolidated financial statements for the half year ended 30 June 2025 and this interim financial information are as follows:

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

3. Net interest income

	Consolidated	
	30 June	30 June
	2025	2024
	Unaudited	Unaudited
	K'000	K'000
Interest income		
Cash and short-term funds	25,197	20,788
Investment in government inscribed stocks	4,903	6,576
Loans and advances to customers	115,286	106,866
	145,386	134,230
Interest expense		
Banks and customers	(32,172)	(22,655)
Net interest income	113,214	111,575

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2025

4. Net fee and commission income

	Consolidated	
	30 June	30 June
	2025	2024
	Unaudited	Unaudited
	K'000	K'000
Investment and portfolio management	6,049	5,538
Fund administration	13,082	11,834
Shares brokerage	2,288	1,195
Loan fees and bank commissions	12,727	11,307
Digital banking fees	43,934	38,114
ATM and other transaction fees	7,494	6,645
	85,574	74,633
Fee and commission expenses	-	(63)
Net fee and commission income	85,574	74,570

5. Other income

	Consolidated	
	30 June	30 June
	2025	2024
	Unaudited	Unaudited
	K'000	K'000
Other income	604	2,495
Other Income	604	2,495

Other income from 30 June 2025 includes a realized foreign exchange loss of K0.5 million on dividends paid to ASX-registered shareholders was offset against other income, compared to a gain of K1.7 million recorded as at 30 June 2024

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2025

6. Expected credit losses on financial instruments at amortised cost

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

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

	Balance at 01 January 2025	ECL recognised during the period	Write-offs	Recoveries	Balance at 30 June 2025	Balance at 01 January 2024	ECL recognised during the period	Write- offs	Recoveries	Balance at 31 December 2024
Loss allowance by classes	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000
Loans and advances to customers at amortised cost	67,308	8,718	(11,768)	1,722	65,980	52,466	19,164	(12,320)	7,998	67,308
Investments in government inscribed stocks at amortised cost	1,289	3	-	-	1,292	2,302	(1,013)	-	-	1,289
Other financial assets	3,990	-	-	-	3,990	3,990	-	-	-	3,990
Total	72,587	8,721	(11,768)	1,722	71,262	58,758	18,151	(12,320)	7,998	72,587

6.2 Movement in expected credit loss by stage

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

- Stage 1** For the exposures where there have been no significant increase in credit risk since initial recognition, the ECL is recognised on 12-months basis.
- Stage 2** For the exposures where the exposure is overdue by 30 days or more, the ECL is recognised on life-time basis.
- Stage 3** These exposures are considered to be non-performing and in default for which the ECL is recognised on life-time basis. Indicators of default include breach of contract, significant financial difficulty, litigation, or if the exposure is overdue by 90 days or more.

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2025

6.2 Movement in expected credit loss by stage (continued)

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

Loss allowance – Loans and advances to customers at amortised cost	30 June 2025					31 December 2024				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
	12-month ECL	Lifetime ECL	Lifetime ECL			12-month ECL	Lifetime ECL	Lifetime ECL		
	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000
Loss allowance, beginning	27,538	3,701	36,069	-	67,308	18,882	5,481	28,103	-	52,466
Changes in the loss allowance										
- Transfer to stage 1	(213)	-	213	-	-	1,216	(1,216)	-	-	-
- Transfer to stage 2	(3,820)	6,944	(3,124)	-	-	(510)	510	-	-	-
- Transfer to stage 3	(526)	(1,435)	1,961	-	-	(837)	(3,466)	4,303	-	-
- Write-offs	-	-	(11,768)	-	(11,768)	-	-	(12,320)	-	(12,320)
Changes due to modification that did no result in derecognition	-	-	-	-	-	-	-	-	-	-
New financial assets originated or purchased	4,281	2,825	12,355	-	19,461	18,224	3,235	26,529	-	47,988
Financial assets that have been derecognised	(6,960)	(1,035)	(1,026)	-	(9,021)	(9,437)	(843)	(10,546)	-	(20,826)
Loss allowance, ending	20,300	11,000	34,680	-	65,980	27,538	3,701	36,069	-	67,308

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2025

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

Loans and advances to customers at amortised cost	30 June 2025					31 December 2024				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
	12-month ECL	Lifetime ECL	Lifetime ECL			12-month ECL	Lifetime ECL	Lifetime ECL		
	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000
Gross carrying amount, beginning	2,577,492	45,747	318,746	8,823	2,950,808	2,401,427	46,756	157,597	8,764	2,614,544
Changes in the gross carrying amount										
- Transfer to stage 1	43,183	-	(43,183)	-	-	3,663	(3,663)	-	-	-
- Transfer to stage 2	(100,531)	147,467	(46,936)	-	-	(33,520)	33,520	-	-	-
- Transfer to stage 3	(17,124)	(10,301)	27,425	-	-	(144,777)	(26,045)	170,823	-	-
- Write-offs	-	-	(11,768)	-	(11,768)	-	-	(12,320)	-	(12,320)
Changes due to modification that did no result in derecognition	-	-	-	-	-	-	-	-	-	-
New financial assets originated or purchased	473,043	7,038	14,310	-	494,391	900,283	12,804	47,088	59	960,234
Financial assets that have been derecognised	(250,121)	(15,184)	(24,610)	(1,469)	(291,384)	(549,584)	(17,625)	(44,441)	-	(611,650)
Gross carrying amount, ending	2,725,942	174,767	233,984	7,354	3,142,047	2,577,492	45,747	318,746	8,823	2,950,808

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2025

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

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

	30 June 2025					31 December 2024				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
	12-month ECL	Lifetime ECL	Lifetime ECL			12-month ECL	Lifetime ECL	Lifetime ECL		
	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000
Cash and cash equivalents	462,110	-	-	-	462,110	529,810	-	-	-	529,810
Treasury and central bank bills	856,363	-	-	-	856,363	762,088	-	-	-	762,088
Regulatory deposits	453,142	-	-	-	453,142	522,784	-	-	-	522,784
Loans and advances	2,725,942	174,767	233,984	7,354	3,142,047	2,577,492	45,747	318,746	8,823	2,950,808
Investment in government inscribed stocks	93,534	-	-	-	93,534	94,620	-	-	-	94,620
Other financial assets	170,926	-	-	-	170,926	139,475	-	-	-	139,475
Total gross carrying amount	4,762,017	174,767	233,984	7,354	5,178,122	4,626,269	45,747	318,746	8,823	4,999,585
Loss allowance	(20,300)	(11,000)	(34,680)	-	(65,980)	(32,817)	(3,701)	(36,069)	-	(72,587)
Net carrying amount	4,741,717	163,737	199,304	7,354	5,112,142	4,593,452	42,046	282,677	8,823	4,926,998

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2025

6.4 Days past due status of loans and advances

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

	30 June 2025		31 December 2024	
	Gross carrying amount K'000	Loss allowance K'000	Gross carrying amount K'000	Loss allowance K'000
Loans and advances to customers				
0-29 days	2,847,156	26,339	2,647,023	28,138
30-59 days	28,052	1,994	48,976	3,270
60-89 days	26,216	1,969	17,255	1,129
90-180 days	34,837	4,348	45,542	6,485
More than 180 days	205,786	31,330	192,012	28,286
Total	3,142,047	65,980	2,950,808	67,308

7. Other operating expense

	Consolidated	
	30 June 2025 Unaudited K'000	30 June 2024 Unaudited K'000
Staff costs	55,339	52,065
Administrative expenses	53,316	45,905
Depreciation and amortisation (note 15 & 16)	16,496	15,630
Operating lease	5,178	2,935
Software maintenance and support charges	6,645	4,313
Auditor's remuneration	1,571	1,117
Other	10,057	25,480
	148,602	147,445

Other Expenses include GST Expenses amounting to K4.4 million (2024: K4.0 million).

Other expenses also include non-lending losses amounting to K13.5 million on account of a fraud incident involving a small number of customers recognised in 2024 with an amount paid to MiBank in the first half of the year.

As at 30 June 2025, the Group had 774 (30 June 2024: 743) employees.

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2025

8. Income tax

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

	Consolidated	
	30 June	30 June
	2025	2024
	Unaudited	Unaudited
	K'000	K'000
Profit before tax	93,646	72,310
Prima facie tax*	36,084	30,656
Tax effect of:		
Permanent differences	(126)	(587)
Prior year adjustment	-	-
Income tax expense	35,958	30,069
Represented by:		
Current tax	35,948	38,666
Deferred taxes	10	(8,597)
Income tax expense	35,958	30,069

*Income tax rate for the bank (Kina Securities Ltd) decreased from 45% in 2024 to 40% in 2025 while for the subsidiaries the tax rate remains at 30%.

9. Cash and cash equivalents

	Consolidated	
	30 June	31 December
	2025	2024
	Unaudited	Audited
	K'000	K'000
Cash on hand	324,862	177,076
Exchange settlement account	31,922	199,839
Due from other banks	105,326	152,895
	462,110	529,810

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

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10. Central bank bills

	Consolidated	
	30 June	31 December
	2025	2024
	Unaudited	Audited
	K'000	K'000
Central bank and treasury bills		
Less than 90 days	-	450,000
Over 90 days	905,000	325,000
Unearned discount	(48,637)	(12,912)
	856,363	762,088

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

11. Regulatory deposits

	Consolidated	
	30 June	31 December
	2025	2024
	Unaudited	Audited
	K'000	K'000
Regulatory deposits	453,142	522,784

Bank of Papua New Guinea requires a minimum cash reserve requirement of 10% against the average deposit liabilities.

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12. Financial assets at fair value through profit or loss

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

	Consolidated	
	30 June	31 December
	2025	2024
	Unaudited	Audited
	K'000	K'000
- Listed	6,565	5,846
- Unlisted	35,810	35,810
	42,375	41,656

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

	Consolidated	
	30 June	31 December
	2025	2024
	Unaudited	Audited
	K'000	K'000
Balance at beginning of the year	41,656	35,816
Gains from changes in fair value	719	7,418
Realised gain from disposal of fair value securities	-	495
Financial assets acquired/(disposed) during the year	-	(2,073)
Balance at end of the year	42,375	41,656

13. Loans and advances to customers

	Consolidated	
	30 June	31 December
	2025	2024
	Unaudited	Audited
	K'000	K'000
Loan to individuals	702,564	679,498
Loan to corporate entities	2,439,483	2,271,310
Gross loans and advances to customers	3,142,047	2,950,808
Expected credit losses (note 6.2)	(65,980)	(67,308)
	3,076,067	2,883,500

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13. Loans and advances to customers (continued)

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

	Consolidated	
	30 June	31 December
	2025	2024
	Unaudited	Audited
	K'000	K'000
Overdrafts	109,025	98,942
Property mortgage	730,716	720,031
Asset financing	99,136	97,916
Business and other loans	2,203,170	2,033,919
	3,142,047	2,950,808

14. Investments in government inscribed stocks

	Consolidated	
	30 June	31 December
	2025	2024
	Unaudited	Audited
	K'000	K'000
GIS principal	95,000	95,000
Unamortised premium	54	79
Unamortised discount	(2,283)	(2,534)
Accrued interest	2,055	2,075
	94,826	94,620
Expected credit losses	(1,292)	(1,289)
	93,534	93,331

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

	Consolidated	
	30 June	31 December
	2025	2024
	Unaudited	Audited
	K'000	K'000
Balance at beginning of year	93,331	157,554
Additions/ (Maturities)	-	(65,000)
Amortised premium / (discount)	224	427
Accrued interest	(21)	(663)
Write back / (addition) of expected credit losses	-	1,013
	93,534	93,331

Investments in government inscribed stocks are measured at amortised cost.

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2025**

15. Property, plant and equipment

	Note	Consolidated	
		30 June 2025	31 December 2024
		Unaudited	Audited
		K'000	K'000
Property and equipment owned	15.1	43,902	42,586
Right of use assets	15.1	45,367	26,717
		89,269	69,303

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15.1 Property, plant and equipment

Consolidated	Furniture & Fittings	Building improvements	Motor Vehicles	Office Equipment	Land & Building	Work in Progress	Right-of –use assets	Total
	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000
Cost								
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
Disposals	-	-	(963)	(176)	-	-	(19,866)	(21,005)
Transfer in (out)	-	-	-	-	-	-	-	-
Balance 31 December 2024	4,878	27,914	8,237	67,444	2,129	2,048	57,351	170,001
Additions	14	(93)	2,052	3,698	-	1,558	26,766	33,995
Disposals	-	93	-	-	-	(93)	-	-
Transfer in (out)	-	-	(126)	-	-	-	(2,270)	(2,395)
Balance 30 June 2025	4,892	27,914	10,163	71,142	2,129	3,513	81,848	201,601
Accumulated depreciation								
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)
Charge during the year	(60)	(1,144)	(1,005)	(3,705)	-	-	(7,373)	(13,285)
Disposals	-	-	126	-	-	-	1,526	1,652
Balance 30 June 2025	(4,788)	(16,547)	(5,602)	(48,915)	-	-	(36,481)	(112,331)
Book value 30 June 2025	104	11,367	4,561	22,227	2,129	3,513	45,367	89,269
Book value 31 December 2024	150	12,511	3,514	22,234	2,129	2,048	26,717	69,303

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16. Intangible assets

Consolidated	Software	Customer deposit relationship	Work in progress	Total
	K'000	K'000	K'000	K'000
Cost				
Balance 31 December 2023	64,446	22,468	9,037	95,951
Additions	697	-	17,616	18,313
Transfer in (out)	119	-	(119)	-
All Balance 31 December 2024	65,262	22,468	26,534	114,264
Additions	1,635	-	11,904	13,539
Transfer in (out)	8	-	(8)	-
Balance 30 June 2025	66,905	22,468	38,431	127,803
Accumulated amortisation				
Balance 31 December 2023	(45,875)	(22,468)	-	(68,343)
Charges during the period	(10,028)	-	-	(10,028)
Balance 31 December 2024	(55,903)	(22,468)	-	(78,371)
Charges during the period	(3,210)	-	-	(3,210)
Balance 30 June 2025	(59,113)	(22,468)	-	(81,581)
Book value 30 June 2025	7,792	-	38,431	46,222
Book value 31 December 2024	9,359	-	26,534	35,893

On 30 September 2015, the Group, through Kina Ventures Limited, a 100% owned subsidiary of Kina Securities Limited, acquired all of the shares in Maybank (PNG) Limited and Maybank Property (PNG). Maybank (PNG) and Maybank Property (PNG) are the PNG subsidiaries of Malaysia's largest bank. The goodwill arising on this acquisition was recorded at K92.8 million.

For the purpose of impairment testing, 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. As at 30 June 2025, the Group did not identify any impairment indicators that require a formal impairment test at the interim date.

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17. Due to customers

	Consolidated	
	30 June 2025 Unaudited	31 December 2024 Audited
	K'000	K'000
Corporate customers	3,376,706	3,296,393
Retail customers	1,106,081	1,055,597
	4,482,787	4,351,990

18. Lease liabilities

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

	30 June 2025 K'000	31 December 2024 K'000
Maturity analysis – contractual undiscounted cash flows		
Less than one year	17,761	12,095
One to five years	40,216	23,086
More than five years	740	-
Total undiscounted lease liabilities at 30 June 2025	58,717	35,181
Lease liabilities included in statement of financial position at 30 June 2025		
Current	17,676	12,211
Non-current	33,859	19,273
	51,535	31,484
Amounts recognised in statement of comprehensive income		
Interest on lease liabilities	2,048	2,477
Expense relating to short-term leases	8,536	11,516
	8,892	13,933
Amounts recognised in statement of cash flows		
Total cash outflow for leases	9,132	12,449

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

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19. Other Assets and Other Liabilities

	Consolidated	
	30 June 2025	31 December 2024
	Unaudited	Audited
	K'000	K'000
Prepayments	9,417	13,389
Security deposits and bonds	30,691	35,412
Card settlement clearing	96,197	73,244
Other debtors	38,611	30,819
Total Other Assets	174,916	152,864
Less: expected credit loss	(3,990)	(3,990)
Total Other Assets	170,926	148,874

Movement of expected credit loss on other assets is as follows

	Consolidated	
	30 June 2025	31 December 2024
	Unaudited	Audited
	K'000	K'000
Balance at beginning of year	3,990	3,990
Write-off during the year	-	-
Balance at end of the year	3,990	3,990

	Consolidated	
	30 June 2025	31 December 2024
	Unaudited	Audited
	K'000	K'000
Accruals	16,070	8,312
Unclaimed money and stale cheques	18,164	20,217
Accounts payable	5,838	4,041
Unearned commission income	268	175
Advance payments	50,856	49,821
Accrued interest	25,438	18,880
NEP Settlement	13,450	3,896
Unallocated bank credits	8,529	6,257
Provision for non-lending loss	695	13,258
BLP funding account	2,715	429
Other liabilities	19,799	16,938
Total Other Liabilities	161,822	142,224

Reclassification of other assets in balance sheet.

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20. Issued and paid ordinary shares

a. Share capital

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

	Number of shares	Share capital
	'000	K'000
Ordinary shares		
Balance at 31 December 2024	287,949	397,254
Share issued during the period	848	2,568
Balance at 30 June 2025	288,797	399,822

b. Earnings per share (EPS)

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

	Consolidated	
	30 June	30 June
	2025	2024
	Unaudited	Unaudited
Net profit attributable to shareholders	57,688	42,241
Weighted average number of ordinary shares basic earnings	288,556	287,290
Weighted average number of ordinary shares diluted earnings	292,572	291,351
Basic earnings per share (in toea)	20.0	14.7
Diluted earnings per share (in toea)	19.7	14.5

c. Share-based payment reserve

In July 2015, after the Company was listed on the Australian Securities Exchange and Port Moresby Stock Exchange, Kina established various incentive arrangements to assist in the attraction, motivation and retention of management and its employees. Share options were granted to the Managing Director & Chief Executive Officer (“CEO”) and other senior executive employees. These included a short term incentive plan (“STI Plan”), long term incentive plan (“LTI Plan”) and retention plan (“RI Plan”), established under the *Kina Performance Rights Equity Incentive Plan*. The share based payment expense recognised for the period ended 30 June 2025 is K 1,009,969 (2024: K 1,009,969).

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21. Related party transaction

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

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

From time to time during the year, Directors and Senior Management of the Parent and subsidiaries have deposits in Kina Securities Limited accounts on normal terms and conditions.

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

	Consolidated	
	30 June	30 June
	2025	2024
	Unaudited	Unaudited
	K'000	K'000
Salary	6,134	5,160
Benefits	4,394	5,107
	10,528	10,267

The benefits included vested rights related to equity options with a total of K 3,199,974 (30 June 2024: K 4,190,993)

22. Investment under trust

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

	Consolidated	
	30 June	31 December
	2025	2024
	Unaudited	Audited
	K'000	K'000
Clients funds held for share trading	7,739	3,600
	7,739	3,600

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23. Segment reporting

The segment information provided for the reportable segments for the period ended 30 June 2025 is as follows:

	Banking & Finance	Wealth Management	Total
	K'000	K'000	K'000
Interest income	144,960	426	145,386
Interest expense	(32,169)	(3)	(32,172)
Foreign exchange income	50,866	(8)	50,858
Fee and commission income	63,420	22,154	85,574
Other revenue	466	857	1,323
Total external income	227,543	23,426	250,969
Other operating expenses	(124,661)	(7,445)	(132,106)
Provision for impairment	(8,271)	(450)	(8,721)
Depreciation and amortisation	(16,496)	-	(16,496)
Total external expenses	(149,428)	(7,895)	(157,323)
Profit before inter-segment revenue and expenses	78,115	15,531	93,646
Inter-segment income	1,789	-	1,789
Inter-segment expenses	-	(1,789)	(1,789)
Profit before tax	79,904	13,742	93,646
Income tax expense	(32,047)	(3,911)	(35,958)
Profit after tax	47,857	9,831	57,688
Total assets	5,401,819	18,493	5,420,312
Additions to non-current assets	20,198	-	20,198
Total liabilities	(4,733,208)	(6,776)	(4,739,984)

Banking and finance segments includes the operations of the Kina Bank while Wealth Management includes fund management and fund administration business. The Corporate segment has been amalgamated into Banking.

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23. Segment reporting (continued)

The segment information for the reportable segments for the period ended 30 June 2024 is as follows:

	Banking & Finance	Wealth Management	Total
	K'000	K'000	K'000
Interest income	133,711	519	134,230
Interest expense	(22,637)	(18)	(22,655)
Foreign exchange income	36,400	637	37,037
Fee and commission income	56,632	17,938	74,570
Other revenue	3,199	1,127	4,326
Total external income	207,305	20,203	227,508
Other operating expenses	(125,894)	(5,921)	(131,815)
Provision for impairment	(7,700)	(53)	(7,753)
Depreciation and amortisation	(15,630)	-	(15,630)
Total external expenses	(149,224)	(5,974)	(155,198)
Profit before inter-segment revenue and expenses	58,081	14,229	72,310
Inter-segment income	1,672	-	1,672
Inter-segment expenses	-	(1,672)	(1,672)
Profit before tax	59,753	12,557	72,310
Income tax expense	(26,831)	(3,238)	(30,069)
Profit after tax	32,922	9,319	42,241
Total assets	5,304,706	15,635	5,320,341
Additions to non-current assets	17,370	-	17,370
Total liabilities	(4,676,696)	(6,957)	(4,683,653)

The Corporate segment has been amalgamated into Banking & Finance.

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24. Contingent liabilities

Litigations and claims

Contingent liabilities exist in respect of actual and potential claims and proceedings that have not been determined. An assessment of the Group's likely loss has been made on a case-by-case basis for the purposes of the financial statements and specific provisions are made where appropriate. There was no litigation matter of a material nature provided for in the consolidated financial statements.

Other contingent liabilities

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

	Consolidated	
	30 June 2025	31 December 2024
	Unaudited	Audited
	K'000	K'000
Bank Guarantee	10,843	12,363

25. Capital commitments

There was a total of K 3.87 million relating to commitments under contracts for capital expenditure at reporting date (31 December 2024: K 3.9 million).

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2025

26. Fair value estimation

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

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

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

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

30 June 2025

Assets	Level 1 K'000	Level 2 K'000	Level 3 K'000	Total K'000
Financial assets at fair value through profit or loss				
- Investment in shares – Listed	6,566	-	-	6,566
- Investment in shares – Unlisted	-	-	35,809	35,809
Total assets	6,566	-	35,809	42,375

31 December 2024

	Level 1 K'000	Level 2 K'000	Level 3 K'000	Total K'000
Financial assets at fair value through profit or loss				
- Investment in shares – Listed	5,847	-	-	5,847
- Investment in shares – Unlisted	-	-	35,809	35,809
Total assets	5,847	-	35,809	41,566

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

27. Financial risk factors

The Group's activities expose it to variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The condensed interim financial statements do not include all the financial risk management information and disclosure required in the annual financial statements. They should read in conjunction with the Group's half year financial statements at 30 June 2025. There have not been any material changes in risk management policies since the year-end.

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28. Liquidity risk

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

	Consolidated						
	Up to 1 month K'000	1 to 3 months K'000	4 to 12 months K'000	1 to 5 years K'000	Over 5 years K'000	Total contract value K'000	Total carrying value K'000
30 June 2025							
Cash and cash equivalents	462,110	-	-	-	-	462,110	462,110
Central bank bills	-	856,363	-	-	-	856,363	856,363
Regulatory deposits	453,142	-	-	-	-	453,142	453,142
Total financial assets	915,252	856,363	-	-	-	1,771,615	1,771,615
Due to other banks	9,839	-	-	-	-	9,839	9,839
Due to customers	3,419,088	456,604	570,962	36,133	-	4,482,787	4,482,787
Other liabilities	161,822	-	-	-	-	161,822	161,822
Total financial liabilities	3,590,749	456,604	570,962	36,133	-	4,654,448	4,654,448
Issued financial guarantee contracts	70	6,990	3,763	20	-	10,843	10,843
Issued loan commitments	61,844	-	-	-	-	61,844	61,844
Total	61,914	6,990	3,763	20	-	72,687	72,687

	Consolidated						
	Up to 1 month K'000	1 to 3 months K'000	4 to 12 months K'000	1 to 5 years K'000	Over 5 years K'000	Total contract value K'000	Total carrying value 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

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29. Events after the balance sheet date

Declaration of dividend

Subsequent to the financial reporting date, the directors declared a dividend of AUD 4.50 cents / PGK 12.60 toea per share (PGK 36.5 million) payable to stockholders on 02 October 2025.