

31 August 2026

PNGX – Announcement

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

BY ELECTRONIC LODGEMENT

Appendix 5B – Half Year Report

Please find attached for release to the market, Kina Securities Limited (PNGX:KSL) Appendix 5B – Half Year Report for the half year ended 30 June 2026.

ENDS

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

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Kina Securities Limited

2026 Half Year Results

(ABRN 606 168 594)

Incorporating the requirements of Appendix 5B



Kina Securities Limited

PNGX Appendix 5B

For the Half Year ended 30 June 2026 Results for announcement to the market

Comparisons of the current year results to 30 June 2026 (1H26, reporting period) are with the half year to 30 June 2025 (1H25, previous corresponding period (PCP)).

PGK'000	Half Year Ended					Jun26 vs Jun25
	Jun26	Dec25	Jun25	Dec24	Jun24	
Revenue from ordinary activities	254,788	293,058	250,969	257,391	227,508	2%
Profit from ordinary activities	88,895	105,465	93,646	107,800	72,310	(5%)
Underlying Net Profit After Tax	59,732	56,955	57,688	58,055	49,666	4%
Net Profit After Tax attributable to equity holders	59,732	56,955	57,688	58,055	42,241	4%
Net Tangible Assets per security (PGK)	2.14	2.13	2.03	1.99	1.89	

Dividends distributions (Interim dividend)	Jun26	Jun25	Change
- unfranked (AUD cents per share)	4.5 cents	4.5 cents	Nil
- unfranked (PGK toea per share)	14.2 toea	12.6 toea	13%

The Directors have declared an interim unfranked dividend for the reporting period based on the Net Profit After Tax (NPAT) attributable to equity holders for the half year of PGK 59.7m (4% vs PCP of PGK 57.7m).

The interim dividend is converted based on an exchange rate: 1 PGK = 0.3161 AUD.

The Record date for determining entitlements to the dividend is 4 September 2026.

The financial information contained in this report for the half year ended 30 June 2026 and the comparative period ended 30 June 2025 have been reviewed by KSL's appointed external auditor and approved by the Board. The comparative figures for the full year ended 31 December 2025 and 31 December 2024 are based on audited financial figures.

This report should be read in conjunction with the reviewed Consolidated Financial Statements for the half year ended 30 June 2026 referred to in Section 2.

This report is provided to the PNGX under Listing Rule 5.11

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1. Results Overview

Kina Securities Limited (**KSL, Kina, Kina Group, Bank, the Business or the Company**) has reported a statutory Net Profit After Tax of PGK 59.7m for the half year to 30 June 2026. All comparisons are against PCP to reflect the traditional business cycle over the financial year.

The statutory profit has been calculated in accordance with International Financial Reporting Standards (IFRS).

The Board has declared an unfranked interim dividend for 1H26 of AUD 4.5 cents per share / PGK 14.2 toea per share. This compares to AUD 4.5 cents per share / PGK 12.6 toea in the PCP.

Key results

PGK Millions	Half Year Ended					Jun26 vs Jun25
	Jun26	Dec25	Jun25	Dec24	Jun24	
Underlying NPAT from ordinary activities (PGK m)	59.7	57.0	57.7	58.1	49.7	4%
Statutory NPAT from ordinary activities (PGK m)	59.7	57.0	57.7	58.1	42.2	4%
Net profit before tax (PGK m)	88.9	105.5	93.6	107.8	72.3	(5%)
Revenue (PGK m)	254.8	293.1	251.0	257.4	227.5	2%
FX Revenue (PGK m)	48.3	49.5	50.9	48.9	37.0	(5%)
Loan impairment expense (PGK m)	6.3	30.1	8.7	10.3	7.8	(27%)
Cost to income ratio (%) underlying	62.6	53.7	59.2	54.1	58.9	6%
Cost to income ratio (%) statutory	62.6	53.7	59.2	54.1	64.8	6%
Net interest margin (%)	5.8	6.8	5.9	5.8	5.6	(2%)
Return on Equity (%) – underlying	16.6	16.6	17.1	16.5	15.6	(3%)
Return on Equity (%) – statutory	16.6	16.6	17.1	15.4	13.2	(3%)
Earnings per Share (PGK Toea) underlying	20.3	19.7	20.0	20.2	17.3	1%
Earnings per Share (PGK Toea) statutory	20.3	19.7	20.0	20.2	14.7	1%
Dividend (PGK Toea per share)	14.2	19.3	12.6	15.5	10.6	13%*
Dividend (AUD Cents per share)	4.5	6.5	4.5	6.0	4.0	0%
Deposit Growth (PGK m)	4,325.8	4,606.5	4,482.8	4,352.0	4,482.4	(4%)
Net loans and advances (PGK m)	3,098.1	3,206.5	3,035.2	2,883.6	2,645.0	2%
Capital adequacy (T1+T2) (%)	26.0	17.4	17.3	18.3	19.3	50%

* impact of PGK/AUD conversion rate.

Operating performance and earnings

Kina continued to deliver on its strategic priorities, maintaining momentum in the execution of its 2030 Strategy. During the period, the Bank strengthened its capital position through the successful and oversubscribed PGK235m subordinated bond issuance, expanded its digital ecosystem with the launch of the Pei Beta wallet and enhanced its business banking proposition through a new Corporate Online Banking platform. These achievements, combined with continued investment in capability building, cultural transformation and disciplined growth opportunities, position Kina well for long-term value creation.

The key highlights of 1H26 results:

- NPAT increased 4% to PGK59.7m, supported by 5% growth in net interest income, with the impact of higher operating expenses from PGK currency depreciation largely offset by a reduction in the corporate tax rate from 40% to 35%.
- Net interest income increased 5% to PGK119.3m, representing 47% of total revenues.
- Non-interest income remained stable at K135.5m, representing 53% of total revenues.
- Operating Costs increased by 7% to PGK159.6m, representing a modest rise while absorbing the depreciation of the PGK currency against the USD and AUD.
- Prudent provisioning maintained with coverage strengthened to 2.6% of gross loans, while the marginal increase in the NPL ratio to 8.9% reflected a smaller loan book rather than any deterioration in underlying asset quality.

- Capital strength was significantly enhanced through the successful PGK235 million Tier 2 bond issuance, lifting capital adequacy to 26.0% and reinforcing capacity to support growth and strategy execution.
- Interim dividend increased 13% to PGK14.2 toea per share (AUD4.5 cents flat year on year (YoY)), reflecting the Bank's strong capital position, business fundamentals and confidence in future growth, with a 70% payout ratio within policy range.

Outlook

Kina is well positioned for stronger performance in 2H 2026, underpinned by positive operating momentum, improving foreign exchange flows, sustained lending growth, and continued focus on generating high-quality organic growth opportunities.

Asset Quality

Asset quality is measured using an Expected Credit Loss (ECL) methodology which measures and recognises potential impairment losses on financial assets. Kina has further enhanced its internal risk grading model to improve estimates for loss allowance based on the credit risk of the assets. The enhanced risk model more effectively utilises three key items:

- Probably of Default
- Loss Given Default; and
- Exposure at Default

The model considers past and present outcomes and incorporates macro-economic forecasts to ensure the appropriate and timely recognition and provisioning for credit losses as changes in credit risks occur. The model allocates relative weightings to base, upside and downside risk scenarios. Asset quality remains sound and at an acceptable level.

Section 1.2.8 provides additional explanation.

Operating Expenses

KSL reported total operating costs of PGK 159.6m for the first half of 2026, reflecting a modest 7% increase vs PCP. The Cost to Income ratio (CTI) was 62.6%, reflecting revenue growth impacts and timings (as outlined) and the decline of the PGK currency; Kina maintains its medium to long term objective to reduce CTI through sensible budgetary controls, digitisation, and organic growth in target segments.

Section 1.2.7 provides additional explanation.

Underlying Capital

The underlying capital of the bank is strong, with regulatory capital (T1+T2) at 26.0% of Risk Weighted Assets (**RWA**). Kina remains well above regulatory requirements of 12%.

The capital base continues to position the Group for further growth opportunities in lending, digital offerings and development of the distribution network.

Economic Outlook

Sovereign Rating: S&P Outlook Revised Upward

On 19 June 2026, S&P Global Ratings revised Papua New Guinea's outlook to Positive from Stable, affirming the sovereign at 'B-/B'. The upgrade reflects strengthening medium-term growth prospects: real GDP expanded an estimated 5.6% in 2025 — among the Pacific's strongest — supported by the Porgera gold mine reaching around three-quarters of capacity, firm commodity prices, and resilient non-resource activity. Sustained fiscal consolidation (deficit narrowing below 3% of GDP and a declining net debt path), improved FX convertibility under the current “crawling-peg” exchange arrangement, and consistent delivery against IMF program benchmarks underpinning the positive sentiment. A rating upgrade is considered highly probable as reform momentum and the Papua LNG Final Investment Decision (FID) are finalised.

Papua LNG Development Forum and FID Timeline

The State-led Papua LNG Development Forum commenced in July 2026, convening the National Government, landowners, the Gulf and Central Provincial Governments, and joint-venture partners TotalEnergies (37%), ExxonMobil (37%), Santos (22%) and JX Nippon (2%) to finalise benefit-sharing agreements. Capital costs have been restructured from roughly US\$18b to about US\$14b, materially improving

commercial viability. Operator guidance targets a Final Investment Decision in Q4 2026. However, on current forum and financing timelines, a decision may realistically extend to around April 2027 — still ahead of the 2027 National General Elections which remains an important consideration for execution certainty. FID would anchor a multi-year construction and production uplift and materially lift the medium-term growth trajectory.

Middle East Conflict, Fuel Prices and Inflation

The Iran–Israel conflict drove a sharp spike in global energy prices during H1 2026, with Brent-linked crude rising from around US\$93/bbl to a peak near US\$139/bbl in April before easing. As a net fuel importer, PNG faced immediate price “pass-through” risk. Fuel and freight cost pressures, layered onto the ongoing PGK depreciation, poses a clear upside risk to inflation. The Bank of PNG has already revised its 2026 headline inflation forecast to 4.0%, up from 3.0%. Kina’s assessment is that, had the price spike passed through fully, headline CPI could have pressed toward 5–6% for 2026. The Government’s ‘subsidy package’ to fuel importers to freeze import prices and support food-transport costs should contain the realised outturn nearer to the 4.0–4.5% range, with core inflation held roughly between 2.5–3.3%.

Government K1 Billion Fuel Support Package

In April 2026 the Government announced a PGK1b fuel stabilisation package to hold pump prices at March 2026 levels, subsidising the gap between elevated import costs and capped domestic prices for importers including ExxonMobil, Puma Energy and Ok Tedi Mining. An initial PGK100m was deposited to a BPNG trust account, with disbursements reaching around PGK630m by mid-year, alongside GST, duty and levy relief measures under review. This intervention is expected to be formalised within a supplementary budget, partly funded by higher oil and gas revenues. It cushions cost-of-living and cost-of-doing-business pressures but warrants monitoring for fiscal slippage if global prices stay elevated during the second half of this year.

Monetary Policy: Settings and Transmission

The BPNG Monetary Policy Committee (MPC) held the Kina Facility Rate at 5.0% through H1 2026 (March and June meetings), keeping the Cash Reserve Requirement at 9.0% and maintaining the crawl-like exchange rate as the nominal anchor. The stance remains modestly restrictive following the September 2025 hike from 4.0% to 5.0%. Treasury bill and bond yields have traded around the 5%–8% area amid elevated government financing needs supporting bank net interest margins, while the 7-day FRFA and CBB operations continue to absorb surplus system liquidity. Policy transmission to deposit rates remains limited, but the framework has kept core inflation contained and system stability intact — a constructive backdrop for Kina Bank’s lending and treasury operations.

Foreign Exchange: Crawling Peg Outlook

The kina continued its managed, gradual depreciation under the crawl-like arrangement, easing from about US\$0.2350 to US\$0.2280 (-3%) over the period, with the trade-weighted index is down around 3.9%. FX liquidity improved as order backlogs and allocation delays shortened on stronger export earnings. Consistent with MPC minutes signaling continuation of the orderly crawl, we expect further measured PGK/USD depreciation through 2026 toward the low-0.2200 range, absent any major resource project inflows. PGK/AUD will track the AUD/USD cross (exchange) rate position; a firmer Australian dollar would lift AUD costs for kina holders, whereas AUD softness would partially offset kina weakness on the cross.

The risk of El Nino weather patterns on operations at major mines including Ok Tedi and Porgera could pose a risk to mining exports entering the final quarter of 2026.

Sectoral Outlook: Resources and Non-Resources

Following 5.6% growth in 2025, market consensus is that growth will converge on moderation to around 4.4–4.6% in 2026, easing toward ~4% over the medium term on a no-Papua-LNG baseline. The resource sector remains the primary engine including the Porgera ramp-up, elevated gold prices and steady LNG export volumes (~3.73mt to May) supporting export receipts, with Wafi-Golpu and Papua LNG as major medium-term catalysts. The non-resource sector is underpinned by improved FX access, strong agricultural prices (notably cocoa), continued Government stimulus through the Connect PNG infrastructure program, and resilient business activity though formal job creation lags output. For investors, PNG offers a strengthening sovereign narrative and a credible resources pipeline, balanced against FX depreciation, inflation and execution risks that the Bank is well positioned to navigate following its capital injection during the first half through a corporate bond issuance.

1.1 Disclosure and Context

Financial reporting

The statutory result for the six months to 30 June 2026 was a reviewed consolidated Net Profit After Tax of PGK 59.7m. This includes results from the combined operations of Kina Securities Limited and its subsidiaries.

The results presented in this report have been presented on a statutory basis.

Future performance. Forward looking statements

The information in this document is for general information only. To the extent that certain statements contained in this document may constitute “forward-looking statements” or statements about “future matters”, the information reflects Kina’s intent, belief or expectations at the date of this document. Subject to any continuing obligations under applicable law or any relevant listing rules of the Australian Securities Exchange (**ASX**) or PNG’s National Stock Exchange (**PNGX**), Kina disclaims any obligation or undertaking to disseminate any updates or revisions to this information over time. Any forward-looking statements, including projections, guidance on future revenues, earnings and estimates, are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Kina’s actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements.

Rounding

All amounts in this report have been rounded to the nearest million Kina (**PGK**) (Papua New Guinea’s currency) unless otherwise stated.

Financial results for the half year-ended 30 June 2026

1.1.1 Statutory Results

	Half Year Ended					Jun26 vs Jun25
	Jun26 PGK'000	Dec25 PGK'000	Jun25 PGK'000	Dec24 PGK'000	Jun24 PGK'000	
Continuing Operations						
Interest income on investments	30,622	42,970	30,100	23,519	27,364	2%
Interest income on loans	129,148	157,238	115,286	116,720	106,866	12%
Interest expense	(40,506)	(45,683)	(32,172)	(29,591)	(22,655)	26%
Net interest income	119,264	154,525	113,214	110,647	111,575	5%
Fee and commission income	85,445	91,171	85,574	87,050	74,633	0%
Fee and commission expense	-	-	-	31	(63)	0%
Net fee and commission income	85,445	91,171	85,574	87,081	74,570	0%
Foreign exchange income	48,266	49,462	50,858	48,933	37,037	(5%)
Dividend income	-	935	1	809	135	(100%)
Net gain/(losses) from financial assets through profit and loss	648	(3,813)	718	6,217	1,696	(10%)
Other operating income	1,165	778	604	3,705	2,495	93%
Non-interest income	135,524	138,533	137,755	146,744	115,933	(2%)
Operating income before impairment losses and operating expenses	254,788	293,058	250,969	257,391	227,508	2%
Impairment losses	(6,322)	(30,249)	(8,721)	(10,398)	(7,753)	(28%)
Other operating expenses	(159,571)	(157,344)	(148,602)	(139,193)	(147,445)	7%
Profit before tax	88,895	105,465	93,646	107,800	72,310	(5%)
Income tax expense	(29,163)	(48,510)	(35,958)	(49,745)	(30,069)	(19%)
Net profit for the period attributable to the equity holder of the Company	59,732	56,955	57,688	58,055	42,241	4%
Other comprehensive income	-	-	-	-	-	0%
Total comprehensive income for the period attributable to the equity holder of the Company	59,732	56,955	57,688	58,055	42,241	4%

The above information has been extracted from the reviewed consolidated financial statements of Kina Securities Limited for the half year-ended 30 June 2026 and, where applicable, calculated by reference to the 31 December 2025 annual financial statements and the 30 June 2025 half year reviewed financial statements.

1.1.2 Dividends

	Jun26	Dec25	Jun25	Dec24	Jun24	June 26 vs June 25
Earnings per share (PGK Toea) underlying	20.3	19.7	20.0	20.2	14.7	1%
Earnings per share (A cents) underlying	6.4	6.2	7.1	7.8	5.5	(10%)
Dividend per share (PGK toea)	14.2	19.3	12.6	15.5	10.6	13%
Dividends per share (A cents)	4.5	6.5	4.5	6.0	4.0	0%

1.1.3 Lending

Loan book decreased 3% from December 2025 but remained 2% above June 2025 levels, reflecting disciplined balance sheet optimisation and targeted de-risking initiatives, including the targeted reduction of selected lending exposures. Despite the planned contraction, underlying customer demand remains healthy, with a strong lending pipeline across key market segments. KSL remains well positioned to deliver sustainable loan growth in 2H 2026, supported by enhanced capital capacity and continued execution of its growth strategy.

PGK Millions	Half Year Ended					Jun26 vs Jun25
	Jun26	Dec25	Jun25	Dec24	Jun24	
Business Loan	2,115.9	2,262.2	2,107.1	1,941.8	1,735.7	0%
Housing Loan	627.6	628.8	624.1	607.5	588.7	1%
Overdraft	148.9	117.9	112.0	98.9	86.0	33%
Investment Property Loan	130.9	125.8	107.1	113.0	107.5	22%
Asset Financing	112.3	113.3	99.1	97.9	96.2	13%
Personal Loan	38.4	40.2	45.8	85.7	86.7	(16%)
Credit Cards	6.7	6.4	6.0	6.1	3.7	12%
Gross	3,180.7	3,294.6	3,101.2	2,950.9	2,704.5	3%
Provision	(82.6)	(88.1)	(66.0)	(67.3)	(59.5)	25%
Total	3,098.1	3,206.5	3,035.2	2,883.6	2,645.0	2%

Wholesale and retail sector lending continues to be the largest proportion of industry concentration comprising 31% of the total loan book. Over the past six months, lending growth has continued to increase in the Wholesale & retail sector (increased by 8.0%), reflecting sound business fundamentals within this industry sector and high quality customer profile(s).

	Jun26		Dec25	
	PGK million	% of total loans	PGK million	% of total loans
Wholesale & Retail	997.8	31.4%	921.8	28.0%
Personal Banking	722.6	22.7%	740.2	22.5%
Real Estate/Renting/Business Services	473.5	14.7%	486.2	14.6%
Other Business	397.3	12.3%	396.1	11.9%
Building and Construction	152.1	4.7%	300.3	9.0%
Hotel & Restaurants	124.4	3.9%	131.3	3.9%
Transport & Storage	106.2	3.3%	109.6	3.3%
Post & Telecommunication	99.1	3.1%	99.5	3.0%
Agriculture, Forestry & Fishing	44.6	1.4%	36.2	1.1%
Equipment Hire	23.6	0.7%	24.5	0.7%
Electrical, Gas & Water	19.9	0.6%	14.0	0.4%
Manufacturing	17.6	0.5%	29.0	0.9%
Financial Intermediation	1.9	0.1%	2.1	0.1%
Mining	0.1	0.0%	3.8	0.1%
Gross Loans	3,180.7	100.0%	3,294.6	100.0%

1.1.4 Funding

PGK Millions	Half Year Ended					Jun26 vs Jun25
	Jun26	Dec25	Jun25	Dec24	Jun24	
Current Accounts	2,015.9	2,097.2	2,018.5	2,008.5	1,681.8	0%
Fixed Term	1,481.2	1,506.4	1,481.9	1,429.9	1,487.6	0%
Savings Accounts	615.8	621.2	551.6	563.7	511.6	12%
Cash Management Accounts	212.9	381.7	430.8	349.9	792.9	(51%)
Total	4,325.8	4,606.5	4,482.8	4,352.0	4,473.9	(4%)

Total deposits declined during the period as KSL deliberately reduced higher-cost Fixed Deposit and CMA balances in line with its funding optimisation strategy, supporting improved funding mix and margin performance. This disciplined approach prioritised profitability and balance sheet efficiency over deposit growth. The Group remains well funded, with a strong liquidity position and ample capacity to support future lending growth opportunities.

PGK Millions	Half Year Ended					Jun26 vs Jun25
	Jun26	Dec25	Jun25	Dec24	Jun24	
On Call	2,896.4	3,159.2	3,018.2	2,971.6	3,013.4	(4%)
1 month	576.4	353.3	401.0	352.4	335.8	44%
2 months	154.4	170.1	350.4	269.6	255.3	(56%)
3 months	140.9	83.9	106.2	98.4	116.8	33%
6 months	208.6	270.5	160.4	205.0	280.5	30%
12 months	322.2	538.5	410.5	406.1	435.0	(22%)
24 months	26.9	31.0	36.1	76.0	37.1	(25%)
Total	4,325.8	4,606.5	4,482.8	4,352.0	4,473.9	(4%)

Balance sheet funding was supported by a blend of On Call and up to 6-month deposits, reflecting sustained favorable domestic market liquidity. The Loan-to-Deposit Ratio (LDR) remained at a healthy 72% and well under regulatory limit of 90%. The deposit portfolio has been deliberately structured to support future loan growth, ensuring Kina Bank is well placed to participate in financing opportunities generated by upcoming resource sector investments and broader economic expansion.

1.1.5 Net Interest Margin

PGK Millions	Half Year Ended					Jun26 vs Jun25
	Jun26	Dec25	Jun25	Dec24	Jun24	
Net Interest Income (annualised)	241.4	270.2	230.5	224.7	224.4	4.7%
Interest Income Loans	258.3	272.5	230.6	223.6	213.7	12.0%
Avg Interest Yield Loans	8.2%	8.9%	7.7%	8.2%	8.2%	+50 bps
Interest Income Investments	61.2	73.1	60.2	50.9	54.7	1.7%
Avg Interest Yield Investments	6.1%	7.9%	6.7%	4.5%	3.8%	-50 bps
Interest Expense	(78.1)	(75.4)	(60.2)	(49.8)	(44.0)	29.7%
Avg Cost of Funds	(1.7%)	(1.7%)	(1.4%)	(1.1%)	(1.0%)	+30 bps
Average Interest earning assets	4,149.7	3,972.8	3,882.4	3,847.5	4,028.3	6.9%
Average Interest-bearing liabilities	4,584.4	4,479.3	4,436.0	4,365.4	4,427.2	3.3%
Net Interest spread (loans)	6.5%	7.3%	6.4%	7.1%	7.2%	+10 bps
Net Interest spread (investments)	4.4%	6.2%	5.3%	3.4%	2.8%	-90 bps
Net Interest Margin	5.8%	6.8%	5.9%	5.8%	5.6%	-10 bps

The Bank's Net Interest Margin declined nominally by 10bps to 5.8% compared to June 2025 driven by:

- Interest spread on investments at 4.4% reflected declining yields on government securities in line with our forecast.
- Interest spread on loans slightly increase to 6.5%.
- Net interest income gains were partly offset by a planned increase in the cost of funds associated with the corporate bond.

1.1.6 Non-Interest Income

PGK millions	Half Year Ended					Jun26 vs Jun25
	Jun26	Dec25	Jun25	Dec24	Jun24	
Banking						
Foreign exchange income	48.3	49.5	50.9	49.3	36.9	(5%)
Fees and commissions*	59.9	67.1	62.7	62.0	56.0	(4%)
Other	1.7	(2.9)	1.2	8.2	3.8	42%
Total	109.9	113.7	114.8	119.5	96.7	(4%)
Wealth Management						
Fund Administration	14.0	13.1	13.1	15.6	11.8	7%
Investment Management	6.7	6.5	6.0	5.8	5.5	12%
Retail Wealth & Shares	3.2	3.2	2.3	1.2	1.2	39%
Other	1.7	2.0	1.6	4.7	0.7	6%
Total	25.6	24.8	23.0	27.3	19.2	11%
Total	135.5	138.5	137.8	146.8	115.9	(2%)

*see further analysis below

Non-interest income for 1H 2026 was PGK135.5m with a nominal decline of 2% on PCP and representing 53% of total revenues.

Foreign exchange revenue of PGK48.3m, down 5% from PGK50.9m in 1H 2025, which includes a one-off FX loss of PGK2.4m incurred on the FY2025 final dividend payment made in April 2026. As expected, the evolution of the foreign exchange market towards greater interbank activity is leading to higher volumes largely offsetting the impact of margin compression.

Digital channel revenues were flat at K85.4m. Growth in KSL's extensive payment acquiring business (EFTPOS, e-Commerce, ATM) was delayed due to interoperability issues affecting a major PNG bank's newly issued debit cards. This issue was not caused by Kina Bank and is expected to be resolved prior to the end of 2H 2026 through the implementation of already identified upgrades to the national payments infrastructure and participating bank systems.

Fees from Funds under Management (FuM) increased by 12% including retail wealth management +39%, and Funds under Administration (FuA) +7%. This business line continued to perform strongly including increased volume in membership and funds. The growth reflects both organic growth and improved client retention.

The table below shows the movement in fees and commissions (banking).

Banking - PGK millions	Jun-26	Jun-25	Change (PGK)	Change (%)
Digital channel revenue	43.5	43.9	(0.4)	(1%)
Bank fees and commission income	9.5	11.0	(1.5)	(14%)
Loan fees	3.7	4.2	(0.5)	(12%)
ATM fees	3.2	3.6	(0.4)	(11%)
Total fees and commissions	59.9	62.7	(2.8)	(4%)

1.1.7 Operating Expenses

PGK Millions	Half Year Ended					Jun26 vs Jun25
	Jun26	Dec25	Jun25	Dec24	Jun24	
Administration	63.5	56.4	60.6	60.3	51.2	5%
Staff	63.4	59.5	55.3	50.8	52.1	15%
Occupancy	24.9	24.9	24.9	21.9	21.2	0%
Other operating expenses	6.1	7.8	6.6	4.5	21.7	(8%)
Board of Directors costs	1.5	1.1	1.2	1.7	1.2	25%
Transformation costs	0.2	7.6	-	-	-	0%
Total	159.6	157.3	148.6	139.2	147.4	7%

Statutory operating cost as at June 2026 were PGK159.6m, a moderate increase of 7%. Staff and administrative costs contributed 40% each to total operating costs while occupancy and other operating expenses contributed 16% and 4% respectively for the year.

The increase in Operating Expenses was informed by continued investment in strategic growth initiatives, digital transformation, risk management, and leadership capabilities. Costs remained well controlled despite significant depreciation of the PGK against the USD and AUD, which impacted approximately 30% of the Group's cost base, as well as ongoing imported inflation pressures. This outcome demonstrates KSL's disciplined cost management approach while continuing to invest in capabilities that support long-term growth and execution of the 2030 Strategy.

1.1.8 Asset Quality and Loan Impairment

Information about how risk is quantified and managed for potential impairment of Kina's loan assets requires robust risk management and model application. Kina has an IFRS9 compliant model which evaluates how economic and credit changes will affect its loan portfolio under a variety of scenarios, including the application of critical estimates and judgements.

The Probability of Default, Exposure at Default and the Loss Given Default metrics are used in the computation of ECL across three distinct portfolios of assets:

- Loans
- Overdrafts and
- Credit Cards

Each portfolio is assessed by analysing the default stages, level of security (the collateral held by the Bank) and various economic and scenario analysis to formulate the ECL and level of provisioning.

Asset Quality

PGK Millions	Half Year Ended							
	Jun-26	% of GLA	Dec-25	% of GLA	Jun-25	% of GLA	Dec-24	% of GLA
Total impairment (loans & advances)	6.8	0.2%	30.2	0.9%	8.7	0.3%	11.1	0.4%
Non-performing loans and loans in arrears	283.4	8.9%	285.9	8.7%	240.9	7.8%	238.1	8.1%
- 90 day arrears	35.4	1.1%	42.4	1.3%	34.6	1.1%	45.5	1.5%
- Gross non-performing loans (>180 days)	248.0	7.8%	243.5	7.4%	206.3	6.7%	192.6	6.5%
Total provision	82.6	2.6%	88.1	2.7%	66.0	2.1%	67.3	2.3%

Loan impairment provisions remained prudent, with provision coverage strengthening to 2.6% of gross loans at June 2026, compared to 2.1% at June 2025. Following the application of IFRS 9 methodologies for the treatment of suspended interest during the December 2025 reporting period, the Company's NPL reporting has been updated to include suspended interest balances associated with credit-impaired loans. On a comparable basis, this increases the reported NPL ratio at 31 December 2025 from 7.7% to 8.7%. Applying the same methodology at 30 June 2026 results in an NPL ratio of 8.9%. While gross NPL balances reduced slightly during the period, the NPL ratio increased marginally from 8.7% to 8.9%, primarily due to a 3% reduction in the overall loan book. Accordingly, the movement in the reported NPL ratio does not reflect a deterioration in the underlying credit quality of the portfolio. The gross NPL balance reduced by 0.8% to PGK283.4m in June from PGK285.9m.

Loan Impairment expense

Figures in PGK'000	Jun-26	Jun-25	Change (PGK)	Change (%)
Provision Expense	6,089.5	8,655.2	(2,565.7)	(29.6%)
Net Write-offs	(441.1)	(320.3)	(120.8)	37.7%
Provision on loans	5,648.4	8,334.9	(2,686.5)	(32.2%)
Trade Debtors	1,107.0	383.2	723.8	188.9%
Total impairment (loans & advances)	6,755.4	8,718.1	(1,962.7)	(22.5%)
Provision on GIS*	(433.0)	2.9	(435.9)	(1,5031.0%)
Total Impairment Expense	6,322.4	8,721.0	(2,398.6)	(27.5%)

*see note below on Investments

An analysis of the loan portfolio and provision based on ECL model is set out as follows:

Loans and advances to customers	Stage 1 12 Month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total Jun 2026	Total Jun 2025
Loans	2,557.9	223.7	234.0	9.5	3,025.1	2,983.2
Overdraft	106.6	9.5	32.8	-	148.9	112.0
Credit Cards	4.0	0.5	2.2	-	6.7	6.0
Total Gross Carrying Amount	2,668.5	233.7	269.0	9.5	3,180.7	3,101.2
Loss Allowance	(21.4)	(7.6)	(53.6)	-	(82.6)	(66.0)
Carrying Amount	2,647.09	226.15	215.38	9.5	3,098.1	3,035.2

The IFRS 9 compliant model establishes a three-stage impairment criteria based on changes to credit quality. A significant component of the overall loan book represents performing loans. The lower provisions held under stages two and three reflect loans that are well secured and therefore have a lower probability of loss.

*Investments

In FY2020, as part of the BPNG's market intervention and quantitative easing requirements due to COVID-19, Kina (together with other financial institutions) took on greater placements of Governments Inscribed Stock (GIS) issued by the PNG Government. Kina invested a total of PGK 100m with terms greater than 5 years. In accordance with IFRS 9 requirements, the Company was required to assess the ECL on these investments, with the total ECL calculated in the first half of 2026 being PGK863k against opening balance of PGK1,296k. This resulted in a positive impact to P&L of PGK433k in June 2026.

1.1.9 Capital Adequacy

BPNG Prudential Standard 1/2003 Capital Adequacy prescribes ranges of overall capital adequacy ratios and leverage capital ratios to measure whether a bank is adequately capitalised. Kina significantly exceeds the existing BPNG prudential capital adequacy requirements and is defined as 'well capitalised' as at 30 June 2026.

Kina is an authorised institution licensed by the BPNG to accept or collect deposits from the public and lend these monies to others and is required to comply with the prudential standards issued by BPNG. The reported capital adequacy ratios are at the consolidated level of the Group.

Capital ratios at the end of June 2025 remained above BPNG's requirement, with combined tier 1 (T1) and tier 2 (T2) capital equal to 26.0% of Risk-Weighted Assets, compared with the regulatory minimum of 12.0%. The Bank also has maintained leverage ratio at 8.8%, above BPNG's minimum requirement of 6.0%.

Regulatory Capital Ratios	Jun26	Dec25	Jun25	Dec24	Jun24
RWA	3,087.5	3,236.6	3,053.6	2,854.9	2,513.0
Capital: T1 (PGK'm)	467.5	408.8	431.4	387.4	410.7
Capital: T2 (PGK'm)	334.8	155.1	95.9	136.0	73.7
Capital: T1 + T2 (PGK'm)	802.3	563.9	527.3	523.4	484.4
Capital adequacy Ratio: T1	15.1%	12.6%	14.1%	13.6%	16.3%
Capital adequacy: T2	10.8%	4.8%	3.1%	4.8%	2.9%
Capital adequacy: T1 + T2	26.0%	17.4%	17.3%	18.3%	19.3%
Leverage Ratio	8.8%	7.9%	8.3%	7.9%	8.1%

The objective of Kina's Capital Management Plan is to maintain a strong, profitable financial risk profile and capacity to meet financial commitments. Capital adequacy and liquidity ratios are monitored against internal targets and triggers that are above minimum capital requirements set by the Board. These are reviewed on a monthly basis by the Asset and Liability Committee.

2. Consolidated Financial Statements

2.1 Statement of Comprehensive Income – consolidated

	Jun26 PGK'000	Half Year Ended				Jun26 vs Jun25
		Dec25 PGK'000	Jun25 PGK'000	Dec24 PGK'000	Jun24 PGK'000	
Continuing Operations						
Interest income on investments	30,622	42,970	30,100	23,519	27,364	2%
Interest income on loans	129,148	157,238	115,286	116,720	106,866	12%
Interest expense	(40,506)	(45,683)	(32,172)	(29,591)	(22,655)	26%
Net interest income	119,264	154,525	113,214	110,647	111,575	5%
Fee and commission income	85,445	91,171	85,574	87,050	74,633	0%
Fee and commission expense	-	-	-	31	(63)	0%
Net fee and commission income	85,445	91,171	85,574	87,081	74,570	0%
Foreign exchange income	48,266	49,462	50,858	48,933	37,037	(5%)
Dividend income	-	935	1	809	135	(100%)
Net gain/ (losses) from financial assets through profit and loss	648	(3,813)	718	6,217	1,696	(10%)
Other operating income	1,165	778	604	3,705	2,495	93%
Non-interest income	135,524	138,533	137,755	146,744	115,933	(2%)
Operating income before impairment losses and operating expenses	254,788	293,058	250,969	257,391	227,508	2%
Impairment losses	(6,322)	(30,249)	(8,721)	(10,398)	(7,753)	(28%)
Other operating expenses	(159,571)	(157,344)	(148,602)	(139,193)	(147,445)	7%
Profit before tax	88,895	105,465	93,646	107,800	72,310	(5%)
Income tax expense	(29,163)	(48,510)	(35,958)	(49,745)	(30,069)	(19%)
Net profit for the period attributable to the equity holder of the Company	59,732	56,955	57,688	58,055	42,241	4%
Other comprehensive income	-	-	-	-	-	0%
Total comprehensive income for the period attributable to the equity holder of the Company	59,732	56,955	57,688	58,055	42,241	4%

The above information has been extracted from the reviewed interim consolidated financial statements of Kina Securities Limited for the half year-ended 30 June 2026 and, where applicable, calculated by reference to the 31 December 2025 audited financial statements and the 30 June 2025 half year reviewed financial statements.

2.2 Statement of financial position – consolidated

	Jun26 PGK'000	Dec25 PGK'000	Jun25 PGK'000	Dec24 PGK'000	Jun24 PGK'000
Assets					
Cash and due from banks	420,040	365,592	462,110	529,810	241,053
Central bank bills	935,561	906,411	856,363	762,088	1,328,918
Regulatory deposits	438,050	426,355	453,142	522,784	548,739
Financial assets at fair value through profit and loss	61,053	60,405	42,375	41,656	37,593
Loans and advances to customers	3,098,112	3,206,458	3,076,067	2,883,499	2,645,018
Investments in government inscribed stocks	59,051	93,832	93,534	93,331	132,728
Other financial assets	113,745	107,942	-	-	-
Deferred tax assets	38,784	40,190	37,517	36,803	44,968
Property, plant and equipment	44,289	41,987	89,269	69,303	69,510
Right-of-use asset	30,443	37,293	-	-	-
Goodwill	92,786	92,786	92,786	92,786	92,786
Intangible assets	54,480	51,037	46,222	35,893	31,797
Other assets	53,625	67,901	170,927	148,875	147,232
Total Assets	5,440,019	5,498,191	5,420,312	5,216,828	5,320,342
Liabilities					
Due to other banks	(1,378)	(5,867)	(9,839)	(135)	(4,509)
Due to customers	(4,325,762)	(4,606,536)	(4,482,787)	(4,351,990)	(4,473,949)
Current income tax liabilities	(2,430)	(15,891)	(19,389)	(10,329)	(24,222)
Employee provisions	(17,148)	(17,978)	(14,612)	(14,472)	(12,327)
Lease Liabilities	(35,319)	(43,146)	(51,535)	(31,484)	(32,474)
Other liabilities	(97,546)	(90,711)	(161,822)	(142,224)	(136,171)
Deferred revenue	(216)	(133)	-	-	-
Total Liabilities	(4,716,242)	(4,780,262)	(4,739,984)	(4,550,634)	(4,683,652)
Net Assets	723,777	717,929	680,328	666,194	636,690
Share capital and reserves					
Issued and fully paid ordinary shares	(419,913)	(414,728)	(399,822)	(397,254)	(395,773)
Share-based payment reserve	(268)	(2,703)	(476)	(1,878)	(1,319)
Retained earnings	(303,596)	(300,498)	(280,030)	(267,062)	(239,598)
Total capital and reserves	(723,777)	(717,929)	(680,328)	(666,194)	(636,690)

The above information has been extracted from the reviewed interim consolidated financial statements of Kina Securities Limited for the half year-ended 30 June 2026 and, where applicable, calculated by reference to the 31 December 2025 audited financial statements and the 30 June 2025 half year reviewed financial statements.

2.3 Statement of changes in equity – consolidated

	Share Capital	Share based payment Reserve	Retained Earnings	Total
	PGK'000	PGK'000	PGK'000	PGK'000
Balance as at 31 December 2024	397,254	1,878	267,062	666,194
Profit for the period	-	-	57,688	57,688
Additional shares issued	2,568	-	-	2,568
Other comprehensive income	-	-	-	-
Employee share scheme - vested rights	-	(3,200)	-	(3,200)
Employee share scheme - value of employee services	-	2,115	-	2,115
Deferred tax adjustment	-	(317)	-	(317)
Deferred tax on share-based payment transactions	-	-	(63)	(63)
Dividend paid	-	-	(44,657)	(44,657)
Balance as at 30 June 2025	399,822	476	280,030	680,328
Profit for the period	-	-	56,955	56,955
Additional shares issued	14,906	-	-	14,906
Other comprehensive income	-	-	-	-
Employee share scheme - vested rights	-	(46)	-	(46)
Employee share scheme - value of employee services	-	3,007	-	3,007
Deferred tax on share-based payment transactions	-	(734)	-	(734)
Dividend paid	-	-	(36,488)	(36,488)
Balance as at 31 December 2025	414,728	2,703	300,498	717,929
Profit for the period	-	-	59,732	59,732
Additional shares issued	5,185	-	-	5,185
Other comprehensive income	-	-	-	-
Employee share scheme - vested rights	-	(4,445)	-	(4,445)
Employee share scheme - value of employee services	-	2,104	-	2,104
Deferred tax on share-based payment transactions	-	(94)	-	(94)
Deferred tax adjustment	-	-	-	-
Dividend paid	-	-	(56,634)	(56,634)
Balance as at 30 June 2026	419,913	268	303,596	723,777

The above information has been extracted from the reviewed interim consolidated financial statements of Kina Securities Limited for the half year-ended 30 June 2026 and, where applicable, calculated by reference to the 31 December 2025 audited financial statements and the 30 June 2025 half year reviewed financial statements.

2.4 Statement of Cashflow – consolidated

	Jun26 PGK'000	Dec25 PGK'000	Jun25 PGK'000	Dec24 PGK'000	Jun24 PGK'000
Cash flows from operating activities					
Interest received	175,357	351,037	180,665	265,208	136,499
Interest paid	(39,852)	(65,789)	(25,615)	(50,630)	(22,318)
Foreign exchange gain	48,266	100,320	50,858	85,970	37,037
Dividend received	-	936	1	944	135
Fee, commission and other income received	82,594	177,857	85,766	154,294	72,181
Fee and commission expense paid	-	-	-	(32)	(63)
Net trading and other operating income received	1,813	1,358	1,799	6,043	6,814
Recoveries on loans previously written-off	522	8,374	320	7,998	287
Cash payments to employees and suppliers	(151,419)	(402,981)	(140,130)	(284,929)	(147,474)
Income tax paid	(41,097)	(81,591)	(26,881)	(82,438)	(25,874)
Cash flows from operating profits before changes in operating assets	76,185	89,522	126,783	102,428	57,224
Changes in operating assets and liabilities:					
- net increase in regulatory deposits	(11,695)	96,428	69,641	(89,510)	(115,465)
- net increase in loans and advances to customers	109,854	(377,418)	(192,837)	(320,706)	(81,149)
- net (increase)/ decrease in other financial assets	43	23,426	(31,887)	(6,430)	(5,981)
- net (increase)/ decrease in other assets	6,099	(22,348)	(568,579)	(571,556)	484,101
- net increase in due to customers	(281,428)	211,533	124,239	5,804	129,041
- net (decrease)/ increase in due to other banks	(4,489)	5,732	9,704	(13,777)	(9,403)
- net increase/ (decrease) in other liabilities	11,710	89,938	19,582	24,069	15,974
- net increase/ (decrease) in deferred revenue	82	(41)	94	(135)	65
Net cash flows from operating activities	(93,640)	116,772	693,898	(869,814)	474,413
Cash flows from investing activities					
Proceeds from government securities	825,000	623,250	170,000	1,882,580	160,000
Purchases of government securities	(833,700)	(796,844)	(860,000)	(775,000)	(730,000)
Purchase of property, equipment and software	(16,535)	(32,578)	(20,198)	(27,334)	(17,370)
Proceeds from sale of property and equipment	162	24	24	154	-
Net cash flows from investing activities	(25,073)	(206,148)	(710,174)	1,080,401	586,790
Cash flows from financing activities					
Dividend payment	(56,634)	(81,145)	(44,657)	(76,088)	(45,499)
Proceeds from the issuance of share capital, net of transaction costs	5,185	17,473	2,568	2,561	1,080
Issuance of corporate bond	236,443	-	-	-	-
Issuance of new shares	(8,971)	(18,209)	(6,644)	(12,449)	-
Net cash flow from financing activities	176,022	(81,881)	(48,733)	(85,976)	(44,419)
Net increase/ (decrease) in cash and cash equivalents	57,310	(171,257)	(65,009)	124,611	(156,796)
Effect of changes in the foreign exchange rates on cash and cash equivalents	(2,862)	7,039	(2,690)	8,359	1,009
Cash and cash equivalents at beginning of period	365,592	529,810	529,810	396,840	396,840
Cash and cash equivalents at the end of the period	420,040	365,592	462,110	529,810	241,053

The above information has been extracted from the reviewed interim consolidated financial statements of Kina Securities Limited for the half year-ended 30 June 2026 and, where applicable, calculated by reference to the 31 December 2025 audited financial statements and the 30 June 2025 half year reviewed financial statements.

2.5 Basis of Preparation

The accounting policies, estimation methods and measurement basis used in the preparation of the consolidated financial statements for the half year ended 30 June 2026 are consistent with those used in preparing the 31 December 2025 financial statements of the Group.

2.6 Non-Cash Financing and Investing Activities

There are no financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flow.

2.7 Reconciliation of Cash and Cash Equivalents

	Jun26 PGK'000	Jun25 PGK'000
Cash and due from other banks	420,040	462,110
Total cash at the end of the period	420,040	462,110

2.8 Ratios

	Jun26	Dec25	Jun25	Dec24	Jun24
Profit before tax / Operating Income					
Consolidated profit from ordinary activities before tax as a percentage of revenue	34.9%	36.0%	37.3%	41.9%	31.8%
Profit after tax / equity interests					
Consolidated net profit from ordinary activities after tax attributable to members as a percentage of equity (similarly attributable)	8.3%	7.9%	8.5%	8.7%	6.6%

2.9 Earnings Per Share - Statutory

Details of basic and diluted earnings per share (EPS) are reported separately in accordance with IAS 33: *Earnings Per Share are as follows;*

	Jun26	Dec25	Jun25	Dec24	Jun24
Calculation of the following in accordance with IAS33					
(a) Basic EPS	20.3	19.7	20.0	20.2	14.7
(b) Diluted EPS	20.0	19.7	19.7	20.2	14.5
(c) Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS	293,943	289,126	288,556	287,414	286,936

**Weighted average calculated as the average of shares outstanding at the beginning of the reporting period and at the end of the reporting period.*

2.10 Details of aggregate share of profits (losses) of associated entity

The company has no significant investment in associated entities. There are also no material interests in entities that are not controlled entities.

2.11 Issued Shares

The total number of shares at 30 June 2026 was 294,332,296 (30 June 2025: 288,797,438)

	Total Number Ordinary shares	Number Quoted Ordinary shares
Changes during the period ended 30 June 2026		
Opening Balance of number of shares	288,797,438	288,797,438
Increase through issue of shares	5,534,858	5,534,858
Closing Balance of number of shares 30 June 2026	294,332,296	294,332,296

2.12 Segment Reporting

	Banking & Finance	Wealth Management	Total
30 June 2026	PGK'000	PGK'000	PGK'000
Total external income	228,690	26,098	254,788
Total external expense	(157,712)	(8,181)	(165,893)
Profit before inter-segment revenue and expenses	70,978	17,917	88,895
Inter-segment income	1,126	-	1,126
Inter-segment expense	-	(1,126)	(1,126)
Profit before tax	72,104	16,791	88,895
Income tax expense	(24,317)	(4,846)	(29,163)
Profit after tax	47,787	11,945	59,732
Segment assets	5,417,462	22,557	5,440,019
Segment liabilities	(4,702,833)	(13,409)	(4,716,242)
Net assets	714,629	9,148	723,777
	Banking & Finance	Wealth Management	Total
30 June 2025	PGK'000	PGK'000	PGK'000
Total external income	227,543	23,426	250,969
Total external expense	(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 expense	-	(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
Segment assets	5,401,819	18,493	5,420,312
Segment liabilities	(4,733,208)	(6,776)	(4,739,984)
Net assets	668,611	11,717	680,328

2.13 Comparison of Profits

	HY Jun26 PGK'000	FY Dec25 PGK'000	FY Dec24 PGK'000
First Half Year			
Consolidated profit from continuing operations after tax attributable to members reported for the period	59,732	56,955	42,241
Second Half Year			
Consolidated profit from continuing operations after tax attributable to members reported for the period	N/A	57,688	58,055
Total	59,732	114,643	100,296

2.14 Contingent Liabilities

The Company is a party to a number of litigations as at 30 June 2026. The consolidated financial statements include provision for any losses where there is reasonable expectation that the litigations will result in a loss to the Company. Ongoing litigations are not expected to result in a material loss to the Kina Group.

Kina guarantees the performance of customers by issuing bank guarantees to third parties. As at 30 June 2026, these totaled PGK 7.9m (31 December 2025: PGK 9.9m).

3. Compliance Statement

1. This report has been prepared in accordance with Australian Accounting Standards Board (**AASB**) Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX and to PNGX.

Identify other standards used: **International Financial Reporting Standards**

2. This report, and the accounts upon which the report is based (if separate), use the same accounting policies
3. This report gives a true and fair view of the matters disclosed (see note 2)
4. This report is based on accounts to which one of the following applies.

- ☐ The accounts have been audited
- ☒ The accounts have been subject to review
- ☐ The accounts are in the process of being audited or reviewed
- ☐ The accounts have not yet been audited or reviewed

5. The entity has a formally constituted audit committee.