

**KINA SECURITIES LIMITED
AND ITS SUBSIDIARIES**

CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2026

**CONTENTS OF CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2026**

DIRECTORS' REPORT	1
INDEPENDENT AUDITOR'S REVIEW REPORT	2-3
DIRECTORS' DECLARATION	4
CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	5
CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION	6
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	7
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS	8
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS	9 – 47

APRA Disclaimer:

Kina Securities Limited and its subsidiaries are not authorised under the Banking Act 1959 (Commonwealth of Australia) and is not supervised by the Australian Prudential Regulation Authority (APRA). Kina's products are not covered by the depositor protection provisions in Section 13A of the Banking Act 1959 and will not be covered by the financial claims scheme under Division 2AA of the Banking Act 1959.

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

DIRECTORS' REPORT

FOR THE HALF YEAR ENDED 30 JUNE 2026

The Directors of Kina Securities Limited (the “Company”, “Kina”) and its subsidiaries (together the “Group”), submit herewith the financial statements of the Group for the half year ended 30 June 2026.

Principal Activities

The principal continuing activities of the Group during the half year were the provision of commercial banking and financial services (including asset financing, provision of commercial and personal loans, money market operations and corporate advice), fund administration, investment management services and share brokerage. Kina is a company listed on the PNG Exchange Markets (PNGX) and the Australian Stock Exchange (ASX), incorporated under the Companies Act of Papua New Guinea, and is an authorised Bank under the Banks and Financial Institutions Act of Papua New Guinea.

Country of incorporation and registered office

The Company was incorporated in Papua New Guinea on 14 October 1985 and has its principal place of business in Port Moresby, Papua New Guinea. Its registered office is Level 2, Kina Bank Harbour City, Port Moresby, National Capital District, 121, Papua New Guinea.

Directors and Secretary

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

Ian Clough, Chairman

Ivan Vidovich, Managing Director and Chief Executive Officer

Lutz Heim, Non-Executive Director

Robert Nilkare, Non-Executive Director

Paul Hutchinson, Non-Executive Director

Jane Thomason, Non-Executive Director

Richard Kimber, Deputy Chairman

Andrew Carriline, Non-Executive Director

The company secretary is Taiwo Fowowe (appointed 27 May 2026 as replacement for Johnson Kalo)

Dividends

Dividends declared for the half year amounted to PGK 41,812,470 (and paid for the year ended 31 December 2025 amounted to PGK 56,634,045). Refer to note 34 for more details.

Results

The operating profit attributable to equity holders for the half year for the Group was PGK 59,732,100 (2025: PGK 57,688,115). The Directors consider there are no unusual or other matters that warrant their comments and the Group's financial position and results from operations are properly reflected in these financial statements

Events subsequent to reporting date

Details of events subsequent to reporting date are outlined in note 34.

Declaration

In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Listing Rules of both the PNGX and ASX, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Group.

Signed at Port Moresby on behalf of the board on 31 August 2026.



Mr Ian Clough
Director and Chairman



Mr Ivan Vidovich
Managing Director and Chief Executive Officer

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

Conclusion

We have reviewed the half-year financial report of Kina Securities Limited (the "Company") and its subsidiaries (the "Group"), which comprises the condensed interim consolidated statement of financial position as at 30 June 2026, and the condensed interim consolidated statement of comprehensive income, the condensed interim consolidated statement of cash flows and the condensed interim consolidated statement of changes in equity for the half-year ended on that date and, notes to the financial statements, including material accounting policy information and other explanatory information..

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the Companies Act 1997 (amended 2022), including:

- Giving a true and fair view of the Group's financial position as at 30 June 2026 and of its performance for the half-year ended on that date; and
- Complying with International Accounting Standard IAS 34 *Interim Financial Reporting*.

Basis for Conclusion

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

Directors' Responsibilities for the Half-year Financial Report

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

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities (collectively, the "Deloitte organisation"). DTTL (also referred to as "Deloitte Global") and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

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

Our responsibility is to express a conclusion on the half-year financial report based on our review. ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not giving a true and fair view of the Group's financial position as at 30 June 2026 and its performance for the half-year ended on that date, and complying with International Accounting Standard IAS 34 *Interim Financial Reporting* and the *Companies Act 1997 (amended 2022)*.

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



DELOITTE TOUCHE TOHMATSU

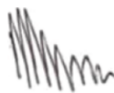


Tom Bottomley-Mason
Partner
Chartered Accountants

Brisbane, 31 August 2026



DELOITTE TOUCHE TOHMATSU



Herbert Maguma
Partner
Chartered Accountants

Port Moresby, 31 August 2026

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES
DIRECTORS' DECLARATION
FOR THE HALF YEAR ENDED 30 JUNE 2026

The Directors declare that:

- in the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- in the Directors' opinion, the attached condensed interim consolidated financial statements and notes thereto
 - Give a true and fair view of the consolidated entity's financial position as at 30 June 2026 and its performance for the half-year end on that date;
 - Are in accordance with the Listing Rules of both the PNGX and ASX; and
 - Complying with International Financial Reporting Standard IAS 34: *Interim Financial Reporting*.

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

On behalf of the Directors



Mr Ian Clough
Director and Chairman
Port Moresby



Mr Ivan Vidovich
Managing Director and Chief Executive Officer
Port Moresby

Dated; 31 August 2026

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2026

		Consolidated	
		Half Year	
		30 June	30 June
		2026	2025
	Notes	Unaudited	Unaudited
Continuing operations		K'000	K'000
Interest income	3	159,770	145,386
Interest expense	3	(40,506)	(32,172)
Net interest income	3	119,264	113,214
Fee and commission income	4	85,445	85,574
Foreign exchange income	5	48,266	50,460
Dividend income		-	1
Net gain/ (loss) from financial assets at fair value through profit and loss	13	648	718
Other income	6	1,165	1,002
Operating income before impairment losses and other operating expenses		254,788	250,969
Expected credit losses on financial instruments at amortised cost	7.1	(6,322)	(8,721)
Operating expenses	8	(159,571)	(148,602)
Profit before income tax		88,895	93,646
Income tax expense	9A	(29,163)	(35,958)
Net profit for the half year from continuing operations attributable to equity holders		59,732	57,688
Other comprehensive income		-	-
Total comprehensive income for the half year, net of tax attributable to equity holders		59,732	57,688

	Half Year	Half Year
	2026	2025
Earnings per share - basic (toea) (Note 25(B))	20.3	20.0
Earnings per share - diluted (toea) (Note 25(B))	20.0	19.7

The attached notes are an integral part of these condensed interim consolidated financial statements.

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2026

		Consolidated	
		30 June 2026	31 December 2025
	Notes	Unaudited	Audited
		K'000	K'000
Assets			
Cash and cash equivalents	10	420,040	365,592
Central bank bills	11	935,561	906,411
Regulatory deposits	12	438,050	426,355
Financial assets at fair value through profit and loss	13	61,053	60,405
Loans and advances to customers	14	3,098,112	3,206,459
Investments in government inscribed stocks	15	59,051	93,833
Other financial assets	16	113,745	107,942
Deferred tax assets	9C	38,784	40,190
Property, plant and equipment	17	44,289	41,987
Right-of-use asset	18	30,443	37,293
Goodwill	19	92,786	92,786
Intangible assets	20	54,481	51,037
Other assets	24A	53,624	67,901
Total Assets		5,440,019	5,498,191
Liabilities			
Due to other banks		1,378	5,867
Due to customers	21	4,325,762	4,606,536
Current income tax liabilities	9B	2,430	15,891
Employee provisions		17,148	17,978
Lease liabilities	22	35,319	43,146
Bond liability	23	236,443	-
Other liabilities	24B	97,547	90,711
Deferred revenue		215	133
Total Liabilities		4,716,242	4,780,262
Net Assets		723,777	717,929
Shareholders' Equity			
Issued and fully paid ordinary shares	25A	419,913	414,728
Share-based payment reserve	25C	268	2,703
Retained earnings		303,596	300,498
Total Shareholders' Equity		723,777	717,929

The attached notes are an integral part of these condensed interim consolidated financial statements.

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN
SHAREHOLDERS' EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2026

Consolidated	Note	Share Capital	Share Based Payment Reserve	Retained Earnings	Total
		K'000	K'000	K'000	K'000
Balance as at 31 December 2024		397,254	1,878	267,062	666,194
Profit for the period		-	-	114,643	114,643
Employee share scheme – vested rights		-	(3,246)	-	(3,246)
Employee share scheme – value of employee services		-	5,122	-	5,122
Deferred tax on share-based payment		-	(1,051)	-	(1,051)
Deferred tax adjustment		-	-	(62)	(62)
Additional shares issued		17,474	-	-	17,474
Dividend paid		-	-	(81,145)	(81,145)
Balance as at 31 December 2025		414,728	2,703	300,498	717,929
Profit for the period		-	-	59,732	59,732
Employee share scheme – vested rights	25C	-	(4,445)	-	(4,445)
Employee share scheme – value of employee services	8, 25C	-	2,104	-	2,104
Deferred tax on share-based payment transactions		-	(94)	-	(94)
Additional shares issued	25A	5,185	-	-	5,185
Dividend paid	34	-	-	(56,634)	(56,634)
Balance as at 30 June 2026		419,913	268	303,596	723,777

The attached notes are an integral part of these condensed interim consolidated financial statements.

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 30 JUNE 2026

		Consolidated	
		30 June	30 June
		2026	2025
	Notes	Unaudited	Unaudited
		K'000	K'000
Cash flows from operating activities			
Interest received		175,357	180,665
Interest paid		(39,852)	(25,615)
Realised Foreign exchange gain		48,266	50,858
Dividend received		-	1
Fee, commission and other income received		82,594	85,766
Net trading and other operating income received		1,813	1,799
Recoveries on loans previously written-off		522	320
Cash payments to employees and suppliers		(151,419)	(108,670)
Income tax paid		(41,097)	(26,881)
Cash inflow/ (outflow) from operating profits before changes in operating assets		76,184	158,243
Net (increase)/ decrease in:			
- Regulatory deposits	12	(11,695)	69,641
- Loans and advances to customers	14	109,854	(192,051)
- Other financial assets	16	43	(23,426)
- Other assets	24	6,099	4,675
Net increase/ (decrease) in:			
- Due to customers	21	(281,428)	137,560
- Due to other banks		(4,489)	9,704
- Other liabilities	24	11,710	12,827
- Deferred revenue		82	(41)
Net cash inflow/ (outflow) from operating activities		(93,640)	177,132
Cash flows from investing activities			
Proceeds from government securities		825,000	623,250
Purchases of government securities		(833,700)	(796,484)
Payments for purchase of property, equipment and software		(16,535)	(20,198)
Proceeds from sale of property and equipment		162	24
Net cash inflow/ (outflow) from investing activities		(25,073)	(193,408)
Cash flows from financing activities			
Dividend paid		(56,634)	(44,657)
Issuance of new shares		5,185	2,568
Issuance of corporate bond		236,443	-
Cashflows from lease liabilities		(8,971)	(6,644)
Net cash inflow/ (outflow) from financing activities		176,023	(48,733)
Net increase/ (decrease) in cash and cash equivalents		57,310	(65,009)
Effect of changes in the foreign exchange rates on cash and cash equivalents		(2,862)	(2,690)
Cash and cash equivalents at beginning of the period		365,592	529,809
Cash and cash equivalents at end of the period	10	420,040	462,110

The attached notes are an integral part of these condensed interim consolidated financial statements.

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2026

1. Material accounting policies

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

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

a) Statement of compliance

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

These condensed interim consolidated financial statements for the six months ended 30 June 2026 have been reviewed, not audited. They were approved for issue by the Board of Directors on 31 August 2026.

b) Basis of presentation

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

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

The accounting policies and methods of computations adopted in preparation of the half-year financial report are consistent with those adopted and disclosed in the Group’s 2025 financial report for the financial year ended 31 December 2025. Where the presentation of financial information has changed, comparative information has been changed to ensure consistency.

c) Going Concern

The financial statements are prepared on a going concern basis. The group has net assets of PGK 724m, although there was a decrease in operating activities and cash flows, the Group maintains sufficient financial resilience and has a liquidity risk management policy which outlines strategies to manage liquidity risks effectively, as disclosed in Note 4c of the financial statements for year ended 31 December 2025. As a consequence of this, the Directors are of the view that the Group is well placed to manage its business risks successfully despite the current economic climate. Accordingly, they believe the going concern basis is appropriate.

d) Comparatives

Certain comparative amounts included in the condensed interim consolidated financial statements have been reclassified to conform with the presentation adopted in the current year financial statements which more closely aligns with current industry practice and provides more relevant financial information. In particular, the condensed interim consolidated statement of financial position has been amended to reclassify accrued interest receivables/payables from other assets/liabilities to loans and advances to customers/deposits with customers in line with current industry practice. Other asset balances have been separated into other financial assets and other assets to provide greater clarity over the nature of the balances presented. The reclassifications have no impact on the net assets.

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2026

1. Material accounting policies (continued)

New and amended standards adopted by the Group

[A] New standards and amendment during the current period

A number of amended standards and interpretations were assessed during the current reporting period, including

- Amendments to IFRS 9 and IFRS 7 – Amendments to the Classification and Measurement of Financial instruments; and
- Annual improvements to IFRS Accounting Standard.

The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting the amended standards that became effective during the period. The amendments do not have a material impact on the Group's interim financial statements.

[B] Accounting standards issued but not yet effective

The following standards and interpretations have been issued but are not mandatory for the half year reporting period. The standards and interpretations set out below and have not been early adopted by the Group.

Standard/ amendment	Effective for reporting periods beginning on or after	Nature of the change and expected impact
IFRS 18 Presentation and Disclosure in Financial Statements IFRS 18 was issued in April 2024 and replaces IAS 1 Presentation of Financial Statements. The new standard introduces new requirements for the Statement of Profit or Loss, including new categories for the classification of income and expenses into operating, investing, and financing categories, and presentation of subtotals for “operating profit” and “Profit before financing and income taxes”.	1 January 2027 Effective for 31 December 2028	This new standard is not expected to have an impact on the recognition and measurement of assets, liabilities, income and expenses, however, there will likely be changes in how the Statement of Profit or Loss and Statement of Financial Position line items are presented as well as some additional disclosures in the notes to the financial statements. The standard will be applicable to the Group for financial year ending 31 December 2028.
IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures (subject to endorsement by the Accounting Standards Board of PNG)	1 July 2027 Effective for 31 December 2028	The Group has considered the management of climate change risks with the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures, including aspects of governance, strategy, risk management, metrics, and disclosures. The Directors do not anticipate that the pronouncement and other changes will have a material impact on the Group but may change the disclosure of policies included in the financial statements, once effective.

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2026

2. Critical accounting estimates and judgments

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

In preparing these interim consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2025 except as disclosed otherwise.

Key estimates used in preparation of consolidated financial statements for the half year ended 30 June 2026 and this interim financial information are tabled below and have not changed from 31 December 2025.

Key estimates	Significant inputs and judgement
Impairment of financial assets, including the valuation of the credit loss provision Note 7	Measurement of expected credit loss allowance for financial assets measured at amortised cost in line with IFRS 9 is an area that requires the use of complex models and significant assumptions about future economic conditions, significant increase in credit risk, and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).
Recognition and recoverability of deferred tax assets for carried forward tax losses Note 9	Management applies significant judgement and estimation in assessing whether deferred tax assets will be recoverable through future taxable profits. Per IAS 12 the assessment considers forecast taxable income, the timing of reversal of temporary differences, utilisation and expiry of carried-forward tax losses and credits, historical taxable performance and available tax-planning strategies. Changes in forecast profitability, tax legislation or other underlying assumptions may materially affect the amount of deferred tax assets recognised.
Valuation of unlisted investments Note 13	The valuation methodology under IFRS 13, forecast financial performance, maintainable EBITDA, comparable company selection, valuation multiples, discount rates, terminal growth assumptions and any liquidity or other valuation adjustments.
Impairment of non-financial assets, including the valuation of goodwill Note 19	Significant judgement is required under IAS 36 in identifying CGUs, allocating goodwill and determining whether impairment indicators exist. Estimation uncertainty arises in determining recoverable amounts, including forecast cash flows, revenue and margin assumptions, long-term growth rates and discount rates. Changes in these assumptions may materially impact on the recoverable amount and any impairment recognised.
Recognition and impairment of intangible assets, including work-in-progress (WIP) balances Note 20	Management applies significant judgement in determining whether internally generated expenditure meets the IAS 38 development recognition criteria, the point at which capitalisation commences, which expenditure is directly attributable to development, and when an asset is available for use, including the consideration for Software-as-a-Service. Judgement and estimation are also required in assessing the recoverability of capitalised development expenditure and WIP, including consideration of project viability, technical feasibility, technological obsolescence, forecasting future economic benefits and other impairment indicators. Intangible assets not yet available for use are also subject to annual impairment testing under IAS 36.

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2026

3. Net interest income

	Consolidated	
	30 June	30 June
	2026	2025
	Unaudited	Unaudited
	K'000	K'000
Interest income		
Cash and cash equivalents	260	39
Central bank bills	25,879	25,158
Loans and advances to customers	129,148	115,286
Investment in government inscribed stocks	4,483	4,903
Total interest income	159,770	145,386
Interest expense		
Due to other banks	(186)	-
Due to customers	(36,233)	(30,124)
Lease liabilities	(1,438)	(2,048)
Bond liability (none in 2025)	(2,649)	-
Total interest expense	(40,506)	(32,172)
Net interest income	119,264	113,214

4. Fee and commission income

	Consolidated	
	30 June	30 June
	2026	2025
	Unaudited	Unaudited
	K'000	K'000
Investment and portfolio management	6,741	6,049
Fund administration	14,037	13,082
Shares brokerage	3,202	2,288
Loan fees and bank commissions	8,755	12,727
Digital banking fees	43,632	43,934
ATM and other transaction fees	9,078	7,494
Total fee and commission income	85,445	85,574

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2026

5. Foreign exchange income

	Consolidated	
	30 June 2026	30 June 2025
	Unaudited	Unaudited
	K'000	K'000
Realised foreign exchange gain	47,916	47,552
Unrealised foreign exchange gain	350	2,908
Total foreign exchange income	48,266	50,460

6. Other income

	Consolidated	
	30 June 2026	30 June 2025
	Unaudited	Unaudited
	K'000	K'000
Profits from disposal of property and equipment	162	24
Income on visa collateral	776	698
Other income*	227	280
Total other income	1,165	1,002

*Other income includes one-off commission revenue received from UnionPay amounting to PGK 71,225 during the current reporting period (2025: nil). In the prior year, other income included a one-off commission from the Australian High Commission of PGK 179,711 (2026: nil).

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2026

7. Expected credit losses on financial instruments at amortised cost

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

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

	Balance at 01 January 2026	ECL recognised during the period	Write-offs	Recoveries	Balance at 30 June 2026	Balance at 01 January 2025	ECL recognised during the period	Write-offs	Recoveries	Balance at 31 December 2025
Loss allowance by classes	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000
Cash and cash equivalents	695	-	-	-	695	695	-	-	-	695
Central bank bills	-	-	-	-	-	-	-	-	-	-
Regulatory deposits	-	-	-	-	-	-	-	-	-	-
Loans and advances to customers at amortised cost	88,128	6,755	(12,827)	522	82,578	67,308	38,248	(26,517)	9,089	88,128
Investments in government inscribed stocks at amortised cost	1,296	(433)	-	-	863	1,289	7	-	-	1,296
Other financial assets	3,990	-	-	-	3,990	3,990	-	-	-	3,990
Total	94,109	6,322	(12,827)	522	88,126	73,282	38,255	(26,517)	9,089	94,109

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2026

7.2 Movement in expected credit loss by stage

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

Stage 1 For the exposures where there have been no significant increase in credit risk since initial recognition, the ECL is recognised on 12-months basis.

Stage 2 For the exposures where the exposure is overdue by 30 days or more, the ECL is recognised on life-time basis.

Stage 3 These exposures are considered to be non-performing and in default for which the ECL is recognised on life-time basis. Indicators of default include breach of contract, significant financial difficulty, litigation, or if the exposure is overdue by 90 days or more.

The table below analyses the movement of the loss allowance during the period per class of assets except for those where there have been no significant movement in the ECL since the prior year or where no ECL is recognised. Purchased or Originated Credit-Impaired loans (POCI) are loans acquired through the ANZ acquisition in 2019 that were already assessed as credit-impaired at the date of acquisition. Once a loan is classified as POCI, its status remains unchanged and is not subsequently reclassified.

Loss allowance – Loans and advances to customers at amortised cost	30 June 2026					31 December 2025				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
	12-month ECL	Lifetime ECL	Lifetime ECL			12-month ECL	Lifetime ECL	Lifetime ECL		
	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000
Loss allowance, beginning	50,356	11,827	25,945	-	88,128	27,538	3,701	36,069	-	67,308
Changes in the loss allowance										
- Transfer to stage 1	799	(799)	-	-	-	1,198	(536)	(662)	-	-
- Transfer to stage 2	(5,096)	8,471	(3,375)	-	-	(3,517)	4,402	(885)	-	-
- Transfer to stage 3	(354)	(689)	1,043	-	-	(695)	(582)	1,277	-	-
- Write-offs	-	-	(12,827)	-	(12,827)	-	-	(26,517)	-	(26,517)
Increase/ (decrease) in financial assets within the same stage	14,191	5,996	44,641	-	64,828	45,547	11,192	16,910	-	73,649
Financial assets that have been derecognised	(29,233)	(17,287)	(11,031)	-	(57,551)	(19,715)	(6,350)	(247)	-	(26,312)
Loss allowance, ending	30,663	7,519	44,396	-	82,578	50,356	11,827	25,945	-	88,128

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2026

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

	30 June 2026					31 December 2025				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
	12-month ECL	Lifetime ECL	Lifetime ECL			12-month ECL	Lifetime ECL	Lifetime ECL		
Loans and advances to customers at amortised cost	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000
Gross carrying amount, beginning	2,786,016	217,617	280,264	10,690	3,294,587	2,531,043	45,747	318,746	8,823	2,904,359
Changes in the gross carrying amount										
- Transfer to stage 1	15,670	(15,670)	-	-	-	58,698	(18,200)	(40,498)	-	-
- Transfer to stage 2	(55,717)	102,283	(46,566)	-	-	(154,331)	192,748	(38,417)	-	-
- Transfer to stage 3	(11,116)	(37,575)	48,691	-	-	(33,348)	(9,556)	42,903	-	-
- Write-offs	-	-	(12,827)	-	(12,827)	-	-	(26,517)	-	(26,517)
Increase/ (decrease) in financial asset within the same stage	278,568	5,249	30,774	(1,069)	313,522	946,502	32,776	55,746	1,867	1,036,891
Financial assets that have been derecognised	(363,110)	(36,612)	(14,870)	-	(414,592)	(562,548)	(25,898)	(31,700)	-	(620,146)
Gross carrying amount, ending	2,650,311	235,292	285,466	9,621	3,180,690	2,786,016	217,617	280,264	10,690	3,294,587

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2026

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

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

	30 June 2026					31 December 2025				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
	12-month ECL	Lifetime ECL	Lifetime ECL			12-month ECL	Lifetime ECL	Lifetime ECL		
	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000
Cash and cash equivalents	420,040	-	-	-	420,040	365,592	-	-	-	365,592
Central bank bills	935,561	-	-	-	935,561	906,411	-	-	-	906,411
Regulatory deposits	438,050	-	-	-	438,050	426,355	-	-	-	426,355
Loans and advances	2,650,311	235,292	285,466	9,621	3,180,690	2,832,466	217,618	280,261	10,691	3,341,036
Investment in government inscribed stocks	59,051	-	-	-	59,051	95,128	-	-	-	95,128
Other financial assets	113,745	-	-	-	113,745	87,142	-	-	-	87,142
Total gross carrying amount	4,616,758	235,292	285,466	9,621	5,147,137	4,666,645	217,618	280,261	10,691	5,175,215
Loss allowance	(30,663)	(7,519)	(44,396)	-	(82,578)	(55,641)	(11,827)	(25,946)	-	(93,414)
Net carrying amount	4,586,095	227,773	241,070	9,621	5,064,559	4,611,004	205,791	254,315	10,691	5,081,801

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2026

7.4 Days past due status of loans and advances

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

	30 June 2026		31 December 2025	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
	K'000	K'000	K'000	K'000
Loans and advances to customers				
0-29 days	2,838,520	23,187	2,905,962	28,284
30-59 days	41,997	1,493	48,900	2,189
60-89 days	16,847	897	53,844	3,359
90-180 days	35,363	3,583	42,402	3,342
More than 180 days	247,963	53,418	243,479	50,954
Total	3,180,690	82,578	3,294,587	88,128

Write-offs of loans and advances are recognised when management determines that there is no realistic prospect of recovery after considering the borrower's financial position, collateral available, recovery history and other relevant factors. Write-offs are approved in accordance with delegated authority limits and are recorded by derecognising the outstanding balance from the statement of financial position. Recoveries of amounts previously written off are recognised in profit or loss when received.

8. Operating expenses

	Consolidated	
	30 June 2026	30 June 2025
	Unaudited	Unaudited
	K'000	K'000
Staff costs	63,376	55,339
Administrative expenses	59,096	53,316
Depreciation and amortisation (note 17, 18 & 20)	14,997	16,496
Operating lease	5,546	5,178
Software maintenance and support charges	3,046	6,645
Auditor's remuneration	1,775	1,571
Other expenses	11,735	10,057
Total operating expenses	159,571	148,602

Other expenses include GST amounting to PGK 4.6 million (2025: PGK 4.4 million).

GST credits are not recoverable by the Group and therefore recognised as part of operating expenses.

Composition of Staff costs

	Consolidated	
	30 June 2026	30 June 2025
	Unaudited	Unaudited
	K'000	K'000
Salaries, wages and other benefits	58,928	52,305
Superannuation costs	2,438	2,023
Cost of employee share-based incentive plan [Note 25C]	2,010	1,011
Total staff costs	63,376	55,339

As at 30 June 2026, the Group had 753 (30 June 2025: 774) employees.

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2026

9. Income tax

[A] Income tax expense

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

	Consolidated	
	30 June	30 June
	2026	2025
	Unaudited	Unaudited
	K'000	K'000
Profit before tax	88,895	93,646
Prima facie tax* (parent 35%, subs 30%); (2025: 40%, subs 30%)	30,274	36,084
Tax effect of:		
Permanent differences	(123)	661
Prior year adjustment	(988)	(787)
Income tax expense	29,163	35,958
Represented by:		
Current tax	27,757	35,948
Deferred taxes	1,406	10
Income tax expense	29,163	35,958

*Income tax rate for the bank (Kina Securities Ltd) has been reduced from 40% to 35% as of 1 January 2026, while for the subsidiaries the tax rate remains at 30%.

Pillar Two Assessment

The Group is not impacted by Organisation for Economic Co-operation and Development (OECD) Pillar Two rules, as it is incorporated and operates primarily in Papua New Guinea, despite being listed on the ASX. Management will continue to monitor relevant tax developments.

[B] Current tax liabilities

The asset / liability represents the amount of income tax receivable / payable in respect of current and prior financial year due to the relevant tax authorities.

	Consolidated	
	30 June	31 December
	2026	2025
	Unaudited	Audited
	K'000	K'000
Current tax payable	5,060	17,173
Current tax receivable	(2,630)	(1,282)
Net tax payable position	2,430	15,891

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2026

9. Income tax (continued)

[C] Deferred tax assets

	Consolidated	
	30 June	31 December
	2026	2025
	Unaudited	Audited
	K'000	K'000
Allowance for losses	31,947	34,210
Employee benefit provisions	5,868	6,160
Lease liability	12,362	15,101
Total deferred tax asset	50,177	55,471
Depreciation and amortization	(10,631)	(12,938)
Others	(762)	(2,343)
Total deferred tax liability	(11,393)	(15,281)
Net deferred tax asset	38,784	40,190

Movement on deferred tax assets / (liabilities):

	Consolidated	
	30 June	31 December
	2026	2025
	Unaudited	Audited
	K'000	K'000
Balance at beginning of the year	40,190	36,803
Statement of comprehensive income credit / (charge)	(1,406)	3,387
Balance at the end of reporting period	38,784	40,190
Represented by:		
Deferred tax assets	50,177	55,471
Deferred tax liabilities	(11,393)	(15,281)
Net deferred tax asset	38,784	40,190

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2026

9. Income tax (continued)

[C] Deferred tax assets (continued)

Recoverability of deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that sufficient future taxable profits will be available against which deductible temporary differences and carried-forward tax losses, where applicable, can be utilised.

In assessing the recoverability of the deferred tax assets at 30 June 2026, management considered the nature and expected timing of reversal of the underlying temporary differences, the availability of taxable temporary differences, historical and current financial performance, and expectations regarding future taxable profits.

The assessment of recoverability requires judgement regarding the amount and timing of future taxable profits and the utilisation of deductible temporary differences.

Analysis

At 30 June 2026, the Group recognised gross deferred tax assets of PGK 50.2 million and deferred tax liabilities of PGK 11.4 million, resulting in a net deferred tax asset of PGK 38.8 million. The net deferred tax represents approximately PGK 110.8m of underlying deductions (35% tax rate of PGK 38.8 million). As at 30 June 2026, the Group has no cumulative unused tax losses (2025: nil), and no deferred tax asset has been recognised to reflect this (2025: nil).

The Group recorded profit before tax of PGK 88.8 million for the six months ended 30 June 2026, compared with profit before tax of PGK 199.1 million for the full year ended 31 December 2025. This historical and current profitability was considered as part of management's assessment of the availability of future taxable profits.

Based on the assessment performed, management considers it probable that sufficient taxable profits will be available to support the deferred tax assets recognised at 30 June 2026.

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2026

10. Cash and cash equivalents

	Consolidated	
	30 June	31 December
	2026	2025
	Unaudited	Audited
	K'000	K'000
Cash on hand	340,729	301,296
Exchange settlement account	(11,732)	(39,601)
Due from other banks	91,738	104,592
Accrued interest on cash and cash equivalents	-	-
Gross cash and cash equivalents	420,735	366,287
Expected credit loss provision	(695)	(695)
Total cash and cash equivalents	420,040	365,592

11. Central bank bills

	Consolidated	
	30 June	31 December
	2026	2025
	Unaudited	Audited
	K'000	K'000
Central bank and treasury bills		
Less than 90 days	-	440,000
Over 90 days but less than 365 days	970,450	486,750
Unearned discount and accrued interest	(34,889)	(20,339)
Total central bank bills	935,561	906,411

Central bank bills are debt securities issued by the Bank of Papua New Guinea (BPNG) and are measured at amortized cost. These balances are considered to meet the definition of a low-risk cash balances and have been considered on this basis for the allowance for credit losses. The expected credit loss is Nil for 30 June 2026 (2025: Nil).

12. Regulatory deposits

	Consolidated	
	30 June	31 December
	2026	2025
	Unaudited	Audited
	K'000	K'000
Regulatory deposits	438,050	426,355
Accrued interest	-	-
Total Regulatory deposits	438,050	426,355

Bank of Papua New Guinea requires a minimum cash reserve requirement of 9% (2025: 9%) against the average deposit liabilities. These balances are considered to meet the definition of a low-risk cash balances and have been considered on this basis for the allowance for credit losses. The expected credit loss is Nil for 30 June 2026 (2025: Nil).

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2026

13. Financial assets at fair value through profit or loss

Fair value of listed investments is measured based on the quoted market prices (Level 1) and unlisted investments (Level 3) are measured using future maintainable earnings method.

	Consolidated	
	30 June	31 December
	2026	2025
	Unaudited	Audited
	K'000	K'000
Listed	7,750	7,102
Unlisted	53,303	53,303
Total financial assets at fair value through profit or loss	61,053	60,405

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

Listed investments [Level 1]	Consolidated	
	30 June	31 December
	2026	2025
	Unaudited	Audited
	K'000	K'000
Balance at beginning of the year	7,102	5,847
Purchases	-	-
Sales	-	-
Gains/(losses) from changes in fair value	648	1,255
Balance at the end of the period	7,750	7,102

Unlisted investments [Level 3]	Consolidated	
	30 June	31 December
	2026	2025
	Unaudited	Audited
	K'000	K'000
Balance at beginning of the year	53,303	35,810
Purchases	-	21,843
Sales	-	-
Gains/ (losses) from changes in fair value	-	(4,350)
Balance at the end of the period	53,303	53,303

Management reassessed the fair value of the Group's unlisted investments at 30 June 2026. The resulting fair value movements were not material to the interim financial statements and, accordingly, no material changes in fair value have been separately disclosed.

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2026

13. Financial assets at fair value through profit or loss (continued)

Set out below are the significant unobservable inputs to valuation of the unlisted investments as at 30 June 2026:

Investment	Valuation technique	Significant unobservable inputs	Sensitivity of the input to fair value
Unlisted investment – Finance sector	Market approach Capitalisable Maintainable Earnings ("CME"). The approach is a valuation model based on market multiples derived from quoted prices of companies comparable to the investee and the maintainable earnings of the investee. The Fair value estimate is the adjustment for the effect of the non-marketability of the equity securities.	Significant key unobservable input used in this valuation model are the maintainable earnings of the investee; Adjusted market multiples ranging from 5.5x to 6.5x (2025: 4.75x to 5.75x), sourced from: - Industry starting multiples of 10.25 to 11.25x (2025: 9x to 10x); - Country risk of 30%, consistent with prior reporting period. - Other factors of 20%, consistent with prior reporting period. Marketability discount ranging from 10% to 12.5%, consistent with prior reporting period.	5% increase/decrease market multiples would result in increase/decrease in fair value to PGK 11.8m 5% increase/decrease marketability discount would result in 2.5% increase/decrease in fair value by PGK 74k
Unlisted investment – Technology/ Public sector services	Income approach Discounted Cash Flow ("DCF") The approach is a valuation model based on the present value of the future cash flows expected to be generated by the investee. The future cash flows are projected over an explicit forecast period and discounted to their present value using an appropriate discount rate that reflects the time value of money and the risks associated with the investment. A terminal value is also	Significant unobservable inputs used in this valuation model are the forecast free cash flows, terminal value assumptions, and discount rates applied to the investee company. Future cash flows for 2026 to 2027 are estimated based on average actual growth performance achieved over the three historical years (2023 to 2025) being 54%. Revenue growth is then assumed to decrease by 2.5% over the forecast period, reducing to 43.6% in 2030. A terminal value is calculated based on a terminal growth rate of 2% to reflect the value of cash flows beyond the forecast period. These cash flows are discounted to their present value using the Weighted Average	The valuation is particularly sensitive to changes in the WACC, which represents the discount rate applied to forecast cash flows and the terminal value. An increase in the WACC would reduce the present value of future cash flows, resulting in a lower fair value estimate. Conversely, a decrease in the WACC would increase the estimated fair value. As the investment has no interest-bearing debt, the WACC comprises solely the cost of equity. A 5%

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2026

	estimated to capture cash flows beyond the forecast period. The fair value estimate is the sum of the present value of the projected cash flows and terminal value, adjusted for factors such as non-marketability of the equity securities.	Cost of Capital ("WACC"), which represents the risk-adjusted required rate of return expected by capital providers. The WACC applied in the valuation ranged from 19.75% to 20.75% (2025: 18.25% to 19.25%) and was derived using the following assumptions: • Risk-free rate: 14.02% (2025: 12.85%). • Market risk premium: 5.0%, consistent with the prior reporting period. • Alpha: 1.5% to 2.5%, consistent with the prior reporting period. • Unlevered beta: 1.14 (2025: 0.77), based on the five-year average beta of comparable companies. • Target gearing: Nil, consistent with the prior reporting period. Other valuation adjustments include: • Country risk adjustment of 30%, consistent with the prior reporting period. • Other risk and company-specific factor adjustment of 20%, consistent with the prior reporting period. • Marketability discount ranging from 7.5% to 10.0%, consistent with the prior reporting period.	increase/decrease in the WACC would result in a 5% decrease/increase in the estimated fair value of the investment in, equivalent to K1.1m. Given that 87% of the DCF valuation is attributable to the terminal value, 1% increase/decrease in the terminal growth rate from the assumed rate of 2.0% would result in 4.5% increase/decrease in the estimated fair value of the investment, equivalent to PGK 1m. A 5% increase/decrease in the marketability discount would result in a 0.5% decrease/increase in the estimated fair value of investment, equivalent to PGK 118k.
Unlisted investment – Finance sector	Income approach Discounted Cash Flow ("DCF") This approach estimates the present value of expected future cash flows generated by the asset. The cash flows were discounted using a rate that reflects current market assessments of the time value of money and the risks specific to the asset.	Significant unobservable inputs used in this valuation model are the forecast free cash flows, terminal value assumptions, and discount rates applied to the investee company. Future cash flows from 2026 to 2030 have been projected based on last year's explicit free cash flows, with 2.5% annual growth. Revenue is expected to grow by 78.2% in 2027, followed by growth rates of 26.2% in 2028, 29.0% in 2029, and 36.7% in 2030. A terminal value is calculated based on a terminal growth rate of 2.5% to reflect the value of cash flows beyond the forecast period.	The valuation is particularly sensitive to changes in the WACC, which represents the discount rate applied to forecast cash flows and the terminal value. An increase in the WACC would reduce the present value of future cash flows, resulting in a lower fair value estimate. Conversely, a decrease in the WACC would increase the estimated fair value.

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2026

		These cash flows are discounted to their present value using the Weighted Average Cost of Capital ("WACC"), which represents the risk-adjusted required rate of return expected by capital providers. The WACC applied in the valuation ranged from 20% to 22% and was derived using the following assumptions: <u>Capital structure:</u> • Equity weight: 92.5% • Debt weight: 7.5% <u>Cost of equity: 21.5%</u> • Risk-free rate: 4% • Equity risk premium: 6% • Size premium: 4.5% • Company-specific risk: 7% <u>Cost of debt: 11.55%</u> • Risk-free rate: 4% • Debt margin: 12.5% • Pre-tax cost of debt: 16.5% • Tax rate (investee): 30%	As the investee's capital structure is financed through a combination of debt and equity, the WACC reflects both the cost of equity and the cost of debt. Sensitivity analysis indicates that a 5% increase in both the COE and COD would increase the WACC by approximately 1.1%, resulting in an estimated change in the fair value of the investment of PGK 814k. A 5% increase in both the cost of equity (COE) and cost of debt (COD), combined with a 1% increase in the terminal growth rate, would increase the terminal value by approximately PGK 4.6m. As a result, the fair value of the investment is estimated to increase by PGK 881k.
--	--	--	---

The above unquoted investments are stated at fair value, which have been determined by the Board of Directors based on external valuations performed and internal valuations. The main methodologies in determining the fair value of unlisted equity are usually based on future maintainable earnings, dividend yields, net tangible assets or cash flows. The valuers have applied the most appropriate methodologies to each investment and have used other methodologies as a cross check where appropriate.

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2026

Macroeconomic and geopolitical uncertainties

Management continues to monitor global macroeconomic and geopolitical developments and their potential implications for climate-related risks and opportunities.

However, the impact on the Papua New Guinea market has not been significant, with government interventions, including fuel subsidies, helping to cushion the effects of global energy price volatility.

The Group has evaluated the potential implications of the El Niño conditions and Papua New Guinea's 2027 national election. The Company will continue to monitor relevant developments and assess any emerging impacts as necessary.

Government measures, including fuel subsidies to offset elevated fuel import costs and maintain regulated domestic fuel prices, have supported fuel importers and helped limit the impact of global energy price volatility on consumers.

14. Loans and advances to customers

	Consolidated	
	30 June 2026	31 December 2025
	Unaudited	Audited
	K'000	K'000
Loan to individuals	777,899	801,686
Loan to corporate entities	2,448,742	2,539,350
Total loans advances to customers	3,226,642	3,341,036
Accrued interest	10,397	11,219
Advance payment from customers	(56,349)	(57,668)
Gross loans and advances before expected credit losses (Note 7.2, 7.3 and 7.4)	3,180,690	3,294,587
Expected credit losses (note 7.2)	(82,578)	(88,128)
Net loans and advances to customers	3,098,112	3,206,459

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

	Consolidated	
	30 June 2026	31 December 2025
	Unaudited	Audited
	K'000	K'000
Overdrafts	149,048	118,647
Property mortgage	758,464	758,264
Asset financing	112,305	113,303
Term loans	2,128,001	2,262,377
Other loans*	62,244	75,823
Trade debtors	16,580	12,622
Total gross loans and advances to customers	3,226,642	3,341,036

*Other loans include retail/consumer loans and credit

15. Investments in government inscribed stocks

Consolidated

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2026

	30 June 2026 Unaudited	31 December 2025 Audited
	K'000	K'000
Government Inscribed Stocks principal balance	60,000	95,000
Unamortised premium	1	30
Unamortised discount	(1,718)	(1,975)
Accrued interest	1,631	2,074
	59,914	95,129
Expected credit losses	(863)	(1,296)
Total investments in government inscribed stocks	59,051	93,833

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

	Consolidated 30 June 2026 Unaudited	31 December 2025 Audited
	K'000	K'000
Balance at beginning of the year	93,833	93,331
Additions/ (maturities)	(35,000)	-
Amortised premium / (discount)	228	509
Accrued interest	(442)	-
Write back / (addition) of expected credit losses	432	(7)
Balance at the end of the period	59,051	93,833

Investments in government inscribed stocks are measured at amortised cost.

For personal use only

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2026

16. Other financial assets

	Consolidated	
	30 June	31 December
	2026	2025
	Unaudited	Audited
	K'000	K'000
Card issuing clearing receivables	51,809	63,223
Card acquiring clearing receivables	33,175	23,282
Other financial receivables	28,761	21,437
Other debtors	3,990	3,990
	117,735	111,932
Expected credit loss on other debtors	(3,990)	(3,990)
Total other financial assets	113,745	107,942

Movement of expected credit loss on other debtors is as follows:

	Consolidated	
	30 June	31 December
	2026	2025
	Unaudited	Audited
	K'000	K'000
Balance at beginning of the year	(3,990)	(3,990)
Write-off during the period	-	-
Balance at the end of the period	(3,990)	(3,990)

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2026

17. Property, plant and equipment

Consolidated	Furniture & Fittings	Building improvements	Motor Vehicles	Office Equipment	Land & Building	Work in Progress	Total
	K'000	K'000	K'000	K'000	K'000	K'000	K'000
Cost							
Balance 31 December 2024	4,878	27,914	8,237	67,444	2,129	2,048	112,650
Additions	23	(93)	2,896	5,607	-	3,291	11,724
Disposals	-	-	(126)	-	-	-	(126)
Transfer in (out)	-	93	-	-	-	(93)	-
Balance 31 December 2025	4,901	27,914	11,007	73,051	2,129	5,246	124,248
Additions	11	-	653	1,776	-	2,289	4,729
Reclass from IA WIP	-	43	-	3,777	-	-	3,820
Reclass to prepayments	-	-	-	-	-	(52)	(52)
Disposals	-	-	(967)	-	-	-	(967)
Transfer in (out)	-	995	-	1,929	-	(2,924)	-
Balance 30 June 2026	4,912	28,952	10,693	80,533	2,129	4,559	131,778
Accumulated depreciation							
Balance 31 December 2024	(4,728)	(15,403)	(4,723)	(45,210)	-	-	(70,064)
Charge during the year	(93)	(2,307)	(2,269)	(7,652)	-	-	(12,321)
Disposals	-	-	126	-	-	-	126
Balance 31 December 2025	(4,821)	(17,710)	(6,866)	(52,862)	-	-	(82,259)
Charge during the year	(14)	(1,133)	(1,275)	(3,772)	-	-	(6,194)
Disposals	-	-	967	-	-	-	967
Balance 30 June 2026	(4,835)	(18,843)	(7,174)	(56,634)	-	-	(87,486)
Book value 30 June 2026	77	10,109	3,519	23,899	2,129	4,559	44,289
Book value 31 December 2025	80	10,204	4,141	20,189	2,129	5,246	41,988

Property, plant and equipment include an additional PGK 3.8 million as a result of reclassification as described in note 20. During the period, PGK 2.9 million was transferred from property, plant and equipment under construction to the relevant categories of fixed assets, and PGK 52k was reclassified to prepayments.

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2026

18. Right-of-use asset

	Consolidated	
	30 June 2026	31 December 2025
	Unaudited	Audited
	K'000	K'000
Balance at beginning of the year	37,293	26,717
Additions	-	26,146
Depreciation charge	(6,820)	(14,467)
Disposals	(30)	(1,103)
Balance at the end of the period	30,443	37,293

19. Goodwill

On September 2015, the Group, through Kina Ventures Limited, a 100% owned subsidiary of Kina Securities Limited, acquired all of the shares in Maybank (PNG) Limited and Maybank Property (PNG). Maybank (PNG) and Maybank Property (PNG) are the PNG subsidiaries of Malaysia's largest bank. The acquisition strengthened Kina Bank's investment in PNG as it was an excellent fit for its expansion program. The goodwill arising on this acquisition was recorded at PGK 92.8 million. The goodwill was attributable to Maybank (PNG) Limited's strong position and synergies expected to arise after the Group's acquisition of the new subsidiary. None of the goodwill is expected to be deductible for tax purposes.

	Consolidated	
	30 June 2026	31 December 2025
	Unaudited	Audited
	K'000	K'000
Balance at beginning of the year	92,786	92,786
Impairment losses for the period	-	-
Balance at the end of the period	92,786	92,786

Impairment analysis

For the purpose of impairment test, goodwill is allocated to the Group's banking business as an independent cash generating unit (CGU). The banking CGU including goodwill was reviewed for indicators of impairment as at 30 June 2026 by comparing the CGU's carrying amount with its recoverable amount and no impairment loss was recognised.

The recoverable amount is determined based on a value-in-use calculation which uses post-tax cash flow projections based on financial budgets approved by the directors discounted by a cost of equity of 18% (2025: 18%) applicable to banking business. Given a banking business is generally valued on equity basis, the use of post-tax cash flows and discount rate is considered more appropriate. The projected cash flows cover a period of 5 years beyond which they are extrapolated using an estimated terminal growth rate of 3% (2025: 3%) which does not exceed the long-term average growth rate for the market in which the Group operates. Cash flows during the forecast period are derived from approved budgets, and assume an average growth rate in net profit after tax (NPAT) over the forecast period of 10% (2025: 10%), which is consistent with the rolling average growth rates over the last 3-5 year period and is driven by growth in the interest-bearing assets, foreign exchange income, and banking fees income, whilst retaining a controlled cost-to-income base.

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2026

19. Goodwill (continued)

Sensitivity analysis

Under above assumptions, the estimated recoverable amount of the CGU exceeds its carrying amount by PGK 132.4 million (FY25: PGK 85.5 million).

The Group has conducted an analysis of sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount. The directors believe that the following represent reasonably possible changes in the key assumptions on which the recoverable amount of the banking CGU is based would result in the carrying amount to exceed its recoverable amount:

- If all other assumptions remain the same, should the discount rate be increased to 20.1%, the carrying value will be above the recoverable amount by PGK 45.4 million (FY25: 22%, PGK 24 million).
- If all other assumptions remain the same, should the average NPAT growth rate be reduced to 9.2%, the carrying value will be above the recoverable amount by PGK 25 million (FY25: 9.2%, PGK 29 million).

The income tax rate applicable to smaller commercial banks with annual profits not exceeding K300 million will be progressively reduced from 40% in 2025 to 35% in 2026. The changes had a significant impact on the cash flows used in the value-in-use calculations and consequently on the recoverable amount. Throughout the year, the Group has been assessing its strategic response to the change which includes intense focus on loan growth, repricing loans and deposits, maximising investment of surplus funds in available market instruments, reviewing fees and commissions, and cost control.

Where practical and appropriate, some short-term measures have been implemented, and more strategic action has been taken in the normal course of business, as evidenced by the growth in lending and loan interest spread, and the decline in the cost to income ratio. Business development efforts continue in the area of foreign exchange client relationships with targeted efforts on large importers and exporters in key industries, where revenue potential is set to build as the large natural resource projects proceed along their implementation path. Whilst these strategic developments are expected to produce positive impacts on the cash flows, the Group has not fully incorporated the effect of these positive impacts on the cash flow projections used in the estimation of recoverable amount.

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2026

20. Intangible assets

Consolidated	Software	Work in progress	Total
	K'000	K'000	K'000
Cost			
Balance 31 December 2024	65,262	26,534	91,796
Additions	233	20,621	20,854
Transfer in (out)	2,088	(2,088)	-
Balance 31 December 2025	67,583	45,067	112,650
Additions	-	11,808	11,808
Transfer in (out)	3	(3)	-
Reclass to prepayments Note 24	-	(2,560)	(2,560)
Reclass to PPE WIP Note 17	-	(3,820)	(3,820)
Balance 30 June 2026	67,586	50,492	118,078
Accumulated amortisation			
Balance 31 December 2024	(55,903)	-	(55,903)
Charges during the period	(5,710)	-	(5,710)
Balance 31 December 2025	(61,613)	-	(61,613)
Charges during the period	(1,984)	-	(1,984)
Balance 30 June 2026	(63,597)	-	(63,597)
Book value 30 June 2026	3,989	50,492	54,481
Book value 31 December 2025	5,970	45,067	51,037

During the period, PGK 6.3 million of cost previously classified as intangible assets – work in progress were reclassified to property, plant and equipment (PGK 3.8 million)– work in progress and prepayments (PGK 2.5 million) following a reassessment of the nature of the underlying expenditure. The assets become available for use from 1 July 2026, from which date depreciation will commence over their estimated useful lives.

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2026

21. Due to customers

	Consolidated	
	30 June 2026 Unaudited K'000	31 December 2025 Audited K'000
Corporate customers	3,203,296	3,426,386
Retail customers	1,090,865	1,149,204
Total due to customers	4,294,161	4,575,590
Accrued interest	31,601	30,946
Total payable to customers	4,325,762	4,606,536

22. Lease liabilities

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

	30 June 2026 K'000 Unaudited	31 December 2025 K'000 Audited
Maturity analysis – contractual undiscounted cash flows		
Less than one year	13,949	16,143
One to five years	24,482	31,457
More than five years	387	544
Total undiscounted lease liabilities at 30 June 2026	38,818	48,144
Lease liabilities included in statement of financial position at 30 June 2026		
Current	13,999	16,152
Non-current	21,320	26,994
	35,319	43,146
Amounts recognised in statement of comprehensive income		
Interest on lease liabilities	1,438	3,750
Expense relating to short-term leases	8,654	15,829
	10,092	19,579
Amounts recognised in statement of cash flows		
Total cash outflow for short-term leases	6,903	14,201
Total cash outflow for leases	8,971	18,209

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2026

23. Bond liability

Carrying Amount of Bonds Payable	Consolidated	
	30 June 2026 Unaudited	31 December 2025 Audited
	K'000	K'000
Face value	235,000	-
Bond issue cost	(1,206)	-
Accrued interest	2,649	-
Carrying amount at the end of the period	236,443	-

Movement in Bonds Payable

	Consolidated	
	30 June 2026 Unaudited	31 December 2025 Audited
	K'000	K'000
Balance at beginning of year	-	-
Issuance of bonds (net of bond issue cost)	233,794	-
Accrued interest	2,649	-
Balance at the end of the period	236,443	-

On 6 May 2026, the Company issued PGK 235 million of unsecured fixed-rate bonds comprising 940 bonds with a face value of PGK 250k each. The bonds have a 10-year maturity and bear a fixed coupon interest rate of 7.55% per annum, payable semi-annually.

The bonds were listed on the PNGX Debt Market and were offered exclusively to investors within Papua New Guinea following approval by the Securities Commission of Papua New Guinea.

The proceeds from the bond issuance were applied for general corporate purposes. The bonds are intended to qualify as Tier 2 Capital in accordance with the prudential requirements of the Bank of Papua New Guinea.

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2026

24. Other Assets and Other Liabilities

[A] Other assets	Consolidated	
	30 June 2026	31 December 2025
	Unaudited	Audited
	K'000	K'000
Prepayments	15,296	13,026
Security deposits and bonds	33,936	32,337
Other assets	4,392	22,538
Total other assets	53,624	67,901

Prepayments include an additional PGK 2.6 million as a result of reclassification as described in note 20

[B] Other liabilities	Consolidated	
	30 June 2026	31 December 2025
	Unaudited	Audited
	K'000	K'000
Accruals	11,924	12,583
Unclaimed money and stale cheques	19,175	19,493
Accounts payable	6,206	3,490
Withholding tax payable	4,970	356
NEP Settlement	6,762	8,687
Unallocated bank credits*	18,360	8,582
BLP funding account	1,882	2,360
Other liabilities, including banker's cheques, other transit account	28,268	35,160
Total other liabilities	97,547	90,711

*Client funds represent amounts received and held on behalf of clients pending placement into government investment instruments or repayment in accordance with clients' instructions. These activities relate to the Group's Wealth segment, which earns commission income from the processing and administration of such transactions.

The directors consider that the carrying amount of other liabilities approximates their fair value.

25. Issued and paid ordinary shares

[A] Share capital

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

	Number of shares	Share capital
	'000	K'000
Ordinary shares		
Balance as at 31 December 2025	292,966	414,728
Share issued during the period	1,367	5,185
Balance as at 30 June 2026	294,333	419,913

All shares issued during the period were from the Dividend Reinvestment Plan (DRP).

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2026

25. Issued and paid ordinary shares (continued)

[B] Earnings per share (EPS)

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

	Consolidated	
	30 June	30 June
	2026	2025
	Unaudited	Unaudited
Net profit attributable to shareholders	59,732	57,688
Weighted average number of ordinary shares basic earnings	293,943	288,556
Weighted average number of ordinary shares diluted earnings	298,270	292,572
Basic earnings per share (in toea)	20.3	20.0
Diluted earnings per share (in toea)	20.0	19.7

The decrease in the PGK/AUD exchange rate resulted in an increase in the Performance Rights valuation when translated into PGK. Additionally, the increase in the share price led to a higher valuation of both Diluted LTI and STI units.

[C] Share-based payment reserve

In May 2026, 1,512,868 LTI and 246,817 STI performance rights were granted to senior executives under the KSL Performance Rights Plan.

Short term incentive plan (STI Plan)

The STI plan provides participants with an opportunity to earn an incentive calculated as a percentage of their salary each year, conditional upon them achieving specified performance targets. Under the plan 100% of any award granted is paid in cash except for the CEO&MD where 65% of any award granted is paid as a cash bonus, with the remaining 35% awarded as a grant of performance rights to shares. The granted performance rights are restricted from exercise and subject to the Company's clawback policy and subject to the rules of the Plan.

Long term incentive plan (LTI plan)

The LTI plan provides participants with an opportunity to receive an equity interest in Kina through the granting of performance rights. LTI plan participants may be offered performance rights that may be subject to vesting conditions as set out by the Board. The selection of participants is at the discretion of the Board. A performance right is a contractual right to receive one ordinary share in Kina, subject to performance and vesting conditions being met. Each vested performance right represents a right to one ordinary share. If the participant leaves Kina any unvested Performance Rights will be forfeited (unless the Board determines otherwise).

The estimated fair value of share rights issued on 1 April 2026 under the LTI plan was AUD 0.93, compared to the grant date market value per share of AUD 1.2408. Fair value is generally estimated using a Monte Carlo simulation model taking into account the share price at grant date, the vesting period, share price volatility, risk-free interest rate and market performance conditions.

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2026

25. Issued and paid ordinary shares (continued)

[C] Share-based payment reserve (continued)

The fair value of rights granted during the six months ended 30 June 2026 was estimated on the date of grant using the following assumptions:

Dividend yield (%) 7.12

Expected volatility (%) 23

Risk-free interest rate (%) 4.38

Expected life of share options (years) 2.76

Weighted average share price (AUD) 1.2408

The weighted average fair value of the rights granted during the six months ended 30 June 2026 was AUD 0.93 (year ended 31 December 2025: AUD 0.69).

Details of the performance rights that vested during the period are as follows:

LTI & STI vested rights	Number of shares	998,485
Value of vested rights	AUD	1,341,780
Exchange rate (AUD/PGK)	AUD	0.3019
Value of vested rights	PGK	4,444,947

For the six months ended 30 June 2026, the Group has recognised PGK 2,009,966 of share-based payment expense in the statement of profit or loss (30 June 2025: PGK 1,009,969). Refer to note 8 for more details.

[D] Capital Adequacy

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

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

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

- 1) Is adequate to protect the interest of depositors and creditors,
- 2) Is commensurate with risk profile and activities of KSL, and
- 3) Provide public confidence in KSL as a financial institution and the overall banking system PS1/2003 ‘Capital

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

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

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2026

25. Issued and paid ordinary shares (continued)

[D] Capital Adequacy (continued)

As at 30 June 2026, KSL's capital ratios were in compliance with the BPNG Minimum capital adequacy requirements as follows:

	Consolidated	
	30 June 2026	31 December 2025
	Unaudited	Audited
	K'000	K'000
Risk weighted assets	3,087,501	3,236,553
Capital: tier 1	467,495	408,837
Capital: tier 2	334,768	155,101
Capital: tier 1 and tier 2	802,264	563,937
Capital adequacy ratios		
Tier 1 capital	15.1%	12.6%
Tier 2 capital	10.8%	4.8%
Total capital ratio	26.0%	17.4%
Leverage capital ratio	8.8%	7.9%

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

The Leverage Capital is calculated as Tier 1 Capital divided by Total Assets. Risk-weighted assets are derived from on-statements of financial positions assets.

26. Related party transaction

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

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

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

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2026

26. Related party transaction (continued)

[A] Remuneration of Board of Directors and key management personnel

	Consolidated	
	30 June	30 June
	2026	2025
	Unaudited	Unaudited
	K'000	K'000
Directors' fees and superannuation	1,507	1,173
Total remuneration paid to the Board of Directors	1,507	1,173

	Consolidated	
	30 June	30 June
	2026	2025
	Unaudited	Unaudited
	K'000	K'000
Salary	6,736	6,134
Benefits	7,520	4,394
Total remuneration paid to key management personnel	14,256	10,528

The benefits included vested rights related to equity options with a total of PGK 4,444,947 (30 June 2025: PGK 3,199,974)

27. Investment under trust

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

	Consolidated	
	30 June	31 December
	2026	2025
	Unaudited	Audited
	K'000	K'000
Clients funds held for share trading	5,951	4,105
	5,951	4,105

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2026

28. Segment reporting

The segment information provided for the reportable segments for the period ended 30 June 2026 is as follows:

	Banking & Finance	Wealth Management	Total
	K'000	K'000	K'000
Interest income	159,287	483	159,770
Interest expense	(40,506)	-	(40,506)
Foreign exchange income	48,309	(43)	48,266
Fee and commission income	60,434	25,011	85,445
Other revenue	1,165	648	1,813
Total external income	228,689	26,099	254,788
Other operating expenses	(137,446)	(7,129)	(144,575)
Provision for impairment	(5,270)	(1,052)	(6,322)
Depreciation and amortisation	(14,996)	-	(14,996)
Total external expenses	(157,712)	(8,181)	(165,893)
Profit before inter-segment revenue and expenses	70,977	17,918	88,895
Inter-segment income	1,126	-	1,126
Inter-segment expenses	-	(1,126)	(1,126)
Profit before tax	72,103	16,792	88,895
Income tax expense	(24,317)	(4,846)	(29,163)
Profit after tax	47,786	11,946	59,732
Total assets	5,417,463	22,556	5,440,019
Total liabilities	(4,702,833)	(13,409)	(4,716,242)
Net assets	714,630	9,147	723,777

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

The revenue reported above represents revenue generated from external customers. There were no intersegment sales during the half-year.

The accounting policies of the reportable segments are the same as the Group's accounting policies.

Segment profit represents the profit earned by each segment without allocation of the share of profits of associates and joint ventures, central administration costs including directors' salaries, finance income, non-operating gains and losses in respect of financial instruments and finance costs, and income tax expense. This is the measure reported to the Group's Chief Executive for the purpose of resource allocation and assessment of segment performance.

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2026

28. Segment reporting (continued)

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

	Banking & Finance	Wealth Management	Total
	K'000	K'000	K'000
Interest income	144,960	426	145,386
Interest expense	(32,169)	(3)	(32,172)
Foreign exchange income	50,866	(8)	50,858
Fee and commission income	63,420	22,154	85,574
Other revenue	466	857	1,323
Total external income	227,543	23,426	250,969
Other operating expenses	(124,661)	(7,445)	(132,106)
Provision for impairment	(8,271)	(450)	(8,721)
Depreciation and amortisation	(16,496)	-	(16,496)
Total external expenses	(149,428)	(7,895)	(157,323)
Profit before inter-segment revenue and expenses	78,115	15,531	93,646
Inter-segment income	1,789	-	1,789
Inter-segment expenses	-	(1,789)	(1,789)
Profit before tax	79,904	13,742	93,646
Income tax expense	(32,047)	(3,911)	(35,958)
Profit after tax	47,857	9,831	57,688
Total assets	5,474,275	23,916	5,498,191
Total liabilities	(4,792,839)	(17,333)	(4,810,172)
Net assets	681,436	6,583	688,019

The Corporate segment has been amalgamated into Banking & Finance.

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2026

29. Contingent liabilities

Litigations and claims

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

Other contingent liabilities

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

	Consolidated	
	30 June 2026	31 December 2025
	Unaudited	Audited
	K'000	K'000
Bank Guarantee	7,899	9,927
Letter of credits	-	-

30. Commitments

Capital commitments

There was a total of PGK 4.05 million relating to commitments under contracts for capital expenditure at reporting date (31 December 2025: PGK 0.8 million).

Loan commitments

The bank recognized a total of PGK 137.6m relating to approved but undrawn loan facilities (31 December 2025: PGK 101.8m)

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS** **FOR THE HALF YEAR ENDED 30 JUNE 2026**

31. Fair value estimation

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

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

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

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

30 June 2026

Assets	Level 1 K'000	Level 2 K'000	Level 3 K'000	Total K'000
Financial assets at fair value through profit or loss				
- Investment in shares – Listed	7,750	-	-	7,750
- Investment in shares – Unlisted	-	-	53,303	53,303
Total assets	7,750	-	53,303	61,053

31 December 2025

	Level 1 K'000	Level 2 K'000	Level 3 K'000	Total K'000
Financial assets at fair value through profit or loss				
- Investment in shares – Listed	7,102	-	-	7,102
- Investment in shares – Unlisted	-	-	53,303	53,303
Total assets	7,102	-	53,303	60,405

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2026

32. Financial risk factors

The Group's activities expose it to variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The condensed interim financial statements do not include all the financial risk management information and disclosure required in the annual financial statements. They should read in conjunction with the Group's half year financial statements at 30 June 2026. There have not been any material changes in risk management policies since the year-end.

33. Liquidity risk

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

	Consolidated						Total contract value	Total carrying value
	Up to 1 month K'000	1 to 3 months K'000	4 to 12 months K'000	1 to 5 years K'000	Over 5 years K'000	No maturity K'000	K'000	K'000
30 June 2026								
Cash and cash equivalents	420,040	-	-	-	-	-	420,040	420,040
Central bank bills	25,000	56,750	888,700	-	-	-	970,450	935,561
Regulatory deposits	438,050	-	-	-	-	-	438,050	438,050
Financial assets at fair value through profit or loss	-	-	-	-	-	61,053	61,053	61,053
Loans and advances to customers	32,915	46,954	193,609	836,322	2,780,305	-	3,890,105	3,098,112
Investments in Government Inscribed Stocks	10,168	-	-	51,463	-	-	61,631	59,051
Other financial assets	113,745	-	-	-	-	-	113,745	113,745
Total financial assets	1,039,918	103,704	1,082,309	887,785	2,780,305	61,053	5,955,074	5,125,612
Due to other banks	1,378	-	-	-	-	-	1,378	1,378
Due to customers	3,835,235	305,164	539,322	27,519	1	-	4,707,241	4,294,161
Bond liability	-	-	-	-	243,821	-	243,821	236,443
Other liabilities	97,547	-	-	-	-	-	97,547	97,547
Total financial liabilities	3,934,160	305,164	539,322	27,519	243,822	-	5,049,987	4,661,130
Issued financial guarantee contracts	20	256	7,623	-	-	-	7,899	7,899
Issued loan commitments	137,631	-	-	-	-	-	137,631	137,631
Total	137,651	256	7,623	-	-	-	145,530	145,530

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2026

33. Liquidity risk (continued)

	Consolidated							Total contract value	Total carrying value
	Up to 1 month K'000	1 to 3 months K'000	4 to 12 months K'000	1 to 5 years K'000	Over 5 years K'000	No maturity K'000		K'000	K'000
31 December 2025									
Cash and cash equivalents	365,592	-	-	-	-	-		365,592	365,592
Central bank bills	145,000	295,000	486,750	-	-	-		926,750	906,411
Regulatory deposits	426,355	-	-	-	-	-		426,355	426,355
Financial assets at fair value through profit or loss	-	-	-	-	-	60,405		60,405	60,405
Loans and advances to customers	70,844	75,843	180,343	723,125	2,922,970	-		3,973,125	3,206,459
Investments in Government Inscribed Stocks	-	-	45,598	51,475	-	-		97,073	93,833
Other financial assets	107,942	-	-	-	-	-		107,942	107,942
Total financial assets	1,115,733	370,843	712,691	774,600	2,922,970	60,405		5,957,242	5,166,997
Due to other banks	5,867	-	-	-	-	-		5,867	5,867
Due to customers	3,487,468	261,073	825,828	31,816	504	-		4,606,689	4,575,590
Bond liability	-	-	-	-	-	-		-	-
Other liabilities	90,711	-	-	-	-	-		90,711	90,711
Total financial liabilities	3,584,046	261,073	825,828	31,816	504	-		4,703,267	4,703,114
Issued financial guarantee contracts	-	125	9,802	-	-	-		9,927	9,927
Issued loan commitments	101,782	-	-	-	-	-		101,782	101,782
Total	101,782	125	9,802	-	-	-		111,709	111,709

KINA SECURITIES LIMITED AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2026

34. Events after the balance sheet date

Declaration of dividend

	Consolidated	
	30 June 2026	30 June 2025
	Unaudited	Unaudited
	K'000	K'000
Dividends on ordinary shares declared and paid:		
Final dividend for 2025:		
<i>AUD 6.50 cents/ PGK 19.30 toea per share (2025: AUD 6.00 cents/ PGK 15.50 toea per share)</i>	56,634	44,657
Proposed dividends on ordinary shares:		
First dividend for 2026:		
<i>AUD 4.50 cents/ PGK 14.20 toea per share (2025: AUD 4.50 cents/ PGK 12.60 toea per share)</i>	41,812	36,488

The proposed dividends on ordinary shares are subject to approval by the Board of Directors and are not recognized as a liability as at 30 June 2026.

35. Authorisation of the financial report

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



Mr. Ian Clough
Director and Chairman



Mr. Ivan Vidovich
Managing Director and Chief Executive Officer