Kina Securities Limited

2024 Half Year Results

(ABRN 606 168 594)

Incorporating the requirements of Appendix 4D

Kina Securities Limited

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ASX Appendix 4D

For the Half Year ended 30 June 2024
Results for announcement to the market

Comparisons of the current year results to 30 June 2024 (1H24, reporting period) are with the half year to 30 June 2023 (1H23, previous corresponding period (PCP)).

	Half Year Ended					Jun24 vs
PGK'000	Jun24	Dec23	Jun23	Dec22	Jun22	Jun23
Revenue from ordinary activities	227,508	216,774	187,384	187,364	179,136	21%
Profit from ordinary activities	72,310	97,822	77,719	82,864	65,554	(7%)
Underlying Net Profit after tax	49,666	58,598	46,367	60,481	45,592	7%
Net Profit after tax attributable to equity holders	42,241	58,598	46,367	70,896	45,592	(9%)
Net Tangible Assets per security (PGK)	1.89	1.91	1.80	1.80	1.67	

Dividends distributions (Interim dividend)	
- unfranked (AUD cents per share)	4.0 cents
- unfranked (PGK toea per share)	10.6 toea

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 42.2m. This is compared to PGK 46.4m for the PCP.

The interim dividend is converted based on an exchange rate: 1 PGK = 0.3761 AUD.
The Record date for determining entitlements to the dividend is 6 September 2024.

The financial information contained in this report for the half year ended 30 June 2024 and the comparative period ended 30 June 2023 are unaudited. The comparative figures for the full year ended 31 December 2023 and 31 December 2022 are based on audited financial figures.

This report should be read in conjunction with the unaudited Consolidated Financial Statements for the half year ended 30 June 2024 referred to in Section 2.

This report is provided to the ASX under Listing Rule 4.2A.3

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1. Results Overview

Kina Securities Limited (**KSL, Kina, Kina Group, Bank**, the **Business** or the **Company**) has reported an unaudited statutory Net Profit After Tax of PGK 42.2m for the half year to 30 June 2024 and is in line with the recent forecast disclosed on 18 June 2024. This represents a decline of 9% compared to the PCP. 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 1H24 of AUD 4.0 cents per share / PGK 10.6 toea per share. This compares to AUD 4.0 cents per share / PGK 9.7 toea in the PCP.

Key results

	Half Year Ended					Jun24 vs
PGK Millions	Jun24	Dec23	Jun23	Dec22	Jun22	Jun23
Underlying NPAT from ordinary activities (PGK m)	49.6	58.6	46.4	60.5	45.6	7%
Statutory NPAT from ordinary activities (PGK m)	42.2	58.6	46.4	70.9	45.6	(9%)*
Net profit before tax (PGK m)	72.3	97.8	77.7	82.9	65.6	(7%)
Revenue (PGK m)	227.5	216.8	187.4	187.4	179.1	21%
FX Revenue (PGK m)	37.0	29.8	21.6	28.4	32.0	71%
Loan impairment expense (PGK m)	7.8	5.5	4.3	2.7	2.0	81%
Cost to income ratio (%) underlying	58.9	52.3	56.2	54.3	62.3	5%
Cost to income ratio (%) statutory	64.8	52.3	56.2	54.3	62.3	15%
Net interest margin (%)	5.6	5.6	5.5	6.0	6.1	2%
Return on Equity (%) – underlying	15.6	16.1	13.9	17.9	15.9	12%
Return on Equity (%) – statutory	13.2	16.1	13.9	19.6	15.9	(5%)
Earnings per Share (PGK Toea) underlying	17.3	20.4	14.7	21.1	15.9	18%
Earnings per Share (PGK Toea) statutory	14.7	20.4	14.7	24.7	15.9	0%
Dividend (PGK Toea per share)	10.6	15.9	9.7	16.1	10.3	9%**
Dividend (AUD Cents per share)	4.0	6.0	4.0	6.5	4.1	0%
Deposit Growth (PGK m)	4,482.4	4,344.6	4,154.3	3,878.8	3,391.7	8%
Net loans and advances (PGK m)	2,645.0	2,562.1	2,368.4	2,158.9	2,053.1	12%
Capital adequacy (T1+T2) (%)	19.3	20.0	20.8	22.5	23.3	(7%)

** Jun'24 statutory NPAT includes fraud loss provision of PGK13.5m before tax.*
*** FX conversion rate.*

Operating performance and earnings

Kina remains on track to deliver the objectives of the 2025 Strategy, realising 21% year on year revenue growth. Most notably foreign exchange revenue growth has been restored and has tracked at 71% year on year growth in the first half, continuing the positive momentum from the second half of 2023. This has resulted from positive inflows from customers and better alignment of BPNG interventions to Kina's customer requirements.
Digital channels and partnerships have continued the positive momentum from prior years, growing 35% year on year. This has been a key driver of an 18% increase in total banking fees and commissions income. Supported by a strong pipeline, lending income has grown 16% year on year with further growth expected in the second half.

The key features of 1H24 results are:

- 21% increase in revenue compared to PCP.
- NPAT declined by 9% to PGK 42.2m, materially impacted by a previously disclosed fraud loss provision of PGK 13.5m (pre-tax) and PGK 7.4m (post-tax), giving an underlying NPAT of PGK 49.6m (7% increase compared to PCP).
- Loan book growth of 8% to PGK 2.6b from Jun'23.
- Net Interest Income increased by 14% to PGK 111.6m, compared to PGK 98.1m in the PCP.
- Net fees and Commissions increased by 15% against PCP underpinned by the expansion of the Bank's digital channel.

- Cost to income ratio increased from 56.2% to 64.8% compared to PCP, materially influenced by the fraud loss provision. Without this impact, the cost to income ratio was 58.9%.
- Kina's Funds Administration business recorded NPAT of PGK 4.9m, with revenue growth of 5% generated from improved value add services to superannuation clients.
- The Funds Management business grew by 14% in total funds under management (PGK 10.6b), maintaining Kina's market share in the sector.

Renewal of a major Funds under Administration (FuA) contract provides a platform for further investment into digital technologies, customer experience and business efficiencies while the broader Wealth Management portfolio continues to grow. Kina's Retail Wealth business increased funds under management by 28% as a consequence of investment in business development resources. Total Funds under Management grew by 7.9% in the first half.

Kina Private continued steady growth, adding to the banks deposit base and also funds under management, with high-net-worth client numbers increasing materially in the first half. Kina's Corporate Advisory business continued strong growth in customer numbers and was a key contributor to improved FX volumes.

Kina continues to drive value from innovation in digital products and platforms, while progressively investing in new products and partnerships. Kina remains focused on delivery of the 2025 strategic plan, keeping Kina at the forefront of the evolution of PNG's financial services market. Building on the digital origination capability established in prior years, the DigiBankr platform launched at the end of 2023 is PNG's first end to end digital onboarding platform for a commercial bank. With a progressive uplift in usage through 2024, more than 40% of new to bank customers were onboarded through this platform during a one-month initiation period.

Kina traditionally experiences strong growth in the second half of the year and expects to see this pattern continue in 2024 through realising benefits from investments and costs incurred in the first half, a strong business development pipeline, balanced with prudent risk management practices.

Strategic Pillars	
Growth Core Business Momentum	• Digital channels and partnerships growth of 35% year on year benefiting from operating model alignment with the Business Banking team, and additional focus on e-commerce partnerships and independent products such as the Pei Beta bill payment platform. • A significant uplift in foreign exchange revenues of 71% year on year growth delivered through increased inflows from customers, the onboarding of major accounts, and continuing momentum from BPNG's prior re-alignment from foreign exchange interventions. • Kina Funds Administration was awarded a multi-year services partnership renewal for a major superannuation fund, showing confidence in Kina's continued technology development investments, and bolstering Kina's ability for future service innovations. • Retail customer growth is ongoing, with increased utilisation of digital account opening applications, and also growth in personal lending opportunities.
Building Resilience	• Kina Technology continues to invest in and mature its Cybersecurity and Data Centre capability through the implementation of the Security Operations Centre and Data Centre uplift program of work. • Application of updated provisioning models with more quantifiable techniques for loan impairment, as required by international financial reporting standards. This is providing better predictive capabilities to determine levels of impairment.
Service Excellence Digital inside and out	• Kina's investment into a new corporate internet banking platform remains on track for delivery prior to the end of 2024, which will provide a significantly enhanced experience and functionality for all business segments. • A second Digital Hub was launched in Port Moresby, providing improved accessibility through a hybrid in person and digital banking (cashless) model. • Following Kina's support for WLTH's acquisition of Mortgage Mart in 2023 through a convertible note (now making WLTH Australia's leading non-bank digital lender), Kina has commenced a program to leverage WLTH's expertise and technology solutions to improve end to end lending customer experience. • Expansion of key provincial banking centres aligned to SME and business banking growth is planned to be implemented in 2025. • Growth in digital hubs in 2024 and into 2025, to complement digital account opening, and general digital banking customer services.
Dynamic people	• Kina's Emerging Leaders Program was launched in early 2024 in partnership with the University of Tasmania, with the first cohort successfully completing the first semester within the 12-month program.

	• A reflection of the Bank's values was seen through the distribution of uniforms which maintain consistency and brand integrity leading to increased engagement and growth opportunities. • Underpinned by the Bank's values and aligned to OHSW platform, Kina Sports Day was an event to promote lifelong skills, teamwork and community spirit. • Kina's Emerging Leaders Program Breakfast with Board – this event has strengthened organisational commitment and is vital for networking opportunities, mentoring and fostering a culture of leadership development.
Sustainable communities	• Through the support of the Business Council of PNG, Kina hosted the Prime Minister's Back to Business Breakfast for the 8th year, with over 500 private sector guests, dignitaries from the public sector and diplomatic corps attending the event that was held in Port Moresby. • A 3-year partnership with the Kokoda Track Foundation was formalised this year to support KTF's Archer Leadership Program (ALP) and the Motu Koita FODE Program. Through this support, 12 new cohorts for the ALP were selected this year to undergo mentorship and the Motu Koita FODE Centre operations have been strengthened to support more young men and women undergoing much-needed skills training. • Partnership with Litehaus International saw several schools receive computers and laptops. • The Strongim Komuniti Grant kicked off this year with the call for applications for the first two quarters of 2024. Screening of those applications is underway with successful applicants to receive grants before the end of the third quarter.

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 incorporate 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 future 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

Operational costs increased 40% compared to PCP with significant impact to overall cost stemming from the fraud loss provision of K13.5m.

Administrative expenses increased by PGK 12.2m or 31% attributed to Kina's continued investment in enhanced cybersecurity, security costs in light of the January 2024 civil unrest and increased costs in card expenses to support increased volume activity in visa card transactions.

Staff expenses increased by PGK 10.1m or 24% as a result of planned investment in training and recruitment of skilled talent with the aim to attract and retain the best people in the market.

Occupancy and Depreciation expenses increased by PGK 2.2m or 12% as the bank progressively invested into new products and partnerships that deliver on the 2025 strategic plan.

Section 1.2.7 provides additional explanation.

Underlying Capital

The underlying capital of the banking business is strong, with regulatory capital (T1+T2) at 19.3% of risk weighted assets **(RWA)**. Kina remains well above regulatory requirements prescribed as 12% of RWA.

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

Economic Outlook

Following January's social unrest which resulted in a temporary halt in retail activities, security authorities acted swiftly to restore normalcy and limit further damage to businesses. The Government has since announced and implemented financial assistance measures to affected businesses. The overall impact on the economy was in the 'non-resource' sector, with no disruptions to major resource projects.

Macroeconomic Outlook

Despite these events, the overall economic performance during the first half of the year has been strong with a forecast Real GDP growth rate of 4% for this year being driven by the resources sector with Porgera exports restarting and strong production from Newmont's Lihir Gold mine. In the medium term through to 2027, we expect steady growth around 3.5%, without taking into consideration the major LNG projects currently being negotiated including Papua LNG and P'nyang.

Despite global inflationary pressures subsiding, the nominal depreciation of the exchange rate against the US dollar (PGK/USD) will continue to keep upward price pressure with Headline Inflation expected at 5% by the end of this year. Despite the consistent downtrend of the Kina against the US dollar, the coincidence of a weaker Australian dollar has also limited imported inflation effects given the large share of Australian-dollar denominated import payables.

Exchange Rate alignment continues

The continued adjustment of the exchange rate during the first half of 2024 has seen greater market turnover and reduced waiting times for major importers. Average monthly turnover of the first half of 2024 was 3.5% higher than the previous corresponding period, and 15% higher than 2022. This also signals that the 'adjusted exchange rate' is increasing foreign currency inflows into the market. Nominal export receipts are also projected to increase by 3.5% this year to support the balance of payments. The PGK/USD interbank rate moved by 3.1% during the first half of the year, and we forecast it to depreciate a further 3.5% by the end of this year.

Equities and Domestic Debt Markets

On the domestic equities market, the Kina Securities Index (a price-weighted measure of domestically listed stocks) rose +2.4% over the first six months and +3% y/y. The increase was mostly supported by strong gains in banking and finance stocks. Total traded volumes during the period increased by +48.3% from the prior corresponding period in 2023. Yields on Treasury Bills also started to creep up during the reporting period, with the 365-day Treasury bill at the end of July up to 5.97%, from 2.97% 12 months ago. While the auction results for Treasury Bills have been fairly maintained, auction results for Government Bonds have seen a steep decline, as investors opt for shorter-term, higher-yield bills to prioritize their liquidity requirements and shorter-term paper given the uncertainties in the current economic environment.

IMF Program continues reform with fiscal discipline observed

The International Monetary Fund (IMF) continued into its third year of its Staff Monitored Program. We have observed that the Government has managed to contain its budget deficit, with a fiscal deficit to GDP ratio of 4.4% in 2023 to a projected 3.3% in 2024. This is consistent with the Government's plan to have a balanced budget by 2027. We still consider there to be high-level risks in the immediate term, including the reliance on commodity prices which could pose shocks to the external sector and fiscal stability, together with political stability and social discontent given the events at the start of the year. On the upside, the reported progress of the major projects in the pipeline will spur capital expenditure for businesses as they anticipate a Final Investment Decision over the next 18 – 24 months.

Resource projects

Total Energies, the operator of the US$10b Papua LNG Project continues to work with contractors to agree commercially viable Engineering, Procurement, and Construction (EPC) contracts to reach an expected Final Investment Decision. Recent reports suggest that FID may be pushed out to Q1/2026. The other major LNG project also under consideration by the Government and industry is the US$12 billion P'nyang project being developed by Exxon Mobil. A Fiscal Stability Agreement was signed between Government and project developers in March this year, with the FID and construction phase expected to begin in 2027/28 after the Papua LNG project construction phase. In terms of major mining projects, Porgera Gold is expected to be at full capacity during the second half of 2024, while negotiations on the Newmont-led Wafi-Golpu Joint Venture Gold/Copper mine (estimated to be US$5.4b) could progress to a Special Mining Lease this year.

1.1 Disclosure and Context

Financial reporting

The statutory result for the six months to 30 June 2024 was an unaudited consolidated Net Profit After Tax of PGK 42.2m. 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)** (PNG's currency) unless otherwise stated.

1.2 Financial results for the half year-ended 30 June 2024

1.2.1 Statutory Results

	Half Year Ended					Jun24 vs Jun23
	Jun24 PGK'000	Dec23 PGK'000	Jun23 PGK'000	Dec22 PGK'000	Jun22 PGK'000	
Continuing Operations						
Interest income on investments	27,364	28,096	31,129	33,407	34,483	(12%)
Interest income on loans	106,866	101,800	92,315	80,687	76,023	16%
Interest expense	(22,655)	(24,658)	(25,362)	(25,391)	(17,998)	(11%)
Net interest income	**111,575**	**105,238**	**98,082**	**88,703**	**92,508**	**14%**
Fee and commission income	74,633	72,374	64,604	62,093	54,231	16%
Fee and commission expense	(63)	(3)	(13)	(87)	(23)	385%
Net fee and commission income	**74,570**	**72,372**	**64,591**	**62,006**	**54,208**	**15%**
Foreign exchange income	37,037	29,790	21,552	28,353	31,986	71%
Dividend income	135	511	149	327	142	(9%)
Net gain/(losses) from financial assets through profit and loss	1,696	3,043	(310)	3,547	63	647%
Other operating income	2,495	5,818	3,321	4,428	229	(25%)
Non-interest income	**115,933**	**111,534**	**89,303**	**98,661**	**86,628**	**30%**
Operating income before impairment losses and operating expenses	**227,508**	**216,772**	**187,385**	**187,364**	**179,136**	**21%**
Impairment losses	(7,753)	(5,608)	(4,292)	(2,808)	(2,017)	81%
Other operating expenses	(147,445)	(113,344)	(105,373)	(101,692)	(111,565)	40%
Profit before tax	**72,310**	**97,820**	**77,720**	**82,864**	**65,554**	**(7%)**
Income tax expense	(30,069)	(39,224)	(31,352)	(11,968)	(19,962)	(4%)
Net profit for the period attributable to the equity holder of the Company	**42,241**	**58,596**	**46,368**	**70,896**	**45,592**	**(9%)**
Other comprehensive income	-	-	-	-	-	0%
Total comprehensive income for the period attributable to the equity holder of the Company	**42,241**	**58,596**	**46,368**	**70,896**	**45,592**	**(9%)**

The above information has been extracted from the unaudited consolidated financial statements of Kina Securities Limited for the half year-ended 30 June 2024 and, where applicable, calculated by reference to the 31 December 2023 annual financial statements and the 30 June 2023 half year reviewed financial statements.

1.2.2 Dividends

	Jun24	Dec23	Jun23	Dec22	Jun22
Earnings per share (PGK Toea) underlying	14.7	20.5	16.2	21.1	15.9
Earnings per share (A cents) underlying	5.5	7.7	6.6	8.7	6.4
Dividend per share (PGK toea)	10.6	15.9	9.7	16.1	10.3
Dividends per share (A cents)	4.0	6.0	4.0	6.5	4.1

1.2.3 Lending

Overall lending was up 12% on June 2023 volumes to PGK 2.6b including growth in Term Loans, Asset Financing and Home Loan portfolios of PGK 279m. This was driven by stronger business lending in the Commercial and regional space along with Home Loan volume growth. The regional service model has gained momentum and contributed to new lending growth in the provincial centres along with the digital services, noting Kina Bank's reputation as the provider of choice.

PGK Millions	Half Year Ended Jun24	Dec23	Jun23	Dec22	Jun22	Jun24 vs Jun23
Overdraft	86.0	97.6	86.3	80.1	94.4	(0%)
Term Loans	1,822.4	1,735.3	1,603.0	1,420.1	1,356.7	14%
Investment Property Loan	107.5	109.8	98.0	93.9	94.7	10%
Asset Financing	96.2	92.6	76.9	71.8	52.6	25%
Housing Loan	588.7	576.0	548.3	534.1	493.3	7%
Credit Cards	3.7	3.3	2.7	1.4	2.3	37%
Gross	**2,704.5**	**2,614.6**	**2,415.2**	**2,201.4**	**2,094.0**	**12%**
Provision	(59.5)	(52.5)	(46.8)	(42.5)	(40.9)	27%
Total	**2,645.0**	**2,562.1**	**2,368.4**	**2,158.9**	**2,053.1**	**12%**

Wholesale and retail sector lending continues to be the largest proportion of industry concentration comprising 28.3% of the total loan book. Over the past six months, lending growth has seen an increased exposure to building and construction (increased by 7%) and personal banking (increased by 22%) which represents in aggregate 26.7% of the total portfolio.

	Jun24		Dec23	
	PGK million	% of total loans	PGK million	% of total loans
Agriculture, Forestry & Fishing	4.1	0.2%	4.1	0.2%
Mining	10.8	0.4%	15.5	0.6%
Manufacturing	17.3	0.6%	21.1	0.8%
Electrical, Gas & Water	1.8	0.1%	0.9	0.0%
Building and Construction	196.0	7.2%	183.6	7.0%
Wholesale & Retail	765.3	28.3%	770.9	29.5%
Hotel & Restaurants	86.7	3.2%	75.1	2.9%
Transport & Storage	57.1	2.1%	67.8	2.6%
Financial Intermediation	0.6	0.0%	0.7	0.0%
Real Estate/Renting/Business Services	363.4	13.4%	360.1	13.8%
Equipment Hire	42.3	1.6%	34.0	1.3%
Other Business	341.2	12.6%	285.7	10.9%
Personal Banking	721.0	26.7%	698.5	26.7%
Post & Telecommunication	96.9	3.6%	96.7	3.7%
Gross Loans	**2,704.5**	**100.0%**	**2,614.6**	**100.0%**

1.2.4 Funding

PGK Millions	Half Year Ended Jun24	Dec23	Jun23	Dec22	Jun22	Jun24 vs Jun23
Fixed Term	1,487.6	1,471.0	1,453.8	1,442.9	1,153.5	2%
Cash Management Accounts	792.9	497.0	503.4	326.8	347.7	58%
Current Accounts	1,681.8	1,864.3	1,718.0	1,637.0	1,487.7	(2%)
Savings Accounts	511.6	512.3	479.1	472.1	402.8	7%
Total	**4,473.9**	**4,344.6**	**4,154.3**	**3,878.8**	**3,391.7**	**8%**

Deposits grew by 8%, to PGK 4.5b. The growth in total funds is largely driven by Cash Management Accounts with total growth of PGK 290m, somewhat offset by a decline in low-cost transaction accounts (Cheque and Savings Accounts) by PGK 4m. There was a marginal volume increase of 2% in Fixed Term deposits to manage cost of funds. Total customer acquisition was up 9% with an increase in customer onboarding and internet banking.

PGK Millions	Half Year Ended Jun24	Dec23	Jun23	Dec22	Jun22	Jun24 vs Jun23
On Call	3,013.4	2,925.6	2,742.8	2,461.0	2,264.9	10%
1 month	335.8	310.4	316.5	317.8	149.0	6%
2 months	255.3	186.1	238.6	269.6	156.2	7%
3 months	116.8	117.0	96.1	120.7	65.3	22%
6 months	280.5	378.1	311.9	443.8	283.3	(10%)
12 months	435.0	387.0	438.2	260.9	469.2	(1%)
24 months	37.1	40.4	10.2	5.0	3.8	264%
Total	**4,473.9**	**4,344.6**	**4,154.3**	**3,878.8**	**3,391.7**	**8%**

The balance sheet funding was driven by a mix of On Call and 12-month deposits, reflecting the continued favorable domestic market liquidity. The Loan to Deposit Ratio (LDR) remained steady at 59% with a target to increase by an additional 100 bps by end of the year. The profile of the deposit portfolio continues to position Kina Bank well to take advantage of additional lending opportunities in the market, including those opportunities anticipated to arise as major resource projects roll out in the medium term.

1.2.5 Net Interest Margin

Net Interest margin held steady at 5.6% in the first half of the year.

PGK Millions	Half Year Ended Jun24	Dec23	Jun23	Dec22	Jun22	Jun24 vs Jun23
Net Interest Income (annualised)	224.4	204.8	197.6	184.7	185.0	13.6%
Interest Income Loans	213.7	194.1	184.6	156.7	152.0	15.8%
Avg Interest Yield Loans	*8.2%*	*8.2%*	*8.2%*	*7.6%*	*7.6%*	0.6%
Interest Income Investments	54.7	59.2	62.3	67.9	69.0	(12.1%)
Avg Interest Yield Investments	*3.8%*	*4.6%*	*4.4%*	*6.0%*	*6.6%*	(17.2%)
Interest Expense	(44.0)	(48.6)	(49.3)	(39.9)	(36.0)	(10.6%)
Avg Cost of Funds	*(1.0%)*	*(1.2%)*	*(1.2%)*	*(1.1%)*	*(1.1%)*	(18.9%)
Average Interest earning assets	4,026.7	3,653.1	3,603.1	3,102.6	3,043.3	11.8%
Average Interest-bearing liabilities	4,439.2	4,132.8	4,025.6	3,488	3,256.6	10.3%
Net Interest spread (loans)	7.2%	7.1%	7.0%	6.5%	6.5%	4.0%
Net Interest spread (investments)	2.8%	3.4%	3.4%	4.8%	5.5%	(16.5%)
Net Interest Margin	5.6%	5.6%	5.5%	6.0%	6.1%	1.6%

The Net Interest Margin (NIM) for 1H2024 reflects several contributing factors:

- Solid growth in deposits as the balance sheet is positioned for continued loan growth, especially with the imminent implementation of large natural resource projects at slightly lower cost of funds.
- Lower yield from government securities which have, on average, reduced from 6.0% (+) in prior periods to under 4.0%.
- Year on year consistent return on lending assets of 8.2%.

1.2.6 Non-Interest Income

	Half Year Ended					Jun24 vs Jun23
PGK millions	Jun24	Dec23	Jun23	Dec22	Jun22	
Banking						
Foreign exchange income	36.4	29.9	21.5	29.8	32.0	69%
Fees and commissions*	56.0	55.0	47.0	44.4	36.6	19%
Other	3.8	7.6	3.2	9.4	1.3	19%
Total	**96.2**	**92.5**	**71.7**	**83.6**	**69.9**	**34%**
Wealth Management						
Fund Administration	11.8	11.8	11.4	11.3	10.9	4%
Investment Management	5.5	5.1	5.3	5.0	5.0	4%
Shares	1.2	0.9	0.6	0.8	1.3	100%
Other	1.2	1.2	0.3	(2.0)	(0.5)	300%
Total	**19.7**	**19.0**	**17.6**	**15.1**	**16.7**	**12%**
Total	**115.9**	**111.5**	**89.3**	**98.7**	**86.6**	**30%**

**see further analysis below*

Overall non-interest income increased by 30% to PGK 115.9m, resulting from an uplift in foreign exchange income and fees and commissions.

Foreign Exchange income increased by 69% to PGK 36.4m as the Bank experienced a slow but steady flow in foreign currency volume from key clients and some relief from BPNG interventions.

Digital Channels and Partnerships income increased by 35% year on year. Digital channels and partnerships growth has benefited from operating model alignment with the Business Banking team, and additional focus on e-commerce.

Other income included foreign exchange valuation gains at period end.

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

Banking - PGK millions	Jun-24	Jun-23	Change (PGK)	Change (%)
Merchant fees	17.1	15.0	2.1	14%
VISA Fees	17.1	10.7	6.4	60%
Mobile Banking fees	2.5	1.6	0.9	56%
Internet Banking fees	1.5	0.9	0.6	67%
Total digital	**38.2**	**28.2**	**10.0**	**35%**
Bank fees and commission income	10.9	12.8	(1.9)	(15%)
Loan fees	3.5	2.3	1.2	52%
ATM fees	3.4	3.7	(0.3)	(8%)
Total other	**17.8**	**18.8**	**(1.0)**	**(5%)**
Total fees and commissions	**56.0**	**47.0**	**9.0**	**19%**

1.2.7 Operating Expenses

Total operating cost as at June 2024 was PGK 147.4m, an overall increase of 40%. Proportionately staff and administrative costs contributed 35% each to total operating costs while occupancy and other operating expenses contributed 14% and 15% respectively for the year.

PGK Millions	Half Year Ended Jun24	Dec23	Jun23	Dec22	Jun22	Jun24 vs Jun23
Administration	51.2	43.3	39.0	33.3	33.9	31%
Staff	52.1	44.1	42.0	41.8	44.0	24%
Occupancy	21.2	20.4	19.0	23.0	24.9	12%
Other operating expenses	21.7	4.6	4.2	2.5	7.8	417%
Board of Directors costs	1.2	1.1	1.0	1.1	1.0	20%
Total	**147.4**	**113.5**	**105.4**	**101.7**	**111.6**	**40%**

Administration costs have increased by 31% to PGK 51.2m. The key driver of costs in the first half is attributed to a few strategic factors including Kina Technology's continued investment in cybersecurity and enhancement of the Data Centre capability, including license and professional fees. The January 2024 civil unrest event impacted adversely on the business community, requiring increased support in security services as the bank implemented its Business Continuity Planning (BCP) procedures. This included safeguarding employees and assets while at the same time ensuring customer access to banking services through Kina's digital platforms. An example has been the increase in visa card transactional activities in the first half which resulted in increased cost in card expenses in the equivalent period.

Staff costs increased by 24% to PGK 52.1m. Planned investment in skilled talent for 2024 was an expected driver of increased costs with introduction of market required incentives to retain and inspire the Bank's most valued assets, its people. After the launch of the Bank's new organisation values in 2023, several activities were launched this year to capture and reflect those values through a new look corporate wardrobe for all staff across the country and events to promote lifelong skills, teamwork and community spirit.

Occupancy costs increased by 12% to PGK 21.2m. Depreciation cost for the first half increased compared to PCP as the bank commissioned strategic capital projects, progressively investing into new products and partnerships that deliver on the 2025 strategic plan.

Other operating expenses increased by 417% to PGK 21.7m. During the first half of 2024, KSL suffered a fraud incident which has been quantified and provisioned at PGK 13.5m and disclosed to the market separately noting its materiality. Internal investigations identified and rectified the technical fault. Further control and operational improvements are also being implemented. The financial impact was disclosed as soon as it became materially quantifiable. Recovery efforts have also commenced and are ongoing at the time of reporting.

1.2.8 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.

Kina has improved its provisioning model which allows for the timely and adequate provisioning of credit losses. Kina has an implied conservatism in its end provisioning outcomes and uses increased scenario testing, individual review of assets and alignment of management focus between Finance & Risk which, in aggregate places the bank in a solid position in managing its asset base. Kina continues to monitor its systems and processes to ensure it maintains strong credit quality across the loan book and applies an ongoing disciplined approach to the Group's lending standards.

Asset Quality

PGK Millions	Half Year Ended Jun-24	% of GLA	Dec-23	% of GLA	Jun-23	% of GLA	Dec-22	% of GLA
Total impairment (loans & advances)	8.1	0.3%	5.5	0.2%	4.3	0.2%	2.2	0.1%
Non-performing loans and loans in arrears	209.0	7.7%	163.6	6.3%	185.5	7.7%	191.0	8.7%
- 90 day arrears	48.8	1.8%	22.2	0.8%	31.9	1.3%	41.2	1.9%
- Gross non-performing loans (>180 days)	160.2	5.9%	141.4	5.4%	153.6	6.4%	149.8	6.8%
Total provision	59.5	2.2%	52.5	2.0%	46.8	1.9%	42.5	1.9%

Loan Impairment expense

Figures in PGK'000	Jun-24	Jun-23	Change (PGK)	Change (%)
Provision Expense	8,170.8	4,523.7	3,647.1	80.6%
Net Write-offs	(102.1)	(99.5)	(2.6)	2.6%
Provision on loans	**8,068.8**	**4,424.2**	**3,644.5**	**82.4%**
Trade Debtors	74.6	(135.3)	209.9	155.1%
Total impairment (loans & advances)	**8,143.4**	**4,288.9**	**3,854.4**	**89.9%**
Provision on GIS*	(390.4)	2.6	(393.0)	(15,115.4%)
Total Impairment Expense	**7,752.9**	**4,291.5**	**3,461.4**	**80.7%**

**see note below on Investments*

Impairment expense on loans and advances totalled PGK 8.1m as at 30 June 2024. The higher impairment expense against PCP is attributed to the growth in underlying loan book and a substantial increase from personal loans especially the unsecured segment which generally attract higher provisioning than secured. This increase is mostly driven by the enhancements to the ECL model since December 2023, which implemented stricter triggers for significant increase in credit risk (SICR). This means, despite improvements in loan arrears, provision adjustments are not immediately recognised and remain in observation for a certain period. This portfolio is closely monitored and is expected to improve in 2H 2024.

Total non-performing loans (NPL) as a percentage of gross loans is at 7.7%, an increase from 6.3% in December 2023. The increase is largely attributable to Investment Property and Housing loans where repayments have been delayed due to businesses experiencing shortfalls in cash flows from rental activities.

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 2024	Total Dec 2023
Overdraft	63.0	1.9	21.2	-	86.0	97.6
Credit Cards	1.9	0.3	1.4	-	3.7	3.2
Loans	2,270.5	155.1	180.8	8.4	2,614.8	2,513.7
Total Gross Carrying Amount	**2,335.4**	**157.3**	**203.4**	**8.4**	**2,704.6**	**2,614.5**
Loss Allowance	(18.5)	(7.6)	(33.5)	-	(59.5)	(52.5)
Carrying Amount	**2,316.9**	**149.7**	**169.9**	**8.4**	**2,645.0**	**2,562.1**

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 that the loans 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 took on 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 2024 being PGK 1.9m against opening balance of PGK 2.3m, resulting in a positive impact to P&L of PGK 390.4k.

1.2.9 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 exceeds the existing BPNG prudential capital adequacy requirements and is defined as 'well capitalised' as at 30 June 2024.

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 2024 remained above BPNG's requirement, with combined tier 1 (T1) and tier 2 (T2) capital equal to 19.3% of Risk-Weighted Assets, compared with the regulatory minimum of 12.0%. The Bank also has maintained leverage ratio at 8.1%, above BPNG's minimum requirement of 6.0%.

Regulatory Capital Ratios	Jun24	Dec23	Jun23	Dec22	Jun22
RWA	**2,513.0**	**2,516.9**	**2,275.4**	**2,080.6**	**1,968.6**
Capital: T1 (PGK'm)	410.7	366.1	399.6	326.6	362.9
Capital: T2 (PGK'm)	73.7	136.4	74.8	142.5	70.2
Capital: T1 + T2 (PGK'm)	484.4	502.5	474.4	469.1	433.1
Capital adequacy Ratio: T1	16.3%	14.5%	17.5%	15.7%	18.4%
Capital adequacy: T2	2.9%	5.4%	3.3%	6.8%	3.6%
Capital adequacy: T1 + T2	**19.3%**	**20.0%**	**20.8%**	**22.5%**	**22.0%**
Leverage Ratio	**8.1%**	**7.6%**	**8.3%**	**7.5%**	**8.9%**

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

	Half Year Ended					Jun24 vs Jun23
	Jun24 PGK'000	Dec23 PGK'000	Jun23 PGK'000	Dec22 PGK'000	Jun22 PGK'000	
Continuing Operations						
Interest income on investments	27,364	28,096	31,129	33,407	34,483	(12%)
Interest income on loans	106,866	101,800	92,315	80,687	76,023	16%
Interest expense	(22,655)	(24,658)	(25,362)	(25,391)	(17,998)	(11%)
Net interest income	**111,575**	**105,238**	**98,082**	**88,703**	**92,508**	**14%**
Fee and commission income	74,633	72,374	64,604	62,093	54,231	16%
Fee and commission expense	(63)	(3)	(13)	(87)	(23)	385%
Net fee and commission income	**74,570**	**72,372**	**64,591**	**62,006**	**54,208**	**15%**
Foreign exchange income	37,037	29,790	21,552	28,353	31,986	71%
Dividend income	135	511	149	327	142	(9%)
Net gain/ (losses) from financial assets through profit and loss	1,696	3,043	(310)	3,547	63	647%
Other operating income	2,495	5,818	3,321	4,428	229	(25%)
Non-interest income	**115,933**	**111,534**	**89,303**	**98,661**	**86,628**	**30%**
Operating income before impairment losses and operating expenses	**227,508**	**216,772**	**187,385**	**187,364**	**179,136**	**21%**
Impairment losses	(7,753)	(5,608)	(4,292)	(2,808)	(2,017)	81%
Other operating expenses	(147,445)	(113,344)	(105,373)	(101,692)	(111,565)	40%
Profit before tax	**72,310**	**97,820**	**77,720**	**82,864**	**65,554**	**(7%)**
Income tax expense	(30,069)	(39,224)	(31,352)	(11,968)	(19,962)	(4%)
Net profit for the period attributable to the equity holder of the Company	**42,241**	**58,596**	**46,368**	**70,896**	**45,592**	**(9%)**
Other comprehensive income	-	-	-	-	-	0%
Total comprehensive income for the period attributable to the equity holder of the Company	**42,241**	**58,596**	**46,368**	**70,896**	**45,592**	**(9%)**

The above information has been extracted from the unaudited interim consolidated financial statements of Kina Securities Limited for the half year-ended 30 June 2024 and, where applicable, calculated by reference to the 31 December 2023 audited financial statements and the 30 June 2023 half year reviewed financial statements.

2.2 Statement of financial position – consolidated

	Jun24 PGK'000	Dec23 PGK'000	Jun23 PGK'000	Dec22 PGK'000	Jun22 PGK'000
Assets					
Cash and due from banks	241,053	396,840	383,044	433,488	384,918
Central bank bills	1,328,918	1,236,496	1,339,604	1,215,763	1,075,588
Regulatory deposits	548,739	433,274	419,628	383,083	249,195
Financial assets at fair value through profit and loss	37,593	35,816	14,952	15,262	11,715
Loans and advances to customers	2,645,018	2,562,078	2,368,446	2,158,921	2,053,116
Investments in government inscribed stocks	132,728	157,554	152,831	152,650	112,355
Current income tax assets	-	-	183	952	32
Deferred tax assets	44,968	35,099	31,113	30,067	20,574
Property, plant and equipment	69,510	71,954	77,569	82,839	85,203
Goodwill	92,786	92,786	92,786	92,786	92,786
Intangible assets	31,797	27,608	28,982	32,493	41,831
Other assets	147,231	129,829	76,014	79,669	47,231
Total Assets	**5,320,341**	**5,179,334**	**4,985,152**	**4,677,973**	**4,174,544**
Liabilities					
Due to other banks	(4,509)	(13,912)	(8,334)	(2,060)	(7,063)
Due to customers	(4,473,949)	(4,344,571)	(4,154,340)	(3,878,835)	(3,391,676)
Current income tax liabilities	(24,222)	(11,461)	(15,758)	(5,148)	(26,094)
Employee provisions	(12,327)	(16,461)	(11,797)	(14,111)	(10,444)
Lease Liabilities	(32,474)	(33,775)	(37,156)	(41,713)	(46,511)
Other liabilities	(136,172)	(118,831)	(147,979)	(126,803)	(121,900)
Total Liabilities	**(4,683,653)**	**(4,539,011)**	**(4,375,364)**	**(4,068,670)**	**(3,603,688)**
Net Assets	**636,688**	**640,323**	**609,788**	**609,303**	**570,856**
Share capital and reserves					
Issued and fully paid ordinary shares	(395,773)	(394,693)	(394,693)	(394,693)	(394,693)
Share-based payment reserve	(1,319)	(2,776)	(2,742)	(2,477)	(5,347)
Retained earnings	(239,596)	(242,854)	(212,353)	(212,133)	(170,816)
Total capital and reserves	**(636,688)**	**(640,323)**	**(609,788)**	**(609,303)**	**(570,856)**

The above information has been extracted from the unaudited interim consolidated financial statements of Kina Securities Limited for the half year-ended 30 June 2024 and, where applicable, calculated by reference to the 31 December 2023 audited financial statements and the 30 June 2023 half year reviewed financial statements.

2.3 Statement of changes in equity – consolidated

	Share Capital PGK'000	Share based payment Reserve PGK'000	Retained Earnings PGK'000	Total PGK'000
Balance as at 31 December 2022	**394,693**	**2,477**	**212,133**	**609,303**
Profit for the period	-	-	46,368	46,368
Additional shares issued	-	-	-	-
Other comprehensive income	-	-	-	-
Contributions by and distributions to owners	-	-	-	-
Employee share scheme - vested rights	-	(1,529)	-	(1,529)
Employee share scheme - value of employee services	-	2,010	-	2,009)
Deferred tax on share-based payment transactions	-	(216)	-	(216)
Dividend paid	-	-	(46,148)	(46,148)
Balance as at 30 June 2023	**394,693**	**2,742**	**212,353**	**609,788**
Profit for the period	-	-	58,596	58,596
Additional shares issued	-	-	-	-
Other comprehensive income	-	-	-	-
Contributions by and distributions to owners	-	-	-	-
Employee share scheme - vested rights	-	-	-	-
Employee share scheme - value of employee services	-	63	-	63
Deferred tax on share-based payment transactions	-	(29)	-	(29)
Dividend paid	-	-	(28,095)	(28,095)
Balance as at 31 December 2023	**394,693**	**2,776**	**242,854**	**640,323**
Profit for the period	-	-	42,241	42,241
Additional shares issued	1,080	-	-	1,080
Other comprehensive income	-	-	-	-
Contributions by and distributions to owners	-	-	-	-
Employee share scheme - vested rights	-	(3,738)	-	(3,738)
Employee share scheme - value of employee services	-	1,010	-	1,010
Deferred tax on share-based payment transactions	-	1,271	-	1,271
Dividend paid	-	-	(45,499)	(45,499)
Balance as at 30 June 2024	**395,773**	**1,319**	**239,596**	**636,688**

The above information has been extracted from the unaudited interim consolidated financial statements of Kina Securities Limited for the half year-ended 30 June 2024 and, where applicable, calculated by reference to the 31 December 2023 audited financial statements and the 30 June 2023 half year reviewed financial statements.

2.4 Statement of Cashflow – consolidated

	Jun24 PGK'000	Dec23 PGK'000	Jun23 PGK'000	Dec22 PGK'000	Jun22 PGK'000
Cash flows from operating activities					
Interest received	136,499	245,205	115,548	215,812	96,107
Interest paid	(22,318)	(51,865)	(29,708)	(29,974)	(15,870)
Foreign exchange gain	37,037	51,342	21,552	60,339	31,986
Dividend received	135	660	149	469	142
Fee, commission and other income received	72,181	137,286	60,649	118,472	53,740
Fee and commission expense paid	(63)	(16)	(13)	(110)	(23)
Net trading and other operating income received	6,814	15,256	4,350	6,177	231
Recoveries on loans previously written-off	287	499	287	933	738
Cash payments to employees and suppliers	(147,474)	(198,036)	(95,117)	(171,979)	(90,492)
Income tax paid	(25,874)	(68,506)	(20,961)	(54,436)	(9,137)
Cash flows from operating profits before changes in operating assets	**57,224**	**131,825**	**56,737**	**145,704**	**67,423**
Changes in operating assets and liabilities:					
- net increase in regulatory deposits	(115,465)	(50,191)	(36,545)	(170,209)	(36,321)
- net increase in loans and advances to customers	(81,149)	(402,486)	(205,648)	(210,776)	(103,006)
- net (increase)/ decrease in other assets	(20,028)	(53,634)	2,625	(35,491)	(1,285)
- net increase in due to customers	129,041	467,581	279,851	828,498	352,626
- net (decrease)/ increase in due to other banks	(9,403)	11,851	6,274	(2,640)	2,363
- net increase/ (decrease) in other liabilities	16,041	(17,267)	16,127	22,245	24,574
Net cash flows from operating activities	**(23,739)**	**87,679**	**119,422**	**578,332**	**306,373**
Cash flows from investing activities					
Purchase of property, equipment and software	(17,370)	(12,817)	(5,821)	(14,005)	(8,768)
Proceeds from sale of property and equipment	-	89	61	306	-
Purchase of investment securities	(71,268)	(39,533)	(116,337)	(452,936)	(265,985)
Net cash flows from investing activities	**(88,638)**	**(52,261)**	**(122,097)**	**(466,635)**	**(274,753)**
Cash flows from financing activities					
Dividend payment	(45,499)	(74,242)	46,148	(82,698)	(53,119)
Proceeds from the issuance of share capital, net of transaction costs	1,080	-	-	-	-
Net cash flow from financing activities	**(44,419)**	**(74,242)**	**(46,148)**	**(82,698)**	**(53,119)**
Net increase/ (decrease) in cash and cash equivalents	**(156,796)**	**(38,823)**	**(48,823)**	**28,999**	**(21,499)**
Effect of changes in the foreign exchange rates on cash and cash equivalents	1,009	2,175	(1,622)	(3,845)	(1,917)
Cash and cash equivalents at beginning of period	**396,840**	**433,488**	**433,488**	**408,334**	**408,334**
Cash and cash equivalents at the end of the period	**241,053**	**396,840**	**383,044**	**433,488**	**384,918**

The above information has been extracted from the unaudited interim consolidated financial statements of Kina Securities Limited for the half year-ended 30 June 2024 and, where applicable, calculated by reference to the 31 December 2023 audited financial statements and the 30 June 2023 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 2024 are consistent with those used in preparing the 31 December 2023 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

	Jun24 PGK'000	Jun23 PGK'000
Cash and due from other banks	241,053	383,044
Total cash at the end of the period	**241,053**	**383,044**

2.8 Ratios

	Jun24	Dec23	Jun23	Dec22	Jun22
Profit before tax / Operating Income					
Consolidated profit from ordinary activities before tax as a percentage of revenue	31.8%	41.5%	41.5%	44.2%	36.6%
Profit after tax / equity interests					
Consolidated net profit from ordinary activities after tax attributable to members as a percentage of equity (similarly attributable)	6.6%	7.2%	7.6%	11.6%	8.0%

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;*

	Jun24	Dec23	Jun23	Dec22	Jun22
Calculation of the following in accordance with IAS33					
(a) Basic EPS	14.7	20.5	16.2	24.7	15.9
(b) Diluted EPS	14.5	20.3	16.1	24.5	15.8
(c) Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS	287,290	286,936	286,936	286,936	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 2024 was 287,432,858 (30 June 2023: 286,935,900)

	Total Number Ordinary shares	Number Quoted Ordinary shares
Changes during the period ended 30 June 2023		
Opening Balance of number of shares	286,935,900	286,935,900
Increase through issue of shares	496,958	-
Closing Balance of number of shares 30 June 2024	**287,432,858**	**286,935,900**

2.12 Segment Reporting

30 June 2024	Banking & Finance PGK'000	Wealth Management PGK'000	Total PGK'000
Total external income	207,305	20,203	227,508
Total external expense	(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 expense	-	(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**
Segment assets	5,304,707	15,747	5,320,454
Segment liabilities	(4,676,695)	(7,069)	(4,683,764)
Net assets	**628,012**	**8,678**	**636,690**
Capital expenditure	17,370	-	17,370
Depreciation	(15,623)	-	(15,623)

30 June 2023	Banking & Finance PGK'000	Wealth Management PGK'000	Total PGK'000
Total external income	169,287	18,097	187,384
Total external expense	(105,743)	(3,922)	(109,665)
Profit before inter-segment revenue and expenses	**63,544**	**14,175**	**77,719**
Inter-segment income	1,325	-	1,325
Inter-segment expense	-	(1,325)	(1,325)
Profit before tax	**64,869**	**12,850**	**77,719**
Income tax expense	(27,612)	(3,740)	(31,352)
Profit after tax	**37,257**	**9,110**	**46,367**
Segment assets	4,951,353	36,042	4,987,395
Segment liabilities	(4,368,006)	(7,358)	(4,375,364)
Net assets	**583,347**	**28,684**	**612,031**
Capital expenditure	5,821	-	5,821
Depreciation	(15,034)	-	(15,034)

2.13 Comparison of Profits

	HY Jun24 PGK'000	FY Dec23 PGK'000	FY Dec22 PGK'000
First Half Year			
Consolidated profit from continuing operations after tax attributable to members reported for the period	42,241	46,368	45,592
Second Half Year			
Consolidated profit from continuing operations after tax attributable to members reported for the period	N/A	58,596	70,896
Total	**42,241**	**104,964**	**116,488**

2.14 Contingent Liabilities

The Company is a party to a number of litigations as at 30 June 2024. 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 2024, these totaled PGK 58.8m (31 December 2023: PGK 26.8m).

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
x	**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.