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ASX/PNGX | Announcement

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Australia

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Papua New Guinea

BY ELECTRONIC LODGEMENT

Annual Report 2021

Please see attached for release to the market, Kina Securities Limited's (ASX: KSL | PNGX: KSL) Annual Report 2021.

ENDS

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

Kina Securities Limited
Annual Report 2021

ARBN 606 168 594

kinabank

Together it's possible



In memoriam

Nancy Moka, had a long and successful career in Banking in PNG, starting in 1999 in Mt Hagen and became part of the Kina team in 2019. She was a valued member of the Banking operations division. Apart from work Nancy was a Board Member of Links of Hope PNG helping children with HIV AIDS and women released from prison to settle back into their communities. Late Nancy passed away on Wednesday 31st March 2021, in Port Moresby after being sick for some time.

Hetahu Lohia was the Head of Support Services and joined Kina Bank in 2018, he was known throughout as a true gentlemen.

Solomon Kabaru joined Kina Bank in 2009 as a graduate. He was a highly regarded member of the Finance and Technology team and his last role was Chief Data Officer. The late Solo made immense contributions in the use of technology for Kina Bank, functionality we use today in our APP and online can be attributed to the late Solo. He will be greatly missed.

Key Highlights.

Underlying NPAT ↑27%
Organic growth momentum

Deposits ↑19%

Total Assets ↑13%

Foreign Exchange income ↑17%

Lending ↑21%

Contents.

Together it's possible

We're committed to the core promise of constantly improving the prosperity of the people, communities and markets we serve. We strive to be the bank that represents change – consistently challenging the status quo, not just by creating more choices, but by creating better choices.

But this purpose goes beyond creating a better banking experience. On many levels, it's also about building a better future for PNG, its people and the businesses – large and small – that are critical to the country's progress. Because at its heart, PNG's progress is our progress, with our past, present and futures intertwined as one common thread.

Together, we're rolling up our sleeves and shaping the future of PNG, with a focus on making it better every day.

That's what we mean by **'together it's possible'.**

Rogu Gabiobu

About Kina.

Kina Securities Limited (amalgamated entity)

- Kina Funds Management Limited
- Kina Investment and Superannuation Services Limited
- Kina Nominees Limited
- Kina Wealth Management Limited

Kina Securities Limited and its related entities (KSL, Kina, the Kina Group, the Group, or the Company) was established in 1985 as a diversified financial services company offering banking products, funds administration and wealth advice across Papua New Guinea (PNG). Kina offers customers end-to-end financial solutions from savings accounts to business loans, investments to mortgages, financial advice and investment management. We are committed to delivering exceptional service and this is what sets us apart in the market.

Since our inception, we have grown to reaching over 650,000 people, administering 850,000 superannuation accounts for beneficiaries and have a total asset base of PGK 3.8 billion.

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

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

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

Kina's Corporate Governance Statement is available on the Company's website: *investors.kinabank.com.pg/Investors/?page=corporate-governance*

Kina Group Vision Statement

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

Kina's Purpose

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

Kina's Culture

Our people are here to make a difference. They are passionate about empowering customers to effect life change.

Our Values.

Fairness

Imagination

Reflection

Togetherness

Honesty

Our Strategy.

Strategic Pillars

Prosperity for our communities is Kina's DNA. Serving our communities, supporting the growth of Papua New Guinea and continually developing innovative customer-led solutions is at the core of our organisation.

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

Chairman's Message.

Mi hamamas tru lo gutpela na strongpela wok yumi mekim lo luksave lo halivim ol sindaun na welbing blo ol pipol, ol kastoma na komuniti. Wanbel I stap wantaim yupela.

I am proud of the resilience and significant progress we have made in delivering our purpose of continually improving the prosperity of our people, our customers and our communities.

Contributions to PNG economy
PGK 447 million[1]

Customer Acquisition = Net
Customer Growth 8%

50% of females in executive roles[2]

Underlying Cost-to-Income Ratio **58%**

FX Income growth 2021
↑17%

Dear Shareholders,

I am pleased to introduce Kina's Annual Report for the financial year ended 31 December 2021 (2021).

Kina Group is a resilient company. Established in 1985, Kina listed in 2015 in both Papua New Guinea (PNG) and Australia. In the years since, we have come through both challenging and profitable times. Kina's results in 2021 demonstrate the ongoing strength of the continued successful execution of our organic growth strategy that we have been implementing since 2019. Well executed by our Managing Director and Chief Executive Officer Greg Pawson and his leadership team, the success of the Kina Bank business model has contributed to our growth agenda and our desire to continually improve the prosperity of the communities we serve.

Strong results in 2021

The underlining net profit after tax has increased by 27%. Our footings have grown to just over PGK 5 billion. Our foreign exchange (FX) income grew by 17% and we have been averaging return on equity (ROE) of above 16%.

Our Funds Administration business continued to record growth in revenue, consistent with increased funds under management. Earnings per share coming in at 24.68 toea per share, compared with 37.25 toea last year, reflect that the economies we are operating in are beginning to recover from the impacts of COVID-19.

As customers across the globe adapt to the impacts of COVID-19, a reassessment of the provisions we took in 2020 meant a slight adjustment to our provisions held and this combined with strong revenue and growing FX revenue across all markets led to a solid financial performance in 2021.

[1] *In TSi sector*
[2] *As at 1 February 2022*

Final dividend 2021 and capital position

In September 2021, the Company paid a dividend of PGK 8.25 toea (AUD 3.0 cents) per share in relation to the profit for the half year ended 30 June 2021. Subsequent to the balance sheet date, the directors have declared a final dividend of PGK 18.5 toea (AUD 7.0 cents) per share on underlying NPAT for the second half of 2021, making it a cumulative dividend for the full year at PGK 26.75 toea, that converts to AUD 10.0 cents. This demonstrates the Board's commitment to repatriate earnings back to the owners of our business when growth is achieved.

The simplified corporate structure and rights issue carried out in 2021 has enabled Kina's balance sheet to grow. Our total capital adequacy is 23% and this positions us well for future organic growth. In 2021, we managed our capital adequacy well in response to market conditions and we will maintain a close eye on this in 2022/23. Our shareholders would expect nothing less from a publicly listed bank.

Strategic execution continues

Publicly listed as a bank in PNG and Australia, Kina has the energy and spirit of innovation, coupled with the desire to provide customers with more choice and to deliver more value for shareholders.

During 2021, the Board, Greg and his leadership team continued to deliver on our strategic priorities to drive the growth of the business. We are now in the third year of our five-year refreshed strategic plan and our initiatives will focus on growing organically in the segments of corporate, small-to-medium sized businesses (SMEs) and home lending while we monitor opportunities in the Pan Pacific region.

Our strategy is a key contribution to our overall business objectives, however, both our organic and inorganic strategies were tested during 2021. The announcement of the separation from the proposed Westpac PNG and Westpac Fiji acquisition in September 2021 gave the Board an opportunity to review and refresh our strategic initiatives. While the proposed acquisition ultimately did not materialise due to competition concerns at a regulatory level, the Board's view is that opportunities remain. The program of work that supported this proposed acquisition has now placed Kina in a strong position to expand our product and service offerings with improvements in risk management, ICT, and digital platforms.

Growing the Kina Bank of the future

Expansion, therefore, continues to be a key focus and we will drive our growth strategy with investments when the business case is strong. We are not chasing growth for the sake of growing. Instead, we are looking for organic opportunities that make a meaningful proposition to our business and profitability, and ultimately contribute to our communities. The Board will navigate a sensible course between investigating any suitable business opportunities that arise and investing for the future while protecting our strong balance sheet in the here and now.

Priorities for 2022 and beyond include to deepen both our shareholder base and profitability, while managing market risk effectively as we continue to grow the business. We are actively expanding our shareholder base and further investing in people, local businesses and the overall contribution we make to PNG's economy.

A subdued economy in PNG

Kina enjoys the support of the local market. The economy in PNG is one of the strongest in the Pan Pacific region, although economic growth at 5.4% was somewhat subdued in 2021. Real gross domestic product (GDP) increased by 5% from -3% in 2020 to 2% in 2021. Several key mining projects were put on hold and key resources such as coffee, vanilla and sugar experienced a slowdown due to COVID impacts. Despite this backdrop, growth in our targeted segments of corporate lending and FX products supported the strong underlying growth, demonstrating Kina's expertise in the corporate market here.

Adding value for all Kina stakeholders

Kina's goals and those of its stakeholders can only be achieved through effective and successful relationships with all our stakeholders – our shareholders, customers, people, suppliers and our communities. The Board takes its governance role most seriously on our investors' behalf. As we actively seek to expand our investor base, Kina's future success will depend on attracting the best investors who share a common goodwill to our cause.

Pursuing a value creation strategy entails innovation and agility. In a rapidly evolving technological world, the development of digital assets, adding channels and value-adding products is imperative to maintain a footing in this market. The use of digital technology in PNG continues to increase rapidly, and Kina is at the forefront of this adoption as a bank with the spirit of innovation.

We have grown our customer base from 25,000 three years ago to more than 185,000 – with much of that organic customer growth following the acquisition of the ANZ retail business in PNG in 2019. The ANZ PNG acquisition was a complex program of work, taking 18 months to complete. A primary focus in 2020 was to successfully transition this portfolio into our existing operations which we have now done effectively, increasing Kina's ability to provide a better banking experience for customers and ongoing investment in market-leading digital products and services.

Digital channels allow customers to bank anywhere anytime

In 2021, we have made significant enhancements to estabilising our core banking network and infrastructure, including our digital assets and digital channels. Our mobile banking experienced a 98% year-on-year uplift in usage and we continue to align our service offerings and banking access to banking anywhere anytime.

We have trialled the electronic 'Know your customer' (e-KYC) identification platform which will make a significant difference in local customer experiences. e-KYC is expected to play a game-changing role in acquiring new customers and will help us achieve 25% market share within the next three years.

Revenue diversification is also a key initiative for Kina and we are actively partnering with and providing banking services to other institutions. Two such partnerships are with MiBank and TISA (The Teachers Savings and Loans Society) and our payment partnerships are also helping us pave the way to offer full digital solutions to our SME businesses and larger corporate customers. The Strategic Overview on pages 17 to 20 has more detail.

Enabling resilience in our communities

In terms of competition, it's vital that we collaborate in appropriate ways and in areas that can advance our collective interests and leverage the full potential of our capacity and capabilities.

The community, which is partly represented by the regulators, gives Kina its licence to operate and our Environmental, Social and Governance (ESG) strategy and stakeholder framework reflects how our stakeholders create value for each other through us. Relationships such as these are crucial and we are committed as a company to working within our industry to promulgate our ESG strategy to the full. Naturally, all our stakeholders will look to offer us a transparent and considered view of our ESG performance and progress. As your Chair, I welcome these views as does our full Board and executive leadership team.

Encouraging our people

Finally, the Board salutes Kina's people – our employees. As an essential service, banking has never been more important for PNG. Being a bank provides us at Kina with a commercial advantage, but it also means we ask a lot from our people. Day in and day out, they continue to deliver for us and for shareholders.

The Board congratulates all of our employees for their flexibility, professionalism and the pride they take in their purpose to realise the Kina Vision of being the most dynamic, progressive and accessible financial services organisation in the Pan Pacific region. We extend our sincere appreciation to everyone for the extra mile they went to in 2021 to deliver value for our communities.

We have very capable leadership and I assure you there is a continual assessment of priorities and the allocation of our people resources. I am proud to be a Chair of an ASX-listed company with a 50% female executives (as at February 2022) and female leadership in 52% of its senior manager roles.

I would like to thank my Board of Directors for their continued service and robust governance. Their invaluable insights, rigour and support towards building a resilient, customer-centric organisation is helping lead the way in innovation and, in turn, is building a better future in PNG. It humbles me to witness their pride in our brand and company.

This year we embarked on a Board mentoring program to drive PNG talent into our Board room. This program sets us apart from our peers in the industry as we proudly strive to develop the skills and capability for the future of our company and our country.

Culture transformation

An ambitious culture transformation program is now well progressed at Kina. The role of culture in achieving harmony, growth, resilience and competitive advantage cannot be understated, and Greg and his team have significantly uplifted Kina's culture through an expansive program of work. This level of strategic focus has translated positively into an organisational culture development strategy. The Strategic Overview and Total Societal Impact sections on pages 17 to 24 further expand on this program of work.

In memoriam

I am saddened to report the loss of three valued and beloved employees during 2021 and at the start of 2022. I thank all of our people for the extraordinary effort that they have made to help their families rebuild their lives. Our support and sympathies are extended the families of the late Nancy Moka, Hetahu Lohia and Solomon Kabaru.

Final thoughts

I have had the privilege of chairing Kina since May 2017, in that time, the evolution of Kina as a challenger brand in the market and industry has come full circle. The 2021 year has seen us grow and our footprint continues to expand in a fast and demanding marketplace. We are now PNG's second largest bank in lending and we maintain our position as its leading fund administrator and fund manager, securing revenues in excess of PGK 30 million.

Kina is a company with exciting future growth opportunities and potential. The challenge for us at the helm will be to make the best and most profitable choices for future investment. While some uncertainty surrounds the global economic outlook for 2022, the Board considers there is strong momentum across the Group and is confident of further growth and margin improvement in the 2022 financial year.

My gratitude extends towards our shareholders for their steadfast support. I appreciate their commitment to us and as I look ahead with an optimistic view on growth and our ability to deliver value to all of our communities, I have genuine faith that, collectively, we are living proof that 'together it's possible.'

Isikeli Taureka
Chairman
14 April 2022

Managing Director and Chief Executive Officer's Review.

2021 ibin wanpla gudpla yia blo yumi lo Kina. Kina bin establisim Grup na kamapim gudpla kompatisin lo banking na wealth insait lo PNG. Mi gat bikpla bilip osem bai yumi deliverim planti gudpla samtin wer istap lo strategic plan blo yumi

2021 was a remarkable year for Kina, establishing the Group as a viable competitor in banking and wealth products and services in PNG. I look ahead in 2022 with a sense of optimism as we continue to deliver on our strategic plan.

Total customers[1]
615,000

Mobile banking
98% year on year

[1] *This is a combined customer base with Kina and MiBank*

'Challenging, difficult and unique' are examples of how I have heard the past two years described – and all three of these resonate with our experiences at Kina.

As a viable competitor in banking and wealth in PNG, 2021 was a remarkable year in many ways. We saw strong positive growth and momentum achieved across the business as the global economy continued its recovery from the impacts of COVID-19. We were able to respond quickly to our customers' needs. In particular, our digital program of work has seen material changes in the way our customers bank with us day to day.

As I sit here in mid April 2022, the economic outlook remains encouraging although inflation continues to be a concern worldwide. Since our financial results release and the date of writing this report, we have seen war erupt between Russia and Ukraine and witnessed unprecedented flooding along the eastern coast of Australia. War, natural disasters, ongoing disruption to global supply chains, surging oil and gas prices and rising global unrest have combined to create a tableau that paints a picture of continuing uncertainty in our world.

Our strong COVID-19 response

Providing accessibility to financial services is at the core of Kina's purpose and in 2021 we continued to see a material uplift in our digital products. Over the course of the year, our ability to respond to the ongoing pandemic, subsequent economic matters and a realignment of strategy presented opportunities for Kina to deliver on shareholders' expectations.

The impacts of COVID-19 in PNG required the business to be agile, innovative and a market leader. Yet the toll on the health of our country compelled Kina to rise to the challenges that impacted our staff and customers.

Where possible, our branches remained open to help our customers and medium-sized business clients deliver their necessary services to the broader community.

We worked tirelessly to support staff in providing transportation to and from the office, introducing Pandemic leave and greater flexibility into our working environment. Our leadership team played a key role in executing timely and effective support as we are committed to supporting a COVID-safe workplace. The Company's vaccination program has received a 50% uptake, significantly higher than the national average of 10%.

A pleasing result in 2021

In 2021, the Kina Group progressed towards transforming and growing the Company as we moved into year three of the current strategic planning cycle.

Revenue continued to grow in a tough environment still affected by the lingering aftershocks of COVID-19, as well as other business restrictions. Nonetheless, income grew to PGK 334 million (2020: PGK 315 million) with the increase coming about largely through a 3% growth in net interest income, a 17% growth in FX income and a 26% growth in fees and commission incomes, primarily from digital channels. The digital channels – one of our key strategic areas – showed very strong growth at an increase of 65% on the previous year, and rapidly improved accessibility for many Kina customers.

Despite the challenges of the Westpac acquisition not going ahead due to regulatory concerns, 2021 still saw Kina deliver a NPAT of PGK 70.8 million compared with PGK 76.0 million in 2020. NPAT (on an underlying basis) was just north of the adjusted forecast and reflects revenue growth, controlled operating expenses and improved management of the loan portfolio. While the statutory NPAT result was impacted by the one-off cost of the fees incurred as a result of the proposed Westpac transaction, on an underlying basis this still represents a 27% growth on the prior year. This affirms our base business remains strong and poised for future growth into 2022.

Total dividend for 2021

The cumulative dividend for the full year at PGK 26.75 toea converts to AUD 10 cents. This is a payout ratio of 80% on our underlying profit, which is within our dividend policy, and the Board remains comfortable that the Company has adequate capital to support this payout while maintaining both capital adequacy levels and capital growth.

Strong capital management

Capital adequacy management was, in fact, a key area of focus for the Board during the year. Kina's total capital ratio is at 23% ensuring we are well capitalised for future growth initiatives and , in particular, our strategic objectives. The total leverage ratio is in line with the requirements of the Bank of Papua New Guinea – Kina is ahead of the minimum requirement of 6% in terms of the leverage ratio.

We will continue to strengthen our investor base. More specifically, we are broadening our investor profile and market coverage as a source of future capital. This is underpinned by an aspiration to join the ASX top 300 listed companies by market capitalisation by 2025.

ROE and net interest margin (NIM)

On an underlying basis, ROE is at 16.7% while the statutory ROE – impacted because of the cost of the proposed Westpac acquisition – was 12.3%. However, we are confident ROE and our earnings per share will recover in 2022.

Our target NIM range is between 6% and 8%, which is reflective of the PNG market. In 2021, we were at the lower end, at slightly above 6%, and this reflects the mix of increased lending to the corporate sector and a strong deposit growth to maintain the loan to deposit ratio.

Focusing on developing strategic partnerships

Our partnerships include MiBank, TISA (The Teachers Savings and Loan Society), and Nasfund Savings and Loan Society. And in 2022 we will be working with Nambawan Super – these are all relatively small organisations, but as a fee for service model, this is still another income stream for us that will build over time as these organisations grow.

An exciting partnership is with Xero, the New Zealand-based software accounting organisation, with whom we teamed up to launch our Kina Xero Bank Feed. Xero is a cloud-based accounting software designed for small business and provides clients with the online tools to manage their everyday business needs. At Kina Bank, we want to make keeping on top of business transactions easier for our customers so partnerships such as these make perfect sense.

Growing the Kina brand

In parallel to the strong organic growth opportunity in PNG, there exists positive market sentiment toward the Kina brand and we aspire to capitalise on this goodwill to build our profits and capital base. The challenge for our leadership team will be to make the smartest and most profitable choices for sustainable growth.

Kina now has the second largest market share in lending at about 15%, the largest bank is Bank of South Pacific at 65% and the remaining share is held by Westpac and ANZ.

Delivering for our stakeholders

Maintaining stability, especially during uncertain times is of paramount importance for all our stakeholders. Our customers want us to continue to deliver optimal experiences and continue to support their own ability to make a fair and decent living.

Our shareholders – and that includes many of the people we employ – do not want to see the value of their investment in us erode over time and want to feel confident in our future prospects and business plans. Kina Bank employees are representative of PNG society and deserve the opportunity to work and enjoy future prospects. We are investing in our people as we deepen our footprint in PNG.

Building our people capability

I thank our people for continuing to go the extra mile in 2021. Watching them deliver for our customers brings me joy. I am pleased to report that much is happening at Kina around continuing to build our people capability and leadership development across the organisation. The Strategic Overview on pages 17 to 20 has more details.

Some challenges exist with accessing the right talent, particularly in technology, and we are exploring a number of options to build out that capability. Our Pan Pacific strategy has also looked to expansion in the less expensive market of Fiji. We have already made solid investment in Fiji around incorporation and banking licences – and now, as well as exploring future growth prospects, we are investigating how we might further invest in strengthening our ICT and digital innovation capability there.

The cost of technology infrastructure in Fiji is significantly less (about a quarter) of what it is in PNG. There is scope to leverage this, and the fact that Fiji also has high quality ICT talent is a very attractive proposition that could bring us significant advantages.

Total Societal Impact Strategy (TSI)

We have made significant progress with the implementation of our Total Societal Impact (TSI) strategy in 2021 as the global pandemic and economic consequences that followed continued to drive us to improve the prosperity of our people, customers and communities.

There are a significant number of people in PNG (as many as 70%) who are still without a bank account. The potential to make a significant impact on these people's lives by giving them access to financial services is enormous.

Through our microfinance partnership with MiBank, we now provide access to financial services to 119,000 Papua New Guineans who previously did not have a banking facility. Our foothold in microfinance banking continues to grow. Kina's TSI initiatives are described in more detail in the Strategic Overview on pages 17 to 20.

Balancing today with the future

I remain clear-eyed about our strategic approach. In 2021, we proved we are resilient, adaptable, and a strong challenger brand in PNG. We are a living example of our mission statement 'together it's possible.'

We have an optimistic outlook for Kina and the Pan Pacific region. Our current strategy is the right one to achieve the growth we aspire to. Our approach to future investments will be considered and pragmatic in a way that is supportive of our strategy and desire for expansion, while managing risks and protecting Kina's balance sheet. Doing the basics well, always remaining conscious of cost structures and growing market access and maintaining profitability for all our stakeholders will enable us to stay sustainable and stable today. Then we can look to the longer term.

We are now on a pathway towards realising the Kina Vision of being the most dynamic, progressive and accessible financial services organisation in the Pan Pacific region. Getting closer to our customers and stakeholders, and doing so 'sustainably', is a key part of that. Sustainable and stable may sound a little dull, yet looking around at the world today, stability appears to be what everyone craves.

Greg Pawson
Managing Director and Chief Executive Officer
14 April 2022

Supporting SME.

Our Segments.

Retail customer growth 2021
↑ 15%

Business loan book growth 2021
↑ 22%

Account balances growth 2021
↑ 28%

Home loan book growth 2021
↑ 14%

New business accounts 2021
1,600

Funds Administration NPAT Growth
↑ 22%

Kina Bank

Kina Bank delivers home, business and corporate loans, everyday banking transactions, credit cards, merchant and payment facilities and banking services to smaller institutions. In 2021, the focus was on delivering results in the Corporate lending sector and FX revenues.

Growing FX and other revenues

During the year, we delivered on our objective of working with larger corporates and gaining access to relationships with FX income to grow FX revenue. This meant facilitating transactions with larger corporate clients (such as Oil Search) and the strategy delivered a significant impact on our business growth as FX income grew 17%.

Five such new corporate customers provided us a material increase in opportunities across corporate lending, FX products and other banking and funds services. These, together with an increase in the loan book, investment in high-yielding government securities and lower cost of funds contributed positively to our overall performance.

Harnessing these relationships with larger corporates will help deliver sustainable revenue growth over the next three years.

Growing current account balances

It was pleasing to see a 28% growth in our current account balances during 2021. The cost of funds – always a key focus – remained within manageable areas. We onboarded 1,600 new business accounts with customers who also have current accounts with us and retail customer growth saw a 15% increase.

Growing the Loan Book by 20%

The business loan book grew by 22% over the year – a milestone achievement to exceed PGK 2 billion in lending. This positions us well for the remainder of 2022 and into 2023. For the full year the loan book was up to PGK 1,998 million as we focused on growing key corporate clients. We successfully onboarded over 29 Corporate relationships.

There are now a number of large global operations considering Kina Bank as a definite alternative to their other potential banking arrangements in PNG.

The home loan book also saw a very positive growth of 14% with competitive offers and an enhanced website to build greater acquisition.

Kina Wealth

Record funds administration growth

We maintained our leading position, and a differentiator for us here in PNG, as the country's leading funds administrator and fund manager. Our Funds Administration business continued to record growth, consistent with increased funds under management, securing revenues in excess of PGK 30 million.

We are launching Kina Private Bank before the end of June 2022, leveraging the significant capability we have as part of our funds administration and investment management business.

We're behind Papua New Guinea owned startups.

Strategic Overview.

Over the next three years our strategic intent is built on our banking and wealth capabilities to provide services and partnerships to create value for our communities.

kinabank together it's possible

2020-21
Your trusted bank

Traditional banking • Digital banking

Retail
Corporate
Commercial
SME

nasfund
Nambawan Super
Superannuation Partners

MiBank
Banking Partners

Sell, service, grow, digitise

- Grow banking market share
- Digitise core business
- Digital customer solutions
- Test and learn partnerships and innovative business models

2022-24
Your trusted financial services partner

Traditional banking • Digital banking • Investment Banking Bank as a service • Partnership Platform

Ecosystem Services
Corporate
Commercial

nasfund
Nambawan Super
Superannuation Partners

MiBank
Banking Partners

YuTru
Infrastructure Partner
API enabled

NiuPay
xero
Pei Beta
XChange
Digital Partners

Partnering to create and capture value (B2B, B2C)

- Maturing technology and infrastructure
- Maturing partnerships capability
- Targeted acquisitions
- Selectively scale new business models

2025
Your trusted partner in the Pan Pacific Region

Pan Pacific diversified investment bank.

Nambawan Super
nasfund
MiBank
Modules and Partners

Markets

NiuPay
xero
Pei Beta
XChange
Digital Partners

YuTru
Infrastructure Partner
API enabled

Convene a marketplace of assets, capabilities and services (B2B, B2C)

- Geographical reach; digital-only bank
- Bank as a service – B2B
- Customer and partnership marketplace
- Diversified investment bank

Supporting our strategic evolution are the key strategic pillars of Growth and Prosperity, Resilience, Service Excellence, Dynamic People and Sustainable Communities.

Purpose	To constantly improve the prosperity of the people, communities and markets that we serve				
Strategic Pillars	**Growth & Prosperity**	**Resilience**	**Service Excellence**	**Dynamic People**	**Sustainable Communities**
Initiatives	Target Growth in Corporate, SME and Home lending Bank to Market Maker Increase Funds under Management	Robust balance sheet	Digital-first customer experiences API middle ware to improve partnerships	Highly engaged and innovative team	Delivering value to our communities
Key Metrics	Market share	Capital ratios	Digital usage Digital revenues	Engagement scores and gender balance	Financial Inclusion acquisition
Outcome	Return on equity	Return on equity, Earnings per share	Return on equity Cost to income	Increases in engagement scores Maintain gender balance	Customer growth

Growth & Prosperity

The revenue growth benefits realised from in-branch-focus, digital onboarding and targeted marketing, supported by a focus on merchant relationship management, were key to 2021's results. (See Kina Bank and Kina Wealth segment review on page 15.)

Growing partnerships

MiBank

The 15% strategic investment in, and partnership with, MiBank creates a solid platform from which to reach further into the community and deploy Kina Bank's capabilities and assets, creating a mutual value exchange across both companies.

Bringing to life our Bank as a service model, we have added MiBank to our digital platforms as a funds transfer destination for fee-free digital transfers. The design and testing for in-branch onboarding for new MiBank customers was implemented using the cloud-based fast-field app that transfers data directly from MiBank systems. This initiative extends our reach and approach to servicing smaller institutions that require banking services, while deploying cloud-based technology that positions Kina to move at scale across the Pan Pacific region.

Other new offerings likely to drive strong income growth are Kina Private, our independent e-KYC payments platform, and Pei Beta a market-first, new domestic market payments platform due to launch in the second half of 2022.

e-KYC

Digital onboarding at scale and inclusive of what we call e-KYC, which is 'digital know your customer' onboarding is common in Australia, but unique in PNG. Kina is the first bank to launch this in 2022 – and it significantly advances our ability to onboard thousands of customers digitally through our partnership with PNG's two largest superannuation provident funds here – Nambawan Super and Nasfund. This program will be scaled in 2022, which is material in this market, accelerating our customer acquisition ability.

Through our partnership with Everest, developments have been finalised for the e-KYC enabled FX app, called 'Xchange'.

Pei Beta – bill payments platform

We continue our leadership in first-to-market offerings with digital products and services. In the payments space – and a first for PNG – we launched a prototype for an independent bill payments platform, Pei Beta, that can be used by customers of any bank. This is aimed at facing into potential disruption of traditional payments channels, and adds further weight to Kina Bank being a market leader in digital payments in PNG.

Resilience

Kina has simplified its corporate structure over the past two years and the completion of a Non-Renounceable Rights Issue back in 2020 further strengthened the capital base. The total regulatory capital adequacy of 23.4% remains well above the (regulatory) minimum of 12%.

Alongside our strong balance sheet, we have seen significant improvements in our credit modelling, Anti-Money Laundering monitoring systems and Enterprise Risk Management. Strengthening our risk frameworks and asset management procedures ensures the Bank is resilient in times of volatility.

Automated and modernised technology-enabled platforms

Kina's business strategy is underpinned by technology with a focus on improving the experience of our customers. In 2021, we invested in our existing technology assets, modernising the core banking platform.

A material opportunity to substantially shift the number of simple manual banking transactions exists by investing in automation and digitisation and this enables our people to focus on providing high-value support to Kina customers. Our ICT program includes a considerable number of initiatives across the Group which will enable further innovation and flexibility to launch the new technologies planned for later in 2022, moving away from an over-reliance on our core banking platform. We will continue to strengthen our technology capability.

Service Excellence

Digital first – enhancing core banking and digital assets

While making significant enhancements to stabilising our core banking network and infrastructure, we also developed our digital assets and channels. Digital banking continues to be a major focus and will be one of our key innovative programs of work to continue over the course of 2022/23. We have always had the aspiration to be the leading digital bank in PNG, and in 2021 we saw tremendous market sentiment towards us in this regard. This mirrors our belief that Kina has ultimately transformed into a strong digital proposition – so much so that we consider we are now proudly PNG's leading digital bank. In 2021, our digital revenue saw a 65% increase to PGK 23.4 million in 2021, the highest growth by any bank in this market.

Kina Konnect mobile banking expanded

In another first, we developed and launched digital self-registration for Kina Konnect, meaning existing customers can sign up for mobile banking without having to visit a branch. The functionality for Konnect mobile banking has been significantly enhanced, with customers now able to make loan repayments, check credit card and account balances, and block cards on the go.

The destination billers list for Konnect and other digital platforms was expanded, providing more reasons for customers to use these channels and more revenue for Kina Bank through increased fee income.

Internet payment gateway (IPG) enhanced

Our Internet Payment Gateway (IPG) capability is now enhanced to include the collection of EFT (electronic funds transfer) payments, along with automation of manual processes to improve back-end efficiency and quality. Via our partnership with NiuPay, Kina Bank will soon be the largest local provider of IPG services, overtaking BSP. We have also recently signed an agreement with SNS Technologies for online payment gateway services for their SME ecosystem. This represents another step forward in supporting the growth of digital services for SMEs, and scaling our existing IPG asset.

Dynamic people

Our people are at the centre of our business. Their passion and drive help our customers with their financial security and prosperity. During the year, we aimed to support our people to have a safe and secure workplace.

There is a strong business continuity program to support our 691 staff in staying safe during COVID with transport to and from work for over 12 months. COVID vaccination leave, access to vaccination centres and transportation to and from their homes were vital measures we took during the year to ensure our staff remained safe and protected.

We also implemented Kina's first Family and Sexual Violence assistance program.

Our values are our DNA

The five values at Kina have been systemically embedded over the course of the past two years. As we build a 'One team' culture to drive our innovative mindset various programs of work have provided opportunities.

Building the pipeline of the future

Kina's commitment to developing talent locally included a formalised internship and graduate program where we have onboarded 10 new graduates at the start of 2022. Providing employment opportunities for our people to build rich careers in PNG is core to our purpose. We also embarked on a scaled leadership program for 80 current and potential leaders through one-on-one coaching and building essential leadership skills to ensure our talent pipeline remains robust.

Addressing gender imbalance

Many exceptional women leaders have come from PNG over the years in the areas of politics, business, academia, government and public service. These women have been trailblazers in their respective areas of work and have made a significant contribution to the country's development.

However, despite their achievements, many women face roadblocks in a predominantly traditional Melanesian society where they are provided limited opportunities, including for leadership prospects[1]. Fewer than 10 women have been elected to the national parliament since Independence and currently there are no female members, making PNG one of only a handful of countries in the world to have no women in its parliament. It was welcomed that the government announced in 2021 that there will be five seats for women in the national parliament in 2022. This was received by many as a positive shift after the results of the 2017 elections, in which no women were voted in. It is hoped in the upcoming 2022 elections that change will be ushered in.

A significant milestone at Kina is the gender balance we have achieved in our executive and senior management teams. With the appointment of three new female executives, there is an equal gender balance on the senior leadership team with 50% also reflecting a strong pipeline of strong female PNG talent.

Health and Safety

A sustained focus remains on Occupational Health and Safety disciplines designed to keep our people and customers safe with improved health awareness, reporting and strong leadership.

Sustainable communities

We are in the business of doing good, building trust, and creating long-term value for all our stakeholders.' A separate section on our Sustainable Communities follows on pages 21 to 23.

[1]*Women in leadership: reforms to bring about attitudinal change in PNG* by Andrew Anton Mako, The Devpolicy Blog, The Australian National University, 24 May 2021

Total Societal Impact.

Revenues
PGK 334 million

Employee Salaries
PGK 75 million

Income Tax Paid
PGK 30 million

Dividends paid to PNG Residents
PGK 8 million

Sustainable communities

Total Societal Impact

At Kina, we are committed to becoming one of the most sustainable companies in PNG. We are in the business of doing good work, building trust, and creating long-term value for all our stakeholders – including our communities where we want to make a meaningful contribution – while balancing the needs of our customers, people and shareholders. This is in our DNA.

In 2021, Kina delivered in excess of PGK 447 million to the PNG economy through the salaries we pay to our 691 staff, our tax contribution, dividends to PNG residents and revenues that we share with our customers and our suppliers.

We have growth ambitions that will help build a more competitive market in PNG. Our offering of better products and experiences for our small-to-medium sized customers helps contribute to critical employment opportunities across all regions in PNG.

The TSI strategy identified three key areas of focus being:

	2019	2020	2021
Expanding financial inclusion	Established partnership with MiBank	• 130,000 customers included in the Financial system • Fee free online banking for Consumer customers • Bank services to MiBank card issuance and payments	• 66,800 customers included in Financial system • Total of 196,800 customers across three years and 432,800 at MiBank
Creating a workplace for the future	• Project Wok • Individual Coaching and Support	• Kokoda Track Foundation helping with Flexible Open and Distance education (FODE) centres • Expanded Graduate program	• WAN PNG supporting job seekers • Domestic violence leave for our staff • Board mentoring program • 50% of females in senior executive roles* • 50% PNG nationals in executive roles
Promoting enterprise and innovation	• Women in Digital program • Business Coalition for Women	• Women in Digital network • Launched the Prime Minister's breakfast	• Fee free accounts online for SMEs • Partnership with Xero • Entrepreneurial partnerships

Kina's Total Societal Impact (TSI) strategy recognises the need to foster and grow sustainable communities broadly across social, environmental, and economic development.

The TSI strategy has been in operation since 2019 with the aim of addressing key social matters that impede the development and economic progress for people and communities in PNG. The TSI has been executed on several levels – through strategic partnerships and leveraging both our combined assets across core businesses of Banking and Wealth. This also allows our partnerships' collective expertise to develop market-leading products that support growth across the whole PNG economy.

This multi-layered approach complements our purpose and digital-first mindset, using ever-expansive technology and our people to build a better life in PNG. Over the last three years, progress has been made across all three pillars of the TSI strategy. In this third year of this TSI strategy, we delivered several material changes to the way we think about and deliver sustainable outcomes.

Expanding financial inclusion

The strategic investment with MiBank has been a key focus over the past year. Financial inclusion remains one of the most prominent structural issues for the PNG economy with over 70% of the population unbanked. Mibank onboarded 66,800 new customers during the year, resulting in 432,800 customers in total. The program was significantly impacted by COVID lockdowns in provincial regions, therefore limiting access to branches. Progress in building digital services for the MiBank partnerships is steadily increasing productivity and ultimately accessibility to financial services and products. Our ability to onboard MiBank customers in Kina branches will materially improve accessibility across provincial areas.

A vital piece of infrastructure for Financial Inclusion and SME development is our branch expansion plans. We will look to open seven new branches in regional areas that will include a Commercial centre that will not only provide Lending products but will be a Hub for local business to utilise our expertise. Another important program is the rollout of our Point of Sale terminals to business in provincial areas. We will be adding another 1,000 terminals in 2022.

Creating a workplace for the future

Youth unemployment continues to challenge the prosperity of the PNG economy. We have worked since the inception of the TSI program with various partners to help bridge the gap in capabilities and job opportunities.

WAN PNG is a key partner whose goal is to increase the development and employment of local talent.

The key obstacles people face in PNG are a shortage of employment opportunities, unclear pathways to gainful employment and a shortage of training and upskilling. In the last two years, the Kina team has volunteered over 150 hours in mentoring, coaching and tutoring secondary students to help set them up for success following the completion of their formal education. We have a dedicated resource in our People and Culture team who works with WAN PNG with various upskilling, resumé development and career opportunity advice.

* As at February 2022

Promoting enterprise and innovation

The SME thought leadership program was delivered throughout PNG despite the impact of COVID-19. Enhancing opportunities and development is a focus for the PNG government and Kina has worked alongside many government programs providing expertise and sponsorship this year.

This included sponsorship of the annual Prime Minister's Back to Business Breakfast, Kokoda Track Foundation teaching centres and leadership through the Flexible, Open and Distance Education (FODE) scholarships and in-training services.

The Emstret Hub is the first co-working space in PNG to help entrepreneurs, small businesses and professionals to deliver their services and products. Kina hosts monthly events and provides economic insight to the network.

Environment-related commitments

Following on from introducing the TSI strategy, Kina has now embarked on the first stage of our environmentally sustainable commitments. In 2021, we began addressing environmental issues within our operating landscape.

The E&S Policy is designed to support the execution of Kina's Environmental and Social Management System (ESMS). The objective is to avoid or minimise and mitigate potential risks or adverse impacts of our lending on the environment and affected people.

The practical application of the E&S policy is an assessment tool for our lending and credit teams. The tool will be used across credit-related products in reviewing environmental and gender aspects of our current and perspective customers. We have trained 60 credit and lending specialists in the assessment framework with a continued educational program being implemented in 2022. The ESMS will be integrated into our annual credit review cycle to ensure compliance with the policy.

A summary of the E&S policy can be found on the website at **investors.kinabank.com.pg/investors**

Looking ahead, our formal ESG strategy will likely be completed in mid-2022, and this will incorporate materiality assessments with extensive engagement with all key stakeholders on what is important for our Kina community to grow sustainably in our chosen markets.

Helping our communities

In honour of our valued staff member Nancy Moka, we donated PGK 100,000 to the Links of Hope charity where Nancy was a director. Nancy passed away during 2021 and was a committed volunteer and supporter of Links of Hope, which supports children impacted by the HIV epidemic and women released from prison in the creation of small business enterprises.

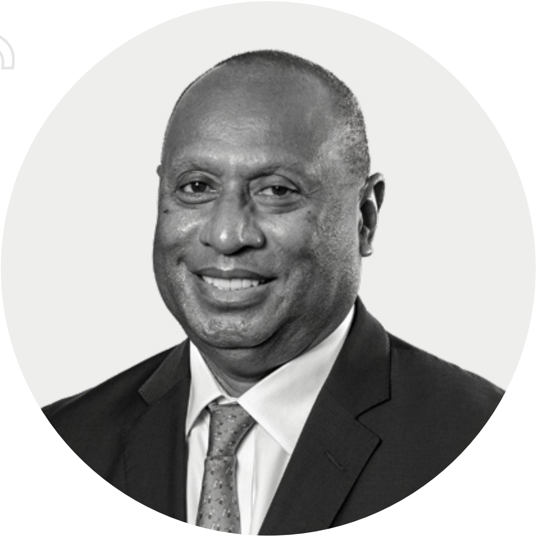
Children in the program are supported by monthly nutrition care packages, educational programs, school fees and uniforms.

We continued to sponsor various events and programs to promote sustainable communities. In 2021, we focused on health initiatives. This included the sponsorship of meals for a week with our Brand Ambassador Julz for the Port Moresby General Hospital. Kina also provided much-needed donations for urgent medical supplies and the sponsorship of the Eskies for Milk campaign.

Links of Hope operates a child sponsorship program.

Board of Directors.

Managing Director/Chief Executive Office **Gregory Pawson** (left)
and Chairman **Isikeli (Keli) Taureka** (right).



Isikeli (Keli) Taureka

Non-Executive Chairman
Chair of the Disclosure Committee

Mr Isikeli Taureka was appointed as a Director of Kina in April 2016.

As at 14 March 2022, Mr Taureka holds the position of Managing Director of Laba Holdings Limited which comprises shareholdings from four local areas supporting PNG LNG projects. Previously, he held the position of Managing Director of Kumul Consolidated Holdings which is the trustee and shareholder for the Government of PNG in major state-owned entities including Air Niugini, Water PNG, PNG Power Limited, Kumul Telikom Holdings, Ports PNG, Post PNG and Motor Vehicles Insurance Limited.

Isikeli previously held a number of senior executive roles with Chevron Corporation. Before joining Chevron, he was the Managing Director of the PNG-owned Post and Telecommunication Corporation and held senior management positions in the Bank of South Pacific Limited.

Isikeli provides extensive knowledge and networks across PNG and Fiji.

He holds a Bachelor of Economics degree from the University of Papua New Guinea and is a graduate member of the Australian Institute of Company Directors.

Gregory Pawson

Managing Director/Chief Executive Officer

Mr Greg Pawson was appointed Managing Director and Chief Executive Officer of Kina in 2018. He joined the Group with an extensive knowledge of the financial services industry in Australia, New Zealand, South East Asia and the Pacific.

Before his appointment, Greg was Regional Head of South Asia Pacific for the Westpac Group and held senior executive roles in retail banking, corporate financial services, financial planning, and funds management. His extensive banking experience includes more than 16 years at Westpac where he had accountability for Westpac's Country/Institutional, Retail and Commercial banking businesses operating in India, Singapore, Indonesia, PNG and Fiji, and the divestment of Westpac's retail businesses in the Cook Islands, Tonga, Samoa, Vanuatu and the Solomon Islands. Prior to this role he was Westpac's General Manager Commercial Banking for three years leading the Australian Commercial banking customer segment with revenue in excess of $1.2 billion and responsible for 1,500 employees.

Greg holds a Master of Business Administration from the Australian Institute of Management Adelaide and is a graduate member of the Australian Institute of Company Directors.

Andrew Carriline

Non-Executive Director
Member of the Audit and Risk Committee, Remuneration and Nomination Committee and the Disclosure Committee

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

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

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

Andrew holds Bachelor degrees in Law and Commerce from UNSW and is a graduate member of the Australian Institute of Company Directors.

Paul Hutchinson

Non-Executive Director
Member of the Audit and Risk Committee

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

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

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

Paul's extensive background in strategy, finance, sales and distribution, commercial operations and risk management has been honed over 30 years in the financial services sector. He is well versed in corporate governance practices and currently holds directorships with RSPCA (South Australia), the Planning, Finance and Performance Committee for the SACE Board, Regional Council for the Financial Services Institute of Australasia (FINSIA) and is the Chair of the University of Adelaide's Business School Advisory Board and International Centre for Financial Services. Previous board appointments include Rural Bank Ltd, Outsource Australia Ltd and Datamail Group Ltd.

Paul has attended the Bankers Course in conjunction with the New Zealand Bankers' Association and the University of Victoria and is a graduate of the Harvard Business School General Management Program. He is a Fellow of the Institute of Financial Services and is a member of the Australian Institute of Company Directors, having attended both the Company Directors Course and International Company Directors Course.

Karen Smith-Pomeroy

Non-Executive Director
Chair of the Audit and Risk Committee,
Member of the Remuneration and Nomination Committee and the Disclosure Committee

Ms Karen Smith-Pomeroy was appointed as a Director of Kina on 12 September 2018.

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

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

Karen is currently a non-executive director of Queensland Treasury Corporation and Stanwell Corporation Limited and is Chair of the Regional Investment Corporation and National Affordable Housing.

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

Dr Ila Temu

Non-Executive Director
Member of the Remuneration and Nomination Committee

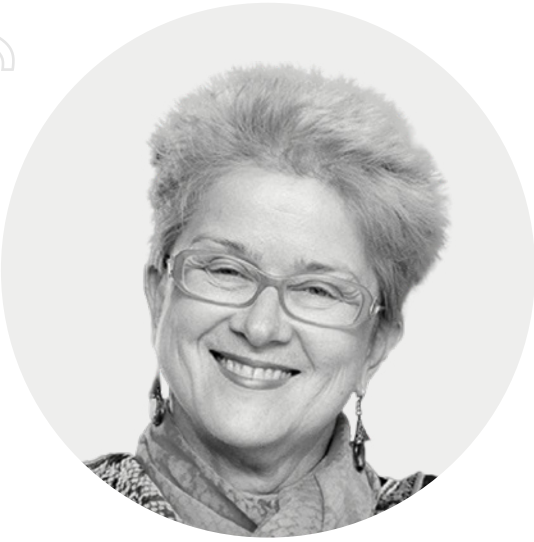
Dr Ila Temu was appointed as a Director of Kina on 14 December 2020.

Ila is Country Manager for Barrick (Niugini) Limited (BNL), a role he has held for some time now. Dr Temu has held various senior roles with Placer Dome Niugini since 2000 including General Manager Government Relations, Director Corporate Affairs and Country Manager Tanzania.

Prior to joining Placer Dome, Ila was Managing Director of Mineral Resources Development Company (MRDC), a state-owned organisation that held PNG's equity in major mining and petroleum projects throughout PNG. He has also held senior positions within a number of public organisations, including a term as a Director of the National Research Institute in PNG, Research Director for the Pacific Islands Program at the Australian National University, Canberra and Senior Lecturer at the University of Papua New Guinea.

Ila has also held a number of board directorships/ memberships in PNG including Dome Resources Ltd, MRDC, Kina Finances Ltd, PNG Incentive Fund, National Economic Fiscal Commission, Independent Public Business Corporation, the Employees Federation of PNG and Bank of South Pacific where he was Director for 13 years. He was Chairman of PNG Ports Corporation for five years, Chairman of Bank South Pacific (BSP) Capital for three years, and President of the Chamber of Mines and Petroleum for three years. He is currently a Director of Kina Petroleum Ltd, Director of Kumul Petroleum Holdings Ltd, and a Council Member of the Divine Word University.

Ila holds a Bachelor of Economics from the University of Papua New Guinea, a Masters in Agricultural Development Economics from the Australian National University, Canberra Australia and a Ph.D in Agricultural Economics from the University of California, Davis, USA.



Dr Jane Thomason

Non-Executive Director
Chair of the Remuneration
and Nomination Committee

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

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

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

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

Jane is an active role model for future women leaders and an active supporter of innovation and new technologies, especially blockchain, and their application to the world's poverty problems.

Diane Igal (left), **Annartha Peter** (right)
We strive for continual improvement in the prosperity of our customers and communities.

Senior Executive Team.

Chetan Chopra

Chief Financial Officer

Chetan is the Chief Financial Officer, reporting to the CEO. He is a Chartered Accountant from India. Chetan joined Kina Bank in May 2016 and been part of the senior leadership group since listing on the ASX.

A practising accountant by profession, Chetan worked earlier for nine years as a Papua New Guinea partner for KPMG (formerly Touche Ross & Co.) based in Lae, prior to returning to India as CFO for Dun and Bradstreet India and Cognizant Technology Solutions in 1993. He returned to PNG in 2013 as the CFO of PNG's largest superannuation fund, Nambawan Super Ltd. His extensive knowledge of businesses and communities through working in provinces in PNG has helped develop critical banking relationships for the Bank.

Chetan also holds a Bachelor of Chemical Sciences from Mumbai University and an MBA from Melbourne Business School, University of Melbourne. Chetan is a member of Certified Practising Accountants Australia and PNG.

Lesieli Taviri

Executive General Manager Banking & PNG Country Head

Lesieli joined Kina Bank in 2020 and is responsible for running the national branch network and a seamless banking experience to personal and small business customers. In her role, Lesieli leads the focus on customer service satisfaction in branch and through the contact centre, along with the development of digital concierge services.

Prior to joining Kina Bank, Lesieli was the CEO of Origin Energy and she is one of PNG's most highly regarded executive leaders. She holds a number of high-profile board roles including Founding Chair of the Business Coalition for Women. She served as the Deputy Chair of Nambawan Super Limited, PNG's largest superannuation fund and was formerly a director of Nationwide Microbank Limited.

Lesieli is also a graduate member of the Australian and PNG Institute of Company Directors.

Johnson Kalo

Chief Information Officer

Johnson Kalo was appointed Chief Information Officer in September 2019. Johnson has substantial industry experience in Papua New Guinea having previously held the positions of Deputy Chief Executive Officer and Chief Financial Officer for BSP.

Johnson played a central role in BSP's acquisition of Westpac's Pacific Island Nations and he brings to Kina Bank exceptional leadership qualities. His previous roles also include independent Director of the Board of Credit Corporation and Executive Director of the Port Moresby Stock Exchange (PNGX). He is a fellow of the Financial Services Institute of Australasia and an associate member of Certified Practising Accountants PNG.

Deepak Gupta

Executive General Manager Business Partners and Wealth

Deepak Gupta is Executive General Manager Business Partners and Wealth is responsible for Wealth management and Corporate banking at Kina. He has held a variety of senior positions with Westpac, AMP and domestic New Zealand institutions. These roles have spanned all facets of institutional funds management, private equity investment, funds administration, financial planning and corporate trusteeship.

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

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

Karen Mathers

Chief Risk Officer

Karen is our Group Chief Risk Officer and responsible for overseeing Kina's strategy for holistic risk management and compliance*. This includes best practice governance and regulatory management from the various supervisory authorities. She is a member of the company's executive management team.

Karen has enjoyed a career in finance that spans over 25 years. She has held executive positions at ANZ Banking Group (Australia, and overseas) as Chief Finance, Chief Operating and Chief Risk Officer and is well versed in the multidisciplined divisions in Banking. With her unique skillset (accounting, law and risk management), she has had responsibilities that had oversight of all financial operations of the companies in a multitude of industries in Australia, Europe, Asia and the Pacific.

Karen is degree qualified as an accountant with post-graduate qualifications in commercial law and forensic accounting.

Samantha Miller

Executive General Manager Investor Relations, Corporate Affairs and ESG

Sam joined Kina Bank in February 2022*. In the role of Executive General Manager Investor Relations, Corporate Affairs and ESG, Sam is responsible for managing KSL investors, management of corporate affairs and the implementation of Kina's ESG framework.

Sam has 20 years' experience across a diverse range of roles in financial services. Prior to her joining Kina she worked in Treasury, Investor Relations, Group Finance, Strategy Customer solutions at Suncorp and Heritage Bank.

Sam holds a Bachelor of International Business from Queensland University of Technology, Masters of Applied Finance from Macquarie University and is a graduate of the Australian Institute of Company Directors.

Karen Mathers started with Kina on 1 October 2021 and Samantha Miller on 1 February 2022

Judith Ugava-Taunao

Chief of Staff

Judith Ugava-Taunao was appointed Chief of Staff in June 2021.

She is responsible for developing and delivering key strategic business priorities. For 18 years Jude has built a career that spans across international borders and sectors. She has worked in international development, organisational transformation, and human resource development and leadership.

Prior to joining Kina Bank, she was at Oil Search where she served as the Vice President, Change Management Lead and as the General Manager for OSL's Citizen Development Program.

Asi Nauna

Executive General Manager Lending

Asi joined Kina Bank in 2018 to assist with the acquisition of ANZ's Retail, SME and Commercial operations leading the integration of the SME and Commercial customer streams.

In the last two years she has held a senior leadership role in our Business Partners and Wealth team, establishing herself as a dynamic and successful leader with a track record of delivering exceptional results.

In her role as Executive General Manager Lending, Asi is responsible for end to end retail and business lending. Prior to joining Kina Bank, Asi was ANZ's Associate Director, Institutional Banking.

Ivan Vidovich

Chief Transformation Officer

Ivan joined Kina Bank in 2019. In the role of Chief Transformation Officer Ivan is responsible for Group Strategy and Planning, People and Culture, Digital Channels, Innovation, Design, Product and Marketing.

Ivan has 20 years senior leadership experience in Australia, Asia and Europe in the financial services and logistics industries with companies including Suncorp, TNT Express and DBS Bank, where he has managed large-scale sales and service operations, strategy, customer experience, innovation and multi-country integration and transformation programs.

He brings significant experience in people and culture transformational change and is a strong advocate of diversity and inclusion in the workplace. Ivan holds a Bachelor of Arts from La Trobe University and is a member of the Australian Institute of Company Directors.

Nathaniel Wingti

Group Manager Treasury and Financial Markets

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

Nathan holds a bachelor of business from the Queensland University of Technology. He has also completed the AFMA Dealer Accreditation Program and the PNG Institute of Directors Program. He is a current serving Board Member of the Business Council of PNG.

Tara Uru
We're driven by the desire to provide customers with more choice and to deliver increased value for shareholders.

Remuneration Report.

Contents

1. Introduction and overview to Shareholders

The Remuneration Report is focused on providing information that the Board considers important for shareholders to understand the Company's remuneration framework which is designed to support the delivery of targeted operating financial and non-financial results. This Remuneration Report has not been prepared in accordance with section 300A of the Australian *Corporations Act 2001 (Cth)* and the Company is not required to have this report audited. However, the expected level of disclosure of an Australian-incorporated company has been provided throughout.

During the year, Kina reviewed its incentive plans to ensure they align with market best practice and that they continue to attract, motivate and retain high calibre management and employees. No material amendments have been made to the Company's incentive plan for the 2021 financial year.

2. Kina's Key Management Personnel (KMP)

This report covers the remuneration arrangements of Kina's Key Management Personnel (KMP) who are the people with the authority and responsibility for planning, directing and controlling the activities of the Kina Group directly or indirectly. Kina's KMP comprise the non-executive directors, the Managing Director and Chief Executive Officer (**MD&CEO**) and the direct reports to the MD&CEO, who are collectively called the Senior Executive Team. For the purposes of this report, 'executive' refers to the MD&CEO and the members of the Senior Executive Team (**Senior Executives**). The KMP disclosed in this Remuneration Report for 2021 were:

Non-executive directors (refer to section 4 of this Remuneration Report)

Name	Position held during the financial year ended 31 December 2021*
Isikeli Taureka	Non-executive Chairman
Andrew Carriline	Non-executive director
Paul Hutchinson	Non-executive director
Karen Smith-Pomeroy	Non-executive director
Ila Temu	Non-executive director
Jane Thomason	Non-executive director

MD&CEO and Senior Executive Team (direct reports to the MD&CEO)

Name	Position held during the financial year ended 31 December 2021*
Greg Pawson	MD&CEO
Chetan Chopra	Chief Financial Officer (CFO) and Company Secretary
Deepak Gupta	Executive General Manager, Business Partners and Wealth
Michael Van Dorssen[1]	Chief Risk Officer
Gavin Heard	General Manager Corporate Affairs and Investor Relations
Johnson Kalo	Chief Information Officer
Ivan Vidovich	Chief Transformation Officer
Nathan Wingti	Head of Treasury
Lesieli Taviri	Executive General Manager, Banking
Asi Nauna	Executive General Manager, Lending
Judith Ugava-Taunao[2]	Chief of Staff

** The term as KMP was for the full year unless otherwise indicated.*
[1] resigned 12 November 2021
[2] appointed 26 May 2021

Remuneration and Nomination Committee

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

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

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

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

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

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

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

3. Executive remuneration

Remuneration policy and governance framework

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

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

Remuneration Policy

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

- Remuneration should be set at levels that reflect the relative size of the position, the remuneration ranges for positions of equivalent 'size' in the relevant market, the performance of the person holding the position and any position-specific factors such as location or the strategic importance of the role.
- Remuneration levels must reflect what the Group can afford. The Board through the RNC will provide the MD&CEO with advice on affordability and this must be factored into the MD&CEO's annual review of remuneration.
- The levels of every role in the organisation shall be identified through a professional Job Evaluation exercise and endorsed by the selected Job Evaluation Panel.
- Pay structures and levels may be reviewed based on the organisational growth and maturity over a period; and from time to time benchmarked against identified market participants. This survey cycle period shall typically be not more than once in any two years.
- Remuneration packages may comprise a mix of base pay, performance-related pay and other benefits where this is consistent in the market with the structure of packages for similar sized roles, and must take into account the value of all such elements.
- Remuneration packages, including any performance-based component, must not compromise the independence of any risk and financial control officers of the Group.
- Where a remuneration package includes a variable performance-based component the package must be structured to:
  - motivate the employee to achieve personal goals that demonstrably contribute to the Group's overall strategic direction and medium to long-term financial performance objectives
  - encourage the employee to work within the Group's risk management framework and to comply with the Group's prudential policies
  - specify measurable, objective, verifiable performance targets which have to be met or exceeded before any additional payment is due
  - specify a measurement period that takes into account the time to observe the real outcomes of the employee's business activities and efforts
  - discourage the employee from taking extreme risks to achieve short-term performance targets that could jeopardise the financial stability and viability of the Group in the medium to long term
  - provide for the Board to set aside part or all of the performance-based payments due if in the Board's judgment this is necessary to protect the financial soundness of the Group or address unintended and unforeseen consequences when the performance-based measures were originally formulated.
- Where a package includes equity or equity-linked deferred remuneration the package must be structured to prohibit the employee leveraging the equity in any way until it is fully vested. The Group will cancel the vested equity and rights to future equity of any employees found to be in breach of this provision of their employment agreement.
- On an overall basis, Kina Group would like to position itself between the 50th and 75th percentile of the defined market, with flexibility to adjust based on market dynamics and organisational strategy.

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

Remuneration components, approach and mix

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

Fixed remuneration	Total fixed remuneration comprises base salary, other non-cash benefits and includes superannuation. There was no change to the fixed remuneration for the MD&CEO and other executive KMP during the year.
Short-term incentive award (STI Award)	The short-term incentive award (**STI Award**) provides participants with an opportunity to earn an incentive calculated as a percentage of their salary each year, conditional upon achievement of individual key performance indicators (**KPIs**) which may consist of financial and, if applicable, non-financial performance measures. The incentive earned will be paid: - 65% in cash - 35% in an offer of performance rights. The cash portion of the incentive will be paid in the next pay cycle following confirmation of the performance outcomes being achieved. The performance rights portion (**STI Performance Rights**) will be issued under Kina's Performance Rights Plan (**Plan**) in one tranche and will lapse upon resignation or termination, subject to the absolute discretion of the Board. The Board has the right to vary the STI Award.
Long-term incentive award (LTI Award)	The long-term incentive award (**LTI Award**) provides an opportunity for employees to receive an equity interest in Kina through the granting of Performance Rights (**LTI Performance Rights**) under the Plan. Under the LTI Award, LTI participants may be offered LTI Performance Rights that are subject to vesting conditions set by the Board. The Board has the absolute discretion to vary the LTI Award.
Retention Award	A one-off equity-based Retention Rights allocation under the Plan that was utilised at the time of the Company's listing on ASX and PNGX in July 2015, to assist in the retention and reward of key eligible employees at that time. The Kina Board has the absolute discretion as to whether the allocation of Retention Rights will continue and apply to other KMP.

Fixed Remuneration (FR)

The Senior Executive Team members may receive their fixed remuneration (FR) as cash, or cash with non-monetary benefits such as insurance, allowances and tax advisory services. FR is reviewed annually, or on promotion. It is benchmarked against market data for comparable roles in companies in a similar industry and with similar market capitalisation. The RNC aims to recommend to the Board a remuneration package that would position the respective member of the Senior Executive Team at or near the median for a corresponding role, with flexibility to take into account capability, experience, and value to the organisation and performance of the individual.

STI Award Structure of STI Award

FEATURES	DESCRIPTION
Eligibility	The MD&CEO and Senior Executive Team are eligible to participate in the STI Award (STI Participants).
STI Award components	Cash bonus: 65% of the STI Participant's STI Award. STI Performance Rights: 35% of the STI Participant's Award.
Performance measures	Individual KPIs specific to each STI Participant are agreed during the performance appraisal process each year. These KPIs consist of both financial and non-financial performance measures and are agreed with the MD&CEO and the Senior Executive at the start of each year. No STI Award is payable unless a minimum Group Net Profit After Tax (NPAT) is achieved. The Board has the absolute discretion to vary this requirement. The Board allocates an annual pool to the STI Award each year. There are levels of targeted performance for allocation of the pool for 2021: • Minimum (85% of budget) • Threshold (85% – 100% budget): 50% • Target (Budget 100%) 90% • Stretch (100+ to 110%+) 100% • Stretch (120%+) up to 120% The pool is then allocated in accordance with the maximum and target STI Award for each STI participant (which is detailed later) as a percentage of gross pay. The Board has the absolute discretion to vary the STI Award.
Calculation of STI Performance Rights	The number of STI Performance Rights granted is determined by dividing the award value by the 10-day volume weighted average price per share prior to 31 December of the year of award (VWAP).
Vesting of STI Performance Rights	STI Performance Rights are restricted from exercise until the second anniversary after the grant date and will vest on the second anniversary. These are not subject to any further measurement after award and allotment.

Period	Date granted	Vesting date
Financial Year (FY) ended 31 December 2018	01/04/2019	01/04/2021
FY ended 31 December 2019	01/04/2020	01/04/2022
FY ended 31 December 2020	01/04/2021	01/04/2023
FY ended 31 December 2021	01/04/2022	01/04/2024

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

Target STI and maximum STI that can be awarded

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

Long-term incentive Award (LTI Award)

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

Structure of LTI Award

FEATURES	DESCRIPTION
Eligibility	Participants must be a permanent full-time or part-time employee or executive director of Kina or any of its subsidiaries (LTI Participants).
LTI components	The LTI Award will be delivered as performance rights (LTI Performance Rights) with each right conferring on its owner the right to be issued or transferred one (1) fully paid ordinary share in the Company.

Performance measures

Since 2016, the LTI Performance Rights will only vest subject to Board assessed satisfaction of the following conditions:

- Meeting the required Total Shareholder Return (TSR) performance level based on peer group – 50% weighting
- Over a three-year period, whereby:

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

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

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

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

Calculation of LTI Performance Rights

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

Vesting and exercise of LTI Performance Rights

While the grants are approved annually, they will vest no earlier than the third anniversary of the commencement of the performance period and subject to satisfaction of the vesting conditions and performance measures.

The performance periods for the outstanding awards are as follows:

Financial Year	Date granted	Performance Period	Measures	Vesting date (subject to performance testing)
2018	01/04/2019	01/04/2019 to 31/03/2022	EPS assessment compound till FY 2020 – 50% Relative TSR assessment compounded to FY 2020 – 50%	01/04/2022
2019	01/04/2020	01/04/2020 to 31/03/2023	EPS assessment compound till FY 2021 – 50% Relative TSR assessment compounded to FY 2021 – 50%	01/04/2023
2020	01/04/2021	01/04/2021 to 31/03/2024	EPS assessment compound till FY 2021 – 50% Relative TSR assessment compounded to FY 2021 – 50%	01/04/2024
2021	01/04/2022	01/04/2022 to 31/03/2025	EPS assessment compound till FY 2021 – 50% Relative TSR assessment compounded to FY 2021 – 50%	01/04/2025

Forfeiture of LTI Performance Rights

Unvested LTI Performance Rights may be forfeited:

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

Lapse of LTI Performance Rights

Unless otherwise specified in the vesting conditions or otherwise determined by the Board, a LTI Performance Right lapses on the earliest of:

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

Target LTI and maximum LTI that can be awarded

	Target	Maximum
MD&CEO	50%	50%
CFO	40%	40%
Other Senior Executives	30%	30%

Calculation of Fair Value of LTI Performance Rights

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

TSR

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

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

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

EPS

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

Retention Rights	
FEATURES	**DESCRIPTION**
Eligibility	The Board determines the Participants eligible for participation in the allocation of Retention Rights, also taking into account any recommendation made by the RNC.
Retention Rights	The allocation of Retention Performance Rights was a once-off award under the Plan of performance rights (Retention Rights) at the time of listing on ASX and PNGX in July 2015, to assist in the retention and reward of key eligible participants at that time.
Vesting conditions	Vesting of the Retention Rights is subject to a service condition wherein Retention Performance Rights only vest upon successful completion of a service period as determined by the Board at the time of grant.
Calculation of Retention Rights	During 2021, there were no awards of any Retention Rights. During 2018, $300,000 worth of 'Commencement' performance rights equalling 402,685 Retention Rights were granted to the MD&CEO, and approved by shareholders at the 2018 Annual General Meeting on 23 May 2018, vesting in equal instalments over three years as follows; • 134,229 vested on 4 December 2019 • 134,227 vested on 4 December 2020; and • 134,227 vested on 4 December 2021.
Forfeiture of Retention Rights	Unvested Retention Rights may be forfeited: • if the Board determines that any vesting condition applicable to the Retention Right has not been satisfied in accordance with its terms or is not capable of being satisfied • in certain circumstances if the Retention Rights Award Participant's employment is terminated; or • in other circumstances specified in the Retention Rights Award (for example, if the Board determines that the Retention Rights Award Participant has committed an act of fraud or gross misconduct in relation to the affairs of Kina).
Lapse of Retention Rights	Unless otherwise specified in the vesting conditions or otherwise determined by the Board, a Retention Right lapses on the earliest of: • if the Board determines that any vesting condition applicable to the Retention Right has not been satisfied in accordance with its terms or is not capable of being satisfied • the expiry of the exercise period (if any) • in circumstances of cessation of employment • in other circumstances specified in the Retention Rights Award (for example, if the Board determines that the Retention Rights Award Participant has committed an act of fraud or gross misconduct in relation to the affairs of Kina); or • if the participant purports to deal in the Retention Right in breach of any disposal or hedging restrictions in respect of the Retention Rights.
Timing of grants	Grants of Retention Rights only apply to new hires (as a one-off).

Performance-based and non-performance based components

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

Participant		Cash salary/fees/short-term compensated absences $	Non-monetary benefits $	Total $
Greg Pawson	2021	591,300	206,709	798,009
	2020	591,300	183,800	775,100
Chetan Chopra	2021	400,000	126,431	526,431
	2020	400,000	163,296	563,296
Michael Van Dorssen	2021	398,549	61,976	460,525
	2020	398,549	150,816	549,365
Ivan Vidovich	2021	375,000	61,748	436,748
	2020	375,000	42,546	417,546
Deepak Gupta	2021	350,000	174,977	524,977
	2020	350,000	161,270	511,270
Johnson Kalo	2021	309,680	22,602	332,282
	2020	324,162	13,777	337,939
Nathan Wingti	2021	290,325	112,468	402,793
	2020	303,901	108,999	412,900
Gavin Heard	2021	220,000	23,736	243,736
	2020	220,000	12,764	232,764
Asi Nauna[1]*	2021	226,454	15,924	242,378
	2020	65,942	4,076	70,018
Lesieli Taviri[2]*	2021	310,488	20,713	331,201
	2020	71,049	3,020	74,069
Judith Ugava-Taunao[3]*	2021	124,195	8,839	133,033
	2020	-	-	-

** pro-rata based on start dates*

External Advisor Services

The Kina Performance Rights Plan is administered independently by Link Market Services Pty Ltd. Orient Capital Pty Limited is engaged to provide the assessment of EPS Growth and Relative TSR Performance in relation to the LTI Awards and valuation of the VWAP. During 2020, the Board engaged EY to complete an Executive Incentives Review (STI and LTI), and McGuirk Management Consultants Pty Limited to undertake: (a) a Total Shareholder Return Hurdle Comparison Group Analysis; and (b) a Board Remuneration Benchmarking Review. It is proposed that this be reviewed in 2022.

Holdings in Company Shares

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

KMP Shareholding	Current balance
Gregory Pawson	630,803
Chetan Chopra	273,745
Deepak Gupta	191,404
Michael Van Dorssen	291,055
Nathan Wingti	51,127
Ivan Vidovich[4]	46,704

[1] appointed 11 September 2020
[2] appointed 11 September 2020
[3] appointed 26 May 2021
[4] aquried on market

Performance Rights holdings

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

First Name	Surname	Award	Year	Grant Date	Vesting date	Value of PR granted (AUD)	VWAP period	VWAP $ applied	FY2021 PR
Gregory	Pawson	STI	2019	19/05/2020	19/05/2022	268,197	31/12/2019	1.4300	187,550
		STI	2020	01/04/2021	01/04/2023	288,189	31/12/2021	0.8233	350,041
		LTI	2018	01/04/2019	01/04/2022	295,641	31/12/2018	0.9072	325,883
		LTI	2019	19/05/2020	01/04/2023	294,722	31/12/2019	1.4300	206,099
		LTI	2020	01/04/2021	01/04/2024	274,466	31/12/2021	0.8233	333,373
Chetan	Chopra	STI	2019	01/04/2020	01/04/2022	70,000	31/12/2019	1.4300	48,951
		STI	2020	01/04/2021	01/04/2023	105,225	31/12/2021	0.8233	127,809
		LTI	2018	01/04/2019	01/04/2022	144,000	31/12/2018	0.9072	158,730
		LTI	2019	01/04/2020	01/04/2023	160,000	31/12/2019	1.4300	111,888
		LTI	2020	01/04/2021	01/04/2024	148,009	31/12/2021	0.8233	179,775
Michael	Van Dorssen	STI	2019	01/04/2020	01/04/2022	42,000	31/12/2019	1.4300	29,371
		STI	2020	01/04/2021	01/04/2023	48,566	31/12/2021	0.8233	58,989
		LTI	2018	01/04/2019	01/04/2022	107,882	31/12/2018	0.9072	118,918
		LTI	2019	01/04/2020	01/04/2023	120,000	31/12/2019	1.4300	83,916
		LTI	2020	01/04/2021	01/04/2024	111,006	31/12/2021	0.8233	134,831
Deepak	Gupta	STI	2019	01/04/2020	01/04/2022	43,750	31/12/2019	1.4300	30,594
		STI	2020	01/04/2021	01/04/2023	48,566	31/12/2021	0.8233	58,989
		LTI	2018	01/04/2019	01/04/2022	91,499	31/12/2018	0.9072	100,859
		LTI	2019	01/04/2020	01/04/2023	105,000	31/12/2019	1.4300	73,427
		LTI	2020	01/04/2021	01/04/2024	97,131	31/12/2021	0.8233	117,978
Nathan	Wingti	STI	2019	01/04/2020	01/04/2022	49,000	31/12/2019	1.4300	34,266
		STI	2020	01/04/2021	01/04/2023	56,660	31/12/2021	0.8233	68,820
		LTI	2018	01/04/2019	01/04/2022	48,000	31/12/2018	0.9072	52,910
		LTI	2019	01/04/2020	01/04/2023	48,000	31/12/2019	1.4300	33,566
		LTI	2020	01/04/2021	01/04/2024	83,255	31/12/2021	0.8233	101,124
Gavin	Heard	STI	2019	01/04/2020	01/04/2022	23,100	31/12/2019	1.4300	16,154
		STI	2020	01/04/2021	01/04/2023	25,902	31/12/2021	0.8233	31,461
		LTI	2019	01/04/2020	01/04/2023	66,000	31/12/2019	1.4300	46,154
		LTI	2020	01/04/2021	01/04/2024	61,053	31/12/2021	0.8233	74,157
Ivan	Vidovich	STI	2019	01/04/2020	01/04/2022	38,500	31/12/2019	1.4300	26,371
		STI	2020	01/04/2021	01/04/2023	64,754	31/12/2021	0.8233	78,652
		LTI	2020	01/04/2021	01/04/2024	138,758	31/12/2021	0.8233	168,539
Adam	Downie	STI	2019	01/04/2020	01/04/2022	42,000	31/12/2019	1.4300	29,371
		LTI	2019	01/04/2020	01/04/2023	90,000	31/12/2019	1.4300	62,937
Wayne	Beckley	LTI	2018	01/04/2019	01/04/2022	104,999	31/12/2018	0.9072	115,740
Johnson	Kalo	STI	2020	01/04/2021	01/04/2023	24,282	31/12/2021	0.8233	29,494
		LTI	2020	01/04/2021	01/04/2024	61,053	31/12/2021	0.8233	74,157
Lesieli	Taviri	STI	2020	01/04/2021	01/04/2023	38,852	31/12/2021	0.8233	47,191
		LTI	2020	01/04/2021	01/04/2024	88,805	31/12/2021	0.8233	107,865
Asi	Nauna	STI	2020	01/04/2021	01/04/2023	16,189	31/12/2021	0.8233	19,663
		LTI	2020	01/04/2021	01/04/2024	88,805	31/12/2021	0.8233	107,865

Subsequent to, and in relation to, the year ended 31 December 2021 (FY2021 Awards), the Board approved the following STI and LTI Awards for eligible participants. The STI Performance Rights and LTI Performance Rights components of the FY2021 STI and LTI Awards are subject to shareholder approval at the 2022 AGM to be held on 24 May 2022.

First Name	Surname	Award	Year	Grant Date	Vesting date	Value of PR Granted (AUD)	VWAP Period	VWAP $ applied	FY2021 PR
Gregory	Pawson	STI	2021	01/04/2022	01/04/2024	294,911	31/12/2021	0.8233	358,206
		LTI	2021	01/04/2022	01/04/2025	280,868	31/12/2021	0.8233	341,149
Chetan	Chopra	STI	2021	01/04/2022	01/04/2024	108,063	31/12/2021	0.8233	131,255
		LTI	2021	01/04/2022	01/04/2025	152,000	31/12/2021	0.8233	184,623
Deepak	Gupta	STI	2021	01/04/2022	01/04/2024	49,875	31/12/2021	0.8233	60,579
		LTI	2021	01/04/2022	01/04/2025	99,750	31/12/2021	0.8233	121,159
Nathan	Wingti	STI	2021	01/04/2022	01/04/2024	58,188	31/12/2021	0.8233	70,676
		LTI	2021	01/04/2022	01/04/2025	85,500	31/12/2021	0.8233	103,850
Ivan	Vidovich	STI	2021	01/04/2022	01/04/2024	66,500	31/12/2021	0.8233	80,773
		LTI	2021	01/04/2022	01/04/2025	142,500	31/12/2021	0.8233	173,084
Johnson	Kalo	STI	2021	01/04/2022	01/04/2024	39,900	31/12/2021	0.8233	48,464
		LTI	2021	01/04/2022	01/04/2025	91,200	31/12/2021	0.8233	110,774
Lesieli	Taviri	STI	2021	01/04/2022	01/04/2024	39,900	31/12/2021	0.8233	48,464
		LTI	2021	01/04/2022	01/04/2025	91,200	31/12/2021	0.8233	110,774
Asi	Nauna	STI	2021	01/04/2022	01/04/2024	24,938	31/12/2021	0.8233	30,290
		LTI	2021	01/04/2022	01/04/2025	62,700	31/12/2021	0.8233	76,157
Judith	Ugava-Taunao	STI	2021	01/04/2022	01/04/2024	16,625	31/12/2021	0.8233	20,193
		LTI	2021	01/04/2022	01/04/2025	62,700	31/12/2021	0.8233	76,157

Employment agreements

KMP employment contracts

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

MD&CEO employment agreement

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

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

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

Remuneration of employees

During the year, the number of employees or former employees (not being directors of the Company), receiving remuneration in excess of PGK 100,000 per annum from the Group, stated in bands of PGK 10,000, were as follows:

in PGK	2021	2020
1,530,000 - 1,540,000	**1***	-
1,450,000 - 1,460,000	**-**	1*
1,030,000 - 1,040,000	**2**	-
980,000 - 990,000	**-**	2
920,000 - 930,000	**-**	1
900,000 - 910,000	**1**	-
860,000 - 870,000	**-**	1
800,000 - 810,000	**1**	1
770,000 - 780,000	**1**	-
750,000 - 760,000	**1**	1
740,000 - 750,000	**1**	1
710,000 - 720,000	**1**	-
640,000 - 650,000	**1**	-
610,000 - 620,000	**-**	1
600,000 - 610,000	**1**	-
580,000 - 590,000	**2**	2
570,000 - 580,000	**1**	-
550,000 - 560,000	**1**	1
540,000 - 550,000	**-**	1
510,000 - 520,000	**2**	-
500,000 - 510,000	**1**	-
490,000 - 500,000	**1**	2
470,000 - 480,000	**1**	1
460,000 - 470,000	**-**	1
450,000 - 460,000	**1**	-
440,000 - 450,000	**1**	2
420,000 - 430,000	**1**	-
400,000 - 410,000	**-**	1
390,000 - 400,000	**1**	1
380,000 - 390,000	**1**	2
360,000 - 370,000	**-**	1

in PGK	2021	2020
330,000 - 340,000	**2**	-
320,000 - 330,000	**2**	2
310,000 - 320,000	**1**	3
300,000 - 310,000	**1**	-
280,000 - 290,000	**1**	1
270,000 - 280,000	**1**	-
260,000 - 270,000	**-**	2
250,000 - 260,000	**2**	-
240,000 - 250,000	**-**	1
220,000 - 230,000	**3**	2
210,000 - 220,000	**1**	-
200,000 - 210,000	**1**	1
190,000 - 200,000	**4**	2
180,000 - 190,000	**7**	4
170,000 - 180,000	**5**	10
160,000 - 170,000	**8**	4
150,000 - 160,000	**9**	7
140,000 - 150,000	**6**	9
130,000 - 140,000	**11**	8
120,000 - 130,000	**6**	2
110,000 - 120,000	**16**	18
100,000 - 110,000	**21**	23

**impact of foreign exchange conversion.*

4. Non-executive director arrangements

Remuneration policy

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

The fees are exclusive of superannuation.

Directors' fees are reviewed annually by the Board, taking into account comparable roles and market data provided by the Board's independent remuneration advisor. The current base fees were reviewed in 2021 and increases were applied with effect from 1 October 2020.

Remuneration components

Kina's Board and Committee fee structure as at 31 December 2021 was:

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

Fee pool

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

For the financial year ended 31 December 2021, this has been fixed at $1.28 million per annum (no change from the prior year, and the amount set out in the Company's Listing Prospectus). Any increase in the total amount payable by the Company to the non-executive directors as remuneration for services must be approved by shareholders in a general meeting.

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

Committee fees

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

Non-executive director remuneration details

The following payments were made to non-executive directors in the 2021 and 2020 financial years.

Director	Year	Short-term benefits		Post-employment benefits	Total
		Fees $	Non-monetary benefits $	**Superannuation contributions $**	$
Isikeli Taureka	2021	222,020	-	18,650	240,669
	2020	146,250	-	36,001	182,251
Andrew Carriline	2021	112,500	-	7,560	120,060
	2020	91,875	-	6,615	98,490
Paul Hutchinson	2021	101,250	-	7,560	108,810
	2020	85,313	-	6,615	91,928
Karen Smith-Pomeroy	2021	131,310	-	-	131,310
	2020	108,803	-	-	108,803
Ila Temu	2021	98,769	-	5,415	104,184
	2020	3,750	-	315	4,065
Jane Thomason	2021	112,500	-	-	112,500
	2020	95,625	-	6,615	99,300

Variable remuneration

Special remuneration

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

Reimbursement for out-of-pocket expenses

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

Retirement benefits

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

Participation in incentive schemes

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

5. Related party transactions

Please refer to Note 29 to the financial statements, for further comments on related party transactions.

6. Directors' interests in shares

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

Director	Number of Shares	Shareholding as at the date of this Remuneration Report (%)
Isikeli Taureka	65,000	0.02%
Greg Pawson	630,803	0.22%
Andrew Carriline	125,000	0.04%
Paul Hutchinson	80,299	0.03%
Karen Smith-Pomeroy	90,000	0.03%
Jane Thomason	35,000	0.01%
Ila Temu	-	0.00%

Corporate Governance.

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

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

Kina's governance practices and policies reflect, and are consistent with, each of the ASX and PNGX Listing Rules. The Board considers the governance practices we have adopted as following these principles for the year ended 31 December 2021.

Ethical leadership for value creation

The Board is committed to building long-term value for its shareholders, employees, communities and customers. We choose to honour this commitment by maintaining high standards of corporate governance that are, in turn, supported by skilled people as well as sound business practices and policies. This commitment also extends to maintaining high standards of business integrity and business ethics in all our activities.

This section provides an overview of Kina's corporate governance framework and discloses information on governance, the independence of directors and other relevant information in addition to that disclosed in the Director's Report.

For further details on our government structure, policies and practices, please refer to the full Kina Corporate Governance Statement 2021 available at **investors.kinabank.com.pg/Investors/?page=corporate-governance**

Governance Framework

The Board regularly reviews the Company's governance structure, systems and processes to ensure that these support effective and ethical leadership and corporate governance, corporate citizenship and sustainability. Overseeing governance means the Board ensures that these principles apply in the best interests of Kina Bank and all our stakeholders.

As the highest governing structure in the Company, the Board provides effective leadership in the best interests of Kina Bank and is responsible for its strategic direction and control. The Board is supported by three Board Committees, and together with these committees benchmarks our governance practices to best practice standards.

The Board exercises its control through a governance framework which includes detailed reporting up to the Board and its committees, with effective delegation, robust risk management and a system of assurance regarding the veracity and efficacy of financial reporting and internal control systems.

Kina's Constitution and each of the charters, policies and codes are referred to in our full Corporate Government Statement 2021 available at **www.kinabank.com.pg**

Board Composition

The Company's Constitution provides for a minimum of three and a maximum of ten directors. Board members have a diverse range of skills and experience which ensure they are able to contribute effectively to Board-level decisions and act in the best interests of shareholders.

The Board Charter recognises the respective roles of the Board members and Kina executive management and distinguishes between Board-level strategic guidance and the work of executives.

Director	Appointment date	Length of service	Non-executive	Independent
Isikeli Taureka	19 April 2016	5 years, 0 months	Yes	Yes
Karen Smith-Pomeroy	12 September 2016	5 years, 7 months	Yes	Yes
Gregory Pawson	1 January 2018	4 years, 4 months	No	No
Jane Thomason	27 April 2018	4 years, 0 months	Yes	Yes
Andrew Carriline	16 August 2018	3 years, 8 months	Yes	Yes
Paul Hutchinson	16 August 2018	3 years, 8 months	Yes	Yes
Ila Temu	14 December 2020	1 year, 4 months	Yes	Yes

More information about each director is available at **www.kinabank.com.pg**

Independence of the Board

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

As at 31 December 2021, all directors are considered by the Board to be 'independent' directors, except for Mr Greg Pawson who is the Managing Director and Chief Executive Officer.

The six non-executive directors are considered to be independent, having regard to (amongst other things) the following factors:

- They are non-executive directors who are free of any interest, business or other relationship that could reasonably influence, or could reasonably be perceived to influence, in a material way, their capacity to bring an independent judgment to bear on issues before the Board, and to act in the best interests of the Company's shareholders generally.
- They have not been employed or retained, within the last three years, to provide material professional services to the Company.
- Within the last 12 months they were not a partner, director, senior executive or material shareholder of a firm that provided material professional services to the Company .
- They do not receive performance-based remuneration from, or participate in, any employee share scheme of the Company.

At least once a year, the Board reviews the independence of each director in the light of interests the directors disclose.

Determining directors' conflicts of interest

The Company's Constitution, Board Charter and Code of Conduct provide clear procedures regarding the management of actual, potential or perceived conflicts of interest. Each director has a continuing obligation to keep the Board advised of any interest that has arisen that could potentially conflict with those of the Group. Where a director has an actual, potential or perceived conflict in a matter being considered by the Board, the director will: declare that conflict of interest, not receive the relevant Board papers, not be present when the matter is considered during a Board or Committee meeting, and not participate in any decision on the matter, unless the Board Chairman determines otherwise.

Board Chair

In accordance with the Board Charter, the Board Chair is an independent director. The roles and responsibilities of the Board Chair are contained within the Board Charter and the role of the Board Chair and that of Managing Director and Chief Executive Officer may not be exercised by the same individual.

Board Committees

The Board may establish and delegate powers to sub-committees that are formed to facilitate effective decision-making. The Board has established the following three Committees:

- Audit and Risk Committee
- Remuneration and Nomination Committee, and
- Disclosure Committee.

Each Committee has a separate Charter which details the membership and powers of the respective Committee including its roles and responsibilities. However, the Board ultimately has full accountability for matters it delegates to those Committees. The Board reviews the Charters of the Committees at least annually. These documents are available on the Company's website at: **investors.kinabank.com.pg**

Audit and Risk Committee

The Board has established an Audit and Risk Committee to fulfil its responsibilities with respect to financial policies and financial processes, including internal and external audit matters, and risk management and compliance within the Company and its subsidiaries.

As set out in its Charter, the Audit and Risk Committee must comprise:

- at least three directors, and
- all non-executive directors.

The Chair of the Audit and Risk Committee is appointed by the Board and must be an independent director. The Chair of the Board may be a member of the Committee but must not be the Committee Chair.

When appointing members of the Audit and Risk Committee, the Board shall have regard to the need for:

- at least one member to hold a recognised qualification in a finance-related discipline
- all members to be financially literate
- all members to have a sound understanding of the concept of risk and the principles of managing risk.

The Audit and Risk Committee met eight times during the year ended 31 December 2021.

Remuneration and Nomination Committee

The Board has established a Remuneration and Nomination Committee to ensure that the Company has a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties and to bring transparency, focus and independent judgment to decisions regarding the composition of the Board, and remuneration policies and practices. In its function as a Nomination Committee, the Remuneration and Nomination Committee assists the Board in fulfilling its corporate governance responsibilities in regard to:

- Board appointments, re-elections and performance
- Board and Committee membership
- directors' induction, continuing development and succession planning, and
- strategies to address Board diversity.

As set out in its Charter, the Remuneration and Nomination Committee must comprise at least three directors and all non-executive directors. The Board has regard to diversity in constituting the Remuneration and Nomination Committee. This Committee may obtain information from, and consult with, management and external advisers, as it considers appropriate. The Remuneration and Nomination Committee met six times during the year ended 31 December 2021.

Disclosure Committee and Continuous Disclosure

The Board has established a Disclosure Committee, the purpose of which is to assist the Board in the performance of its statutory and regulatory obligations by ensuring market sensitive and/or Company information is disclosed through the appropriate channel promptly and without delay. The Disclosure Committee has absolute right of access to any information held by the Kina Group. The Disclosure Committee meets regularly, and is engaged between scheduled meetings as required, to consider matters that may require disclosure, and to review and approve the content of proposed material for lodgement with the ASX/PNGX. The Disclosure Committee met two times during the year ended 31December 2021.

The Disclosure Committee is to comprise at least three members appointed by the Board. Members include the Chair of the Board, the Managing Director and Chief Executive Officer and the Chair of the Audit and Risk Committee. The Disclosure Committee Chair shall be appointed by the Chair of the Board.

Kina's *Continuous Disclosure Policy* and associated procedures set out our approach to ensure awareness and compliance with the continuous disclosure obligations of the ASX and PNGX. This includes the disclosure of required material information about Kina's activities in a timely and balanced manner to all market participants equally, through lodgement with the ASX/PNGX. This policy is available on the Company's website at: **investors.kinabank.com.pg**

Board skills matrix

The Board seeks an appropriate mix of skills, experience, expertise and diversity to enable it to effectively discharge its responsibilities and add value to the Company. As at 14 April 2022, the directors collectively contribute the following key skills and experience:

Skills and experience	Explanation	Extent present among directors
Banking and/or financial services experience	Experience outside Kina in, with global business perspectives of, significant components of the financial services industry, including retail and commercial banking services and adjacent sectors, equity and debt capital markets, with strong knowledge of their economic drivers and the regulatory environment.	83%
Customer focus and outcomes	Experience in developing and overseeing the embedding of a strong customer-focused culture in large complex organisations, and a demonstrable commitment to achieving customer outcomes.	74%
Environment, social and sustainability	Understanding the potential risks and opportunities from an environmental and social perspective, and experience in developing and monitoring sustainability frameworks and related practices.	66%
Financial acumen	Good understanding of financial statements and drivers of financial performance for a business of significant size, including ability to assess the effectiveness of financial controls.	86%
Governance	Publicly listed company experience, extensive experience in and commitment to the highest standards of governance, experience in the establishment and oversight of governance frameworks, policies and processes.	77%
International experience	Senior leadership experience involving responsibility for operations across borders, and exposure to a range of political, cultural, regulatory and business environments in that position.	71%
Leadership and commercial acumen	Skills gained whilst performing at a senior executive level for a considerable length of time. Includes delivering superior results, running complex businesses, leading complex projects and issues, and leading workplace culture.	97%
People, culture and conduct	Experience at a senior executive level in people matters including building workforce capability, workplace cultures, management development, succession and setting a remuneration framework that attracts and retains a high calibre of executives, and promotion of diversity and inclusion.	86%
Risk and compliance	An understanding of compliance and experience in anticipating and evaluating macro, strategic, operational, financial, social, technological including digital disruption and cyber security risks that could impact the business. Recognising and managing these risks by developing sound risk management frameworks and providing oversight. Includes experience in managing compliance risks and regulatory relationships.	74%
Stakeholder engagement	Demonstrated ability to build and maintain key relationships with industry, government or regulators.	91%
Strategy	Experience in leading, developing, setting and executing strategic direction. Experience in driving growth and transformation, executing against a clear strategy.	86%
Technology and digital	Experience in businesses of a significant size with major technology focus, including adaptation to digital change and innovation, with knowledge of developments in Decentralised Finance (DeFi).	66%

Membership of the Committees

Membership of the Committees during the reporting period, the number of Board and Committee meetings and the attendance at those meetings are set out below and also in the Directors' Report.

Director	Board Meetings		Audit & Risk Committee Meetings		Remuneration & Nomination Committee meetings		Disclosure Committee Meetings	
	A	B	A	B	A	B	A	B
Isikeli Taureka	21[2]	20[1]					2[2]	2
Greg Pawson	20	20					2	2
Andrew Carriline	21	21	8	8	6	6	2	2
Paul Hutchinson	21	21	8	8				
Karen Smith-Pomeroy	21	21	8[2]	8	6	6	2	2
Ila Temu	21	19[1]			5	5		
Jane Thomason	21	19[1]			6[2]	6		

[A] *Meetings held that the director was eligible to attend*
[B] *Meetings attended*
[1] *These absences were known and approved prior to the meeting*
[2] *Chair*

Senior Executive Team

Senior executives are those individuals who report directly to the Managing Director and Chief Executive Officer.

Our strong Senior Executive team, who are all experts in their respective fields, is accountable for implementing Kina's strategy which is aligned to our vision to be the most dynamic, progressive and accessible financial services organisation in the Pan Pacific region, proudly domiciled in PNG.

More information about our executive team is at: **investors.kinabank.com.pg/Investors**

Diversity

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

The Company's vision for diversity incorporates a number of different factors, including but not limited to: gender, ethnicity and cultural background, disability, age and educational experience. The Diversity Policy provides a framework to help Kina achieve its diversity goals, while creating a commitment to a diverse work environment where staff are treated fairly and with respect and have equal access to workplace opportunities.

The Board has been focused on the improvement of diversity reporting, which is regularly provided to the Board, and through the Remuneration and Nomination Committee plans to set measurable objectives for achieving gender diversity in the composition of its Board, Senior Executive Team and workforce generally. This is also disclosed in relation to each reporting period: the measurable objectives set for that period to achieve gender diversity; the entity's progress towards achieving those objectives; and the respective proportions of men and women on the Board, in senior executive positions and across the whole workforce (including how the Company has defined 'senior executive' for these purposes).

Diversity (continued)

The Board comprises seven members (2020: seven), five of whom are male and two female.The numbers of females within Kina's workforce, including the Board, Senior Executive Team and Team Leaders are set out below:

	31 December 2021			31 December 2020		
	Females	Males	Total	Females	Males	Total
Board	2	5	7	2	5	7
Senior Executive Team*	4	5	9	2	7	9
Team Leaders	40	34	74	47	39	86
Other employees	344	257	601	348	251	599
Total employees	**390**	**301**	**691**	**399**	**302**	**701**

* *The Company defines a senior executive as a person who is a direct report to the Managing Director and Chief Executive Officer.*

The ratio of women to men at Kina is 56% female to 44% male. Since December 2020, Kina has achieved a 40:40:20 gender balance in the executive team. As at February 2022 there is now 50% female on the executive, and 50% of the executives are Papua New Guinean.

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

In 2021, Kina renewed its subscription to the Bel isi PNG program, which provides safe housing and case management services for employees and family members who are survivors of domestic violence. Kina also trained 21 employees as family and sexual violence Contact Persons, providing more opportunities for survivors of violence to safely and confidentially reach out for assistance.

Company Secretary

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board and providing advice and support to the Board for all corporate governance matters relating to the Board's efficient functioning. The Company Secretary is appointed and removed by the Board, and each director can communicate directly and freely with the Company Secretary.

Mr Chetan Chopra was appointed Company Secretary and Chief Financial Officer on 21 June 2016. Chetan holds a Bachelor of Chemical Sciences from Mumbai University and an MBA from Melbourne Business School, University of Melbourne. Chetan is a member of Certified Practising Accountants Australia and PNG.

Indemnity insurance

In accordance with section 140 of the PNG Companies Act 1997 ('Act') and the constitution of the Company, Kina Group has indemnified, and has either directly or indirectly effected insurance for, the directors and executives of the Company and its related companies. Except for some specific matters that are expressly excluded, the indemnities and insurance indemnify and insure directors and executives for any costs incurred or liability, to another person for any act or omission in their capacity as a director or employee, or costs incurred by that director or employee in defending or settling any claim or proceeding relating to any such liability, not being criminal liability or liability in respect of a breach, in the case of a director, of the duty specified in Section 112 of the Act, or, in the case of an employee, of any fiduciary duty owed to the company or related company.

Directors' Report.

The directors of Kina Securities Limited and its subsidiaries (the Group, Company, Kina) submit herewith the annual financial report of the Company and its subsidiaries for the year ended 31 December 2021.

Principal activities

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

The directors 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.

Operating results and review of operations

The net profit attributable to equity holders for the year for the Group was PGK 70.8 million compared with PGK 76.0 million in 2020.

The profit includes the following items:

- net interest income of PGK 177.3 million, compared with PGK 169.7 million in the prior year to 31 December 2020
- net fee and commission income of PGK 89.3 million compared with PGK 76.2 million in the prior year
- operating income before impairment losses and other operating income of PGK 334.4 million, up from PGK 314.8 million in the prior year
- expected credit losses on financial instruments at amortised cost of PGK 6.5 million, compared with PGK 22.0 million in the prior year
- other operating expenses of PGK 194.1 million, compared with PGK 182.9 million in the prior year.

Dividends

The Company paid a dividend of PGK 16.9 toea (AUD 6.0 cents) per share (PGK 48.3 million) in April 2021 in relation to the profit for the half year ended 31 December 2020. In September 2021, the Company paid a dividend of PGK 8.25 toea (AUD 3.0 cents) per share (PGK 23.7 million) in relation to the profit for the half year ended 30 June 2021.

After balance sheet date events

Subsequent to the balance sheet date, the directors declared a final dividend of PGK 18.5 toea (AUD 7.0 cents) per share (PGK 53.1 million) on underlying NPAT for the second half of the financial year ended 31 December 2021. See also note 40 for other subsequent events.

Donations

During the year the Group made donations totalling PGK 401,718 (2020: PGK 258,491).

Auditor's fees

Fees paid to the auditor during the year for professional services are shown in note 37 to the financial statements. The external auditor is Deloitte Touche Tohmatsu Ltd.

Remuneration of employees

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

in PGK	2021	2020
1,530,001 - 1,540,000	**1***	-
1,450,001 - 1,460,000	**-**	1*
1,030,001 - 1,040,000	**2**	-
980,001 - 990,000	**-**	2
920,001 - 930,000	**-**	1
900,001 - 910,000	**1**	-
860,001 - 870,000	**-**	1
800,001 - 810,000	**1**	1
770,001 - 780,000	**1**	-
750,001 - 760,000	**1**	1
740,001 - 750,000	**1**	1
710,001 - 720,000	**1**	-
640,001 - 650,000	**1**	-
610,001 - 620,000	**-**	1
600,001 - 610,000	**1**	-
580,001 - 590,000	**2**	2
570,001 - 580,000	**1**	-
550,001 - 560,000	**1**	1
540,001 - 550,000	**-**	1
510,001 - 520,000	**2**	-
500,001 - 510,000	**1**	-
490,001 - 500,000	**1**	2
470,001 - 480,000	**1**	1
460,001 - 470,000	**-**	1
450,001 - 460,000	**1**	-
440,001 - 450,000	**1**	2
420,001 - 430,000	**1**	-
400,001 - 410,000	**-**	1
390,001 - 400,000	**1**	1
380,001 - 390,000	**1**	2
360,001 - 370,000	**-**	1
330,001 - 340,000	**2**	-
320,001 - 330,000	**2**	2
310,001 - 320,000	**1**	3
300,001 - 310,000	**1**	-
280,001 - 290,000	**1**	1
270,001 - 280,000	**1**	-
260,001 - 270,000	**-**	2

impact of foreign exchange conversion

in PGK	2021	2020
250,001 - 260,000	**2**	-
240,001 - 250,000	**-**	1
220,001 - 230,000	**3**	2
210,001 - 220,000	**1**	-
200,001 - 210,000	**1**	1
190,001 - 200,000	**4**	2
180,001 - 190,000	**7**	4
170,001 - 180,000	**5**	10
160,001 - 170,000	**8**	4
150,001 - 160,000	**9**	7
140,001 - 150,000	**6**	9
130,001 - 140,000	**11**	8
120,001 - 130,000	**6**	2
110,001 - 120,000	**16**	18
100,000 - 110,000	**21**	23

The company's Renumeration Report is set out on pages 41 to 54.

Directors' remuneration amounts for 2021 and 2020 were as follows:

	2021 PGK'000	2020 PGK'000
Non-Executive Directors		
I. Taureka	**451**	362
K. Smith-Pomeroy	**360**	269
J. Thomason	**309**	236
P. Hutchinson	**278**	211
A. Carriline	**306**	227
I. Temu	**274**	-**
Total	**1,978**	1,305

Managing Director		
G. Pawson		
- Salaries	**1,533***	1,460*
- Other benefits including leave entitlements	**454**	454
	1,987	1,914
Total	**3,965**	3,219

**impact of foreign exchange conversion*
***payment made in 2021*

Signed at Port Moresby

on behalf of the Board on 30 March 2022

Mr. Isikeli Taureka
Director and Chairman

Mr. Greg Pawson
Managing Director and Chief Executive Officer

Directors' Declaration.

The directors declare that:

- in the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable
- in the directors' opinion, the attached consolidated financial statements and notes thereto are in accordance with the PNG Companies Act 1997, including compliance with International Financial Reporting Standards (IFRS) and giving a true and fair view of the financial position and performance of the Group as at and for the year ended 31 December 2021.

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

On behalf of the directors

Mr. Isikeli Taureka
Director and Chairman

Port Moresby, 30 March 2022

Mr. Greg Pawson
Managing Director and Chief Executive Officer

Port Moresby, 30 March 2022

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Kina Securities Limited (the "Company") and its subsidiaries (the "Group") which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information and directors' declaration.

In our opinion, the accompanying consolidated financial statements, give a true and fair view of the Group's and the Company's financial position as at 31 December 2021 and of their financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act 1997 (*amended 2014*).

Basis for Opinion

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

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

Key Audit Matters

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

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Impairment of loans and advances As at 31 December 2021, the Group has recognised provisions amounting to K38.10m for impairment losses on loans and advances held at amortised cost in accordance with the Expected Credit Loss (ECL) model as disclosed in Note 3. Loans and advances subject to provisioning	Our audit procedures, in conjunction with our specialists, included, but were not limited to: **Control design and implementation:** We tested the design and implementation of controls over the impairment provision including: • The accuracy of data input into the system used for determining the past due status and approval of credit

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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
using the ECL model include the residential lending portfolio, personal loan portfolio and loan commitments. Significant judgement was involved in determining the provision for credit impairment (including the timing of recognition and the amount of the provision). Key areas of the judgement include: • The application of the requirements to determine impairment under IFRS 9 Financial Instruments, which is reflected in the Company's and the Group's expected credit loss model; • Identification of exposures with a significant movement in credit quality to determine whether 12-month or lifetime expected credit loss should be recognised; and • Assumptions used in the expected credit loss model such as the financial condition of the counterparty, repayment capacity and forward-looking macroeconomic factors as disclosed in Note 3.	facilities; and • The ongoing monitoring and identification of loans displaying indicators of impairment and whether they are migrating on timely basis to appropriate default stages including generation of days past due reports. **Assessing impairment model adequacy:** We assessed the appropriateness of management's internally developed model in determining the impairment loss provision. Our procedures included, but were not limited to: • Assessing whether the impairment model adequately addresses the requirements of the relevant accounting standard • Assessing, on a sample basis, the individual exposures to determine if they are classified into appropriate default stages and aging categories for the purpose of determining the impairment loss provision • Assessing the reasonableness of the assumptions driving Probabilities of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD); and • Assessing the adequacy of management overlays to the modelled collective provision by recalculating the coverage provided by the collective impairment provision (including overlays) to the loan book, taking into account recent history, performance and de-risking of the relevant portfolios. We also assessed appropriateness of the disclosures in Note 3 to the consolidated financial statements.
Impairment of non-current assets As at 31 December 2021 the Group has recognised goodwill amounting to K92.7m, arising from the acquisitions of Maybank (PNG) Limited and Maybank Property (PNG) Limited as disclosed in Note 38. In accordance with IAS 36 *Impairment of Assets*, Cash Generating Units (CGUs) including goodwill must be tested for impairment at least annually. The impairment test requires significant judgement due to assumptions required in preparing a discounted cash flow model ('value in use'), including: • Identification of appropriate CGUs to which goodwill is allocated for the purpose of impairment testing	In conjunction with our valuation specialists, our procedures included, but were not limited to: • Evaluating the appropriateness of management's identification of the Group's CGUs and testing of design and implementation of key controls over the impairment assessment process, including the identification of indicators of impairment • Assessing the reasonableness of cash flow projections and growth rates against external economic and financial data, the Group's own historical performance and historical forecasting accuracy • Assessing the key assumptions and methodology used by management in the impairment model, in particular the weighted average cost of capital, the cost of debt and the terminal growth rate • Evaluating the value in use estimate determined by

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
• Future cash flows for the Cash Generating Unit ('CGU') • Discount rates; and • Terminal value growth rates.	management against the Company's market capitalisation; and • Testing the mathematical accuracy of the impairment model. We also assessed the appropriateness of the disclosures in Note 38 to the consolidated financial statements.
Information technology The Group's banking operations are heavily reliant on IT systems for processing large volumes of transactions as well as automated calculations supporting both internal and external financial reporting. These systems are vital to the ongoing operations of the business and to the integrity of the financial reporting process and as a result, the assessment of IT systems forms a key component of our audit.	Our procedures included, but were not limited to: • Obtaining understanding of the IT environment and identification of the key systems relevant to financial reporting • Testing the design and implementation of IT controls including but not limited to access administration, change management and segregation of duties; and • Responding to deficiencies identified by designing and performing additional procedures which included the identification and testing of compensating controls and varying the nature, timing and extent of the substantive procedures performed.

Other Information

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

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

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

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

Responsibilities of the Directors for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the Companies Act 1997 (amended 2014) and for such internal control as the directors determine is necessary to enable the preparation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with section 200 of the Companies Act 1997 *(amended 2014),* in our opinion:

- We obtained all information and explanations that were required; and
- Proper accounting records have been kept by the Group and the Company for the year ended 31 December 2021.

Our firm carries out other services for the Group and the Company in the areas of assurance, Information Technology (IT) and advisory in relation to risk management. The provision for these other services has not impaired our independence as auditors of the Group and the Company.

The engagement partners on the audit resulting in this independent auditor's report are Benjamin Lee and David Rodgers.

DELOITTE TOUCHE TOHMATSU

Benjamin Lee
Partner
Chartered Accountants
Registered under the Accountants Act 1996

Port Moresby, 30 March 2022

DELOITTE TOUCHE TOHMATSU

David Rodgers
Partner
Chartered Accountants
Registered Company Auditor in Australia

Brisbane, 30 March 2022

Statements of Comprehensive Income.

For the year ended 31 December 2021

	Note	Consolidated		Parent	
		2021	2020	**2021**	2020
		PGK '000	PGK '000	**PGK '000**	PGK '000
Interest income	5	**206,935**	199,687	**206,842**	89,176
Interest expense	5	**(29,623)**	(29,964)	**(29,533)**	(13,719)
Net interest income		**177,312**	169,723	**177,309**	75,457
Fee and commission income	6	**89,391**	76,352	**58,459**	20,960
Fee and commission expense	6	**(55)**	(134)	**(69)**	(122)
Net fee and commission income		**89,336**	76,218	**58,390**	20,838
Foreign exchange income		**65,632**	55,239	**66,316**	25,772
Dividend income	7	**562**	136	**50**	-
Net gains from financial assets at fair value through profit and loss	15	**817**	2,510	**467**	2,666
Other income	8	**703**	10,968	**4,117**	25,097
Operating income before impairment losses and other operating expenses		**334,362**	314,794	**306,649**	149,830
Expected credit losses on financial instruments at amortised cost	3b	**(6,519)**	(22,018)	**(6,665)**	(11,828)
Administrative and operating expenses	9	**(194,127)**	(182,870)	**(186,127)**	(83,309)
Other one-off expenses	31	**(27,700)**	-	**(27,700)**	-
Profit before tax		**106,016**	109,906	**86,157**	54,693
Income tax expense	10	**(35,206)**	(33,932)	**(29,634)**	(17,226)
Net profit for the year attributable to the equity holders of the Company		**70,810**	75,974	**56,523**	37,467
Other comprehensive income		**-**	-	**-**	-
Total comprehensive income for the year attributable to the equity holders of the Company		**70,810**	75,974	**56,523**	37,467

		2021	2020
Earnings per share - basic (toea)	27 b	**24.68**	37.25
Earnings per share - diluted (toea)	27 b	**24.39**	37.06

The notes on pages 75 to 130 are an integral part of these consolidated financial statements.

Statements of Financial Position.

As at 31 December 2021

	Note	Consolidated		Parent	
		2021	2020	**2021**	2020
		PGK '000	PGK '000	**PGK '000**	PGK '000
Assets					
Cash and due from banks	12	**408,334**	335,147	**366,302**	361,614
Central bank bills	13	**795,362**	647,874	**795,362**	647,874
Regulatory deposits	14	**212,874**	185,711	**212,874**	185,711
Financial assets at fair value through profit or loss	15	**11,652**	10,682	**6,771**	6,151
Loans and advances to customers	16	**1,950,447**	1,614,731	**1,944,273**	1,609,969
Investments in government inscribed stocks	17	**112,107**	114,519	**112,107**	114,519
Due from subsidiaries	29	**-**	-	**65,518**	1,387
Current income tax assets	23	**31**	83	**-**	-
Deferred tax assets	11	**16,988**	16,482	**16,474**	15,956
Investments in subsidiaries	18	**-**	-	**248**	248
Property, plant and equipment	19	**90,467**	86,274	**90,467**	86,274
Goodwill	38	**92,786**	92,786	**92,786**	92,786
Intangible assets	20	**48,663**	49,449	**48,364**	49,150
Other assets	21	**45,947**	145,813	**42,393**	145,204
		3,785,658	3,299,551	**3,793,939**	3,316,843
Liabilities					
Due to other banks		**4,701**	5,385	**4,701**	5,385
Due to customers	22	**3,036,921**	2,560,715	**3,079,454**	2,599,474
Current income tax liabilities	23	**11,697**	4,966	**11,493**	3,761
Due to subsidiaries	29	**-**	-	**9,612**	8,988
Employee provisions	24	**10,906**	11,538	**9,802**	10,593
Lease Liabilities	25	**48,851**	47,342	**48,851**	47,342
Other liabilities	26	**95,959**	92,571	**94,917**	91,493
		3,209,035	2,722,517	**3,258,830**	2,767,036
Net assets		**576,623**	577,034	**535,109**	549,807
Shareholders' equity					
Issued and fully paid ordinary shares	27 a	**394,693**	394,693	**394,693**	394,693
Share-based payment reserve	27 c	**3,587**	2,774	**3,587**	2,774
Retained earnings		**178,343**	179,567	**136,829**	152,340
Total equity		**576,623**	577,034	**535,109**	549,807

The notes on pages 75 to 130 are an integral part of these consolidated financial statements.

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

Mr Isikeli Taureka
Director and Chairman

Mr Greg Pawson
Managing Director and Chief Executive Officer

Statements of Changes in Equity.

For the year ended 31 December 2021

Consolidated	Attributable to the equity holders of the Group			
	Share Capital	**Share-Based Payment Reserve**	**Retained Earnings**	**Total**
	PGK '000	PGK '000	PGK '000	PGK '000
Balance as at 31 December 2019	**176,970**	**2,063**	**148,243**	**327,276**
Profit for the year	-	-	75,974	75,974
Other comprehensive income	-	-	-	-
Additional shares issued	217,723	-	-	217,723
Employee share scheme - vested rights	-	(2,297)	-	(2,297)
Employee share scheme - value of employee services	-	3,008	-	3,008
Dividend paid	-	-	(44,650)	(44,650)
Balance as at 31 December 2020	**394,693**	**2,774**	**179,567**	**577,034**
Profit for the year	-	-	70,810	70,810
Other comprehensive income	-	-	-	-
Additional shares issued	-	-	-	-
Employee share scheme - vested rights	-	(3,476)	-	(3,476)
Employee share scheme - value of employee services	-	4,289	-	4,289
Dividend paid	-	-	(72,034)	(72,034)
Balance as at 31 December 2021	**394,693**	**3,587**	**178,343**	**576,623**

Parent	Attributable to the equity holders of the Parent			
	Share Capital	**Share-Based Payment Reserve**	**Retained Earnings**	**Total**
	PGK '000	PGK '000	PGK '000	PGK '000
Balance as at 31 December 2019	**176,970**	**2,063**	**52,029**	**231,062**
Profit for the year	-	-	37,467	37,467
Additional shares issued	217,723	-	-	217,723
Other comprehensive income	-	-	-	-
Employee share scheme - vested rights	-	(2,297)	-	(2,297)
Employee share scheme - value of employee services	-	3,008	-	3,008
Amalgamation adjustment	-	-	107,494	107,494
Dividend paid	-	-	(44,650)	(44,650)
Balance as at 31 December 2020	**394,693**	**2,774**	**152,340**	**549,807**
Profit for the year	-	-	56,523	56,523
Additional shares issued	-	-	-	-
Other comprehensive income	-	-	-	-
Employee share scheme - vested rights	-	(3,476)	-	(3,476)
Employee share scheme - value of employee services	-	4,289	-	4,289
Dividend paid	-	-	(72,034)	(72,034)
Balance as at 31 December 2021	**394,693**	**3,587**	**136,829**	**535,109**

The notes on pages 75 to 130 are an integral part of these consolidated financial statements.

Statements of Cash Flows.

For the year ended 31 December 2021

		Consolidated		Parent	
		2021	2020	**2021**	2020
		PGK '000	PGK '000	PGK '000	PGK '000
Cash flows from operating activities					
Interest received		**206,779**	202,364	**206,686**	85,218
Interest paid		**(33,943)**	(27,376)	**(33,853)**	(3,704)
Foreign exchange gain		**65,632**	55,239	**66,316**	25,772
Dividend received		**562**	136	**50**	-
Fee and commission income received		**87,978**	78,271	**58,459**	20,960
Fee and commission expense paid		**(55)**	(134)	**(69)**	(123)
Net trading and other operating income		**1,415**	13,256	**2,588**	25,791
Recoveries on loans previously written off		**1,750**	1,943	**1,750**	1,943
Support fees charged from subsidiaries		**-**	-	**1,890**	1,751
Cash payments to employees and suppliers		**(179,188)**	(169,183)	**(239,076)**	(32,784)
Income tax paid		**(28,918)**	(36,195)	**(22,419)**	(32,394)
Cash flows from operating profits before changes in operating assets and liabilities		**122,012**	118,321	**42,322**	92,430
Changes in operating assets and liabilities:					
- net (increase)/decrease in regulatory deposits		**(27,163)**	64,002	**(27,163)**	(14,687)
- net increase in loans and advances to customers		**(336,052)**	(217,160)	**(336,053)**	(138,215)
- net decrease/(increase) in other assets		**14,904**	(82,487)	**17,850**	(111,488)
- net increase in due to customers		**476,206**	99,748	**479,979**	51,011
- net (decrease)/increase due to other banks		**(684)**	4,814	**(684)**	5,364
- net (decrease)/increase in other liabilities		**(2,201)**	(60,110)	**(2,164)**	1,025
Net cash inflow/(outflow) generated from/(used in) operating activities	28c	**247,022**	(72,872)	**174,087**	(114,560)
Cash flows from investing activities					
Purchase of property, equipment and software		**(28,431)**	(22,924)	**(28,431)**	(22,924)
Proceeds from sale of property and equipment		**148**	264	**148**	264
Cash acquired on amalgamation		**-**	-	**-**	243,321
Net movement in investment securities		**(50,494)**	52,355	**(50,144)**	103,088
Other one-off expenses	31	**(8,407)**	-	**(8,407)**	-
Refund of deposit from Westpac	32	**84,567**	-	**84,567**	-
Net cash inflow/(outflow) generated from/(used in) investing activities		**(2,617)**	29,695	**(2,267)**	323,749
Cash flows from financing activities					
Dividend paid		**(72,034)**	(44,650)	**(72,034)**	(44,650)
Proceeds on issuance of shares		**-**	217,723	**-**	217,723
Net cash inflow/(outflow) generated from/(used) in financing activities		**(72,034)**	173,073	**(72,034)**	173,073
Net increase in cash and cash equivalents		**172,371**	129,896	**99,786**	382,262
Effect of exchange rate movements on cash and cash equivalents		**(4,184)**	549	**(98)**	515
Cash and cash equivalents at beginning of year		**400,147**	269,702	**426,614**	43,837
Cash and cash equivalents at end of year	28a	**568,334**	400,147	**526,302**	426,614

The notes on pages 75 to 130 are an integral part of these consolidated financial statements.

Notes to the Financial Statements.

For the year ended 31 December 2021

1. Summary of significant accounting policies

1.1 General information

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

Effective 9 July 2020, Kina Securities Limited amalgamated with Kina Bank Limited (KBL), Kina Ventures Limited (KVL) and Kina Properties Limited (KPL) and is now known as Kina Securities Limited.

1.2 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Papua New Guinea Companies Act 1997.

The consolidated financial statements as at and for the year ended 31 December 2021 were authorised for issue by the Board of Directors on 30 March 2022.

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

1.3 Amendments to IFRSs that are mandatorily effective for the current reporting period

New and revised Standards and amendments thereof effective for the current financial year, and which have been applied in the preparation of these financial statements, that are relevant to the Group include the:

- impact of the initial application of Interest Rate Benchmark Reform
- impact of the initial application of COVID-19-Related Rent Concessions beyond 30 June 2021—Amendment to IFRS 16

Impact of the initial application of Interest Rate Benchmark Reform

The Group has adopted the Phase 2 amendments Interest Rate Benchmark Reform—Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. Adopting these amendments enables the Group to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as 'risk-free rates' or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements. The Group has not restated the prior period. Instead, the amendments have been applied retrospectively with any adjustments recognised in the appropriate components of equity as at 1 January 2021. The Group determined that there is no material impact.

Impact of the initial application of COVID-19-Related Rent Concessions beyond 30 June 2021—Amendment to IFRS 16

The Group has applied the amendment to IFRS 16 (as issued by the Board in May 2021) that extends practical expedient to apply to reduction in lease payments originally due on or before 30 June 2022. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession applying IFRS 16 as if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change
- any reduction in lease payments affects only payments originally due on or before 30 June 2022 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2022 and increased lease payments that extend beyond 30 June 2022)
- there is no substantive change to other terms and conditions of the lease.

The Group determined that there is no material impact.

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

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

IFRS 17 (including the June 2020 amendments to IFRS 17)	*Insurance Contracts*
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*
Amendments to IFRS 3	*Reference to the Conceptual Framework*
Amendments to IAS 16	*Property, Plant and Equipment—Proceeds before Intended Use*
Amendments to IAS 37	*Onerous Contracts—Cost of Fulfilling a Contract*
Annual Improvements to IFRS Standards 2018-2020 Cycle	*Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

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

1.5 Basis of consolidation

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

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Group has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

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

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

Profit or loss and each component of OCI (other comprehensive income) are attributed to the owners of the Group and to the non-controlling interests (NCI), if any. Total comprehensive income of the subsidiaries is attributed to the owners of the Group and to the NCI even if this results in the NCI having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation, with the exception of foreign currency gains and losses on intragroup monetary items denominated in a foreign currency of at least one of the parties.

1.6 Segment reporting

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

1.7 Foreign currency translation

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

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

1.8 Interest income and interest expense

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

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

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

The interest income/expense is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortised cost of financial liabilities. For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)). For financial assets originated or purchased credit-impaired (POCI) the EIR reflects the ECLs in determining the future cash flows expected to be received from the financial asset.

1.9 Fee and commission income

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

- *investment and portfolio management* - The Group manages investments for a number of superannuation funds and corporate clients. These services are provided by the Group on monthly basis and therefore billed accordingly. Revenue is recognised as and when the bill is raised i.e. when performance obligation is satisfied.
- *fund administration* - The Group earns a fee through administration of funds for its customers based on the fee rates agreed under the terms of the contract. The services are billed to customers on monthly basis at which point revenue is recognised, i.e. at the time when performance obligation is satisfied.
- *share brokerage* - The Group generates share brokerage from trading services for customers on Port Moresby Stock Exchange ('PNGX') and Australian Stock Exchange ('ASX'). Revenue is recognised upon settlement of the trade which is commensurate with when the performance obligation is satisfied.
- *loan fee and bank commission* - The Group charges various loan fee and commissions to its customers during the tenure of the loan unrelated to establishment of the loan facility. Revenue is recognised when services promised under the contract are rendered and performance obligations are satisfied.
- *digital banking fees* – The Group increases the services it provides through digital access solutions giving customers convenient ways to do transactions. The services include online banking, utility top ups, cashless transactions using payment platforms and card transactions.

1.10 Leases

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

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

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

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

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

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

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

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

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

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

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

Short-term leases and leases of low-value assets

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

1.11 Taxation

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

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

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

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

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

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

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

1.12 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the following:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

The excess of the following is considered as goodwill:

- consideration transferred;
- amount of any non-controlling interest in the acquired entity; and
- acquisition date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired if those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently re-measured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is re-measured to fair value at the acquisition date. Any gains or losses arising from such re-measurement are recognised in profit or loss.

1.13 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less from date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

1.14 Financial instruments

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

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

Financial assets

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

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

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

Specifically:

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

Debt instruments at amortised cost or at FVTOCI

The Group assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Group's business model for managing the asset. The Group classifies and measures at amortised cost or at FVTOCI, assets where contractual terms give rise to cash flows that are solely payments of principal and interest on the principal outstanding (SPPI).

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Group determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

At initial recognition of a financial asset, the Group determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Group reassess its business models each reporting period to determine whether the business models have changed since the preceding period.

Financial assets at FVTPL

Financial assets at FVTPL are:

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

These assets are measured at fair value, with any gains/losses arising on re-measurement recognised in profit or loss.

Reclassification

If the business model under which the Group holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Group's financial assets. During the current financial year there was no change in the business model under which the Group holds financial assets and therefore no reclassifications were made. Changes in contractual cash flows are considered under the accounting policy on Modification and de-recognition of financial assets described below.

Impairment

The Group measures and recognises loss allowances for ECLs on the following financial instruments that are not measured at FVTPL:

- loans and advances
- investment in government inscribed stocks
- other financial assets
- loan commitments issued; and
- financial guarantee contracts issued.

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

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

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

Significant increase in credit risk

The Group monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

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

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

Definition of default

The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk (see note 3).

The Group considers the following as constituting an event of default:

- the borrower is past due more than a specified number of days depending upon the type of loan arrangement on any material credit obligation to the Group; or
- the borrower is unlikely to pay its credit obligations to the Group in full.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the recovery of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer
- a breach of contract such as a default or past due event
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider
- the disappearance of an active market for a security because of financial difficulties
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses; or
- the facility is overdue by more than specified number of days.

The Group assesses whether debt instruments that are financial assets measured at amortised cost are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Group considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default.

Write-off

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

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets
- for loan commitments and financial guarantee contracts: as a provision; and
- where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

Financial liabilities

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

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

Other financial liabilities

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

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

Derecognition of financial liabilities

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

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

Financial guarantee contracts

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

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

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

Financial guarantee contracts not designated at FVTPL are presented as provisions on the consolidated statement of financial position and the remeasurement is presented in other revenue.

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

1.15 Property, plant and equipment

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

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

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

1.16 Intangible assets and other non-financial assets

Goodwill

Goodwill is measured as described in note 38 Goodwill having an indefinite useful life is not amortized but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

Other non-financial assets

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

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

Customer deposits relationship / intangible

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

Software

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

1.17 Provisions

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

1.18 Employee benefits

Short-term obligations

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

Provisions made in respect of employee benefits expected to be settled within twelve months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognised in respect of employee benefits which are not expected to be settled within twelve months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

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

Share-based payments

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

Cash bonus

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

1.19 Share capital and other equity accounts

Share capital

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

Dividends

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

Reserves

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

1.20 Earnings per share

Basic earnings per share

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

Diluted earnings per share

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

1.21 Fiduciary activities

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

2. Critical accounting estimates and judgments

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

The areas involving significant estimates or judgments are:

- Significant increase in credit risk – note 3
- Estimated allowance for loans and advances to customers – note 16 and 3(b)
- Estimated goodwill impairment – note 38
- Estimated useful life of intangible asset – note 20
- Estimation of the fair value of performance right grants and the number of grants expected to vest – note 27(c).

3. Financial risk management

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

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

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

a. Market risk

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

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

i. Foreign exchange risk;

ii. Interest rate risk; and

iii. Equity price risk.

(i) Foreign exchange risk

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

Exposure

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

PGK '000	USD	AUD	SGD	GBP	EUR	NZD	JPY	Others
31 December 2021								
Cash balance	264	303	71	32	193	630	206	77
Due from other banks	92,485	62,546	212	203	1,739	532	215	2,266
	92,749	**62,849**	**283**	**235**	**1,932**	**1,162**	**421**	**2,343**
31 December 2020								
Cash balance	288	492	95	42	199	660	233	86
Due from /(to) other banks	90,405	3,926	1,820	665	517	541	-	(265)
	90,693	**4,418**	**1,915**	**707**	**716**	**1,201**	**233**	**(179)**

There were no material liabilities denominated in foreign currency.

Sensitivity

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

	Impact on statement of comprehensive income in	
	2021	2020
	PGK'000	PGK'000
USD/PGK – exchange rate – increase 10% (2020:10%)	**(8,408)**	(8,219)
USD/PGK – exchange rate – decrease 10% (2020:10%)	**10,276**	10,045

(ii) Interest rate risk

Interest rate risk in the statements of financial position arises from the potential for a change in interest rate to have an adverse effect on the earnings in the current and future years. As interest rates and yield curves change over time the Group may be exposed to a loss in earnings due to the effects of interest rates on the structure of the statements of financial position. Sensitivity to interest rates arises from mismatches in re-pricing dates, cash flows and other characteristics of the assets and their corresponding liability funding.

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

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

	Year ended 31 December 2021	
	Carrying amount	Average Interest rate (% p.a.)
Assets	PGK '000	
Cash and due from banks	408,334	0.03%
Central bank bills	795,362	5.86%
Loans and advances to customers	1,950,447	8.40%
Investments in government inscribed stocks	112,107	11.48%
Liability		
Due to customers	3,036,921	0.91%

	Year ended 31 December 2020	
	Carrying amount	Average Interest rate (% p.a.)
Assets	PGK '000	
Cash and due from banks	335,147	0.03%
Central bank bills	647,874	6.27%
Loans and advances to customers	1,614,731	9.45%
Investments in government inscribed stocks	114,519	12.11%
Liability		
Due to customers	2,560,715	1.03%

Sensitivity

Given the profile of assets and liabilities at 31 December 2021 and prevailing interest rates, a 100 basis points increase/decrease in market rates in relation to lending will result in a maximum possibility of PGK2,293,292 (2020: PGK1,407,752) decrease/increase in net interest income at a Group level.

(iii) Equity price risk

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

Sensitivity

The sensitivity analysis below has been determined based on the exposure to equity price risks at the end of the reporting period. If equity prices had been 5% higher/lower, net profit for the year ended 31 December 2021 and net assets as of balance date would have been affected by K582,621 (2020: K534,112). The Group's sensitivity to equity prices has changed relative to asset balance from the prior year.

	Impact on statement of comprehensive income in	
	2021	2020
	PGK'000	PGK'000
Equity prices – increase 5% (2020: 5%)	**583**	534
Equity prices – decrease 5% (2020: 5%)	**(583)**	(534)

b. Credit risk

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

(i) Credit risk management

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

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

(ii) Significant increase in credit risk

As explained in note 1 the Group monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

(iii) Incorporation of forward-looking information

The Group uses forward-looking information that is available without undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of ECL. The Group's credit risk management function uses external and internal information to generate a 'base case' scenario of future forecast of relevant economic variables along with a representative range of other possible forecast scenarios. The external information used includes economic data and forecasts published by governmental bodies and monetary authorities.

The Group applies probabilities to the forecast scenarios identified. The base case scenario is the single most-likely outcome and consists of information used by the Group for strategic planning and budgeting. The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using a statistical analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

(iv) Measurement of ECL

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

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

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

EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities. The Group's modelling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the loan exposure that are permitted by the current contractual terms, such as amortisation profiles, early repayment or overpayment, changes in utilisation of undrawn commitments and credit mitigation actions taken before default.

(v) Groupings based on shared risks characteristics

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

(vi) Credit quality

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

Class of financial instrument	Financial statement line	Note
Cash and due from banks at amortised cost	Cash and due from banks	Note 12
Treasury and central bank bills at amortised cost	Central bank bills	Note 13
Regulatory deposits at amortised cost	Regulatory deposits	Note 14
Loans and advances to customers at amortised cost	Loans and advances to customers	Note 16
Investments in government inscribed stocks at amortised cost	Investments in government inscribed stocks	Note 17
Bank guarantees	Contingent liabilities	Note 33
Other financial assets	Other assets	Note 21

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

	Consolidated	
	31 December 2021	31 December 2020
Cash and due from banks at amortised cost	PGK'000	PGK'000
Concentration by sector		
Cash on hand	**115,451**	118,811
With central bank (exchange settlement account)	**123,895**	112,024
With other banks	**168,988**	104,312
Total	**408,334**	335,147
Concentration by region		
Papua New Guinea	**243,502**	237,539
Offshore*	**164,832**	97,608
Total	**408,334**	335,147

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

	Parent	
	31 December 2021	31 December 2020
Cash and due from banks at amortised cost	PGK'000	PGK'000
Concentration by sector		
Cash on hand	**115,451**	118,811
With central bank (exchange settlement account)	**123,895**	112,024
With other banks	**126,956**	130,779
Total	**366,302**	361,614
Concentration by region		
Papua New Guinea	**273,241**	273,279
Offshore*	**93,061**	88,335
Total	**366,302**	361,614

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

	Consolidated	
	31 December 2021	31 December 2020
Treasury and central bank bills at amortised cost	PGK'000	PGK'000
Concentration by sector		
With central banks	**795,362**	647,874
Total	**795,362**	647,874
Concentration by region		
Papua New Guinea	**795,362**	647,874
Total	**795,362**	647,874

	Parent	
	31 December 2021	31 December 2020
Treasury and central bank bills at amortised cost	PGK'000	PGK'000
Concentration by sector		
With central banks	**795,362**	647,874
Total	**795,362**	647,874
Concentration by region		
Papua New Guinea	**795,362**	647,874
Total	**795,362**	647,874

	Consolidated	
	31 December 2021	31 December 2020
Regulatory deposits at amortised cost	PGK'000	PGK'000
Concentration by sector		
With central banks	**212,874**	185,711
Total	**212,874**	185,711
Concentration by region		
Papua New Guinea	**212,874**	185,711
Total	**212,874**	185,711

Parent		
	31 December 2021	31 December 2020
Regulatory deposits at amortised cost	PGK'000	PGK'000
Concentration by sector		
With central banks	**212,874**	185,711
Total	**212,874**	185,711
Concentration by region		
Papua New Guinea	**212,874**	185,711
Total	**212,874**	185,711

Consolidated		
	31 December 2021	31 December 2020
Loans and advances to customers at amortised cost	PGK'000	PGK'000
Concentration by sector		
Individuals:		
Mortgages	**547,260**	481,492
Unsecured lending	**30,158**	33,436
Corporate entities:		
Agriculture, Forestry & Fishing	**16,159**	13,763
Mining	**14,859**	14,528
Manufacturing	**15,937**	16,786
Electrical, Gas & Water	**7,272**	7,459
Building & Construction	**93,107**	105,606
Wholesale & Retail	**597,854**	379,893
Hotels & Restaurants	**93,877**	104,928
Transport & Storage	**10,218**	12,635
Financial Intermediation	**-**	14,329
Real Estate/Renting/Business Services	**336,717**	329,776
Equipment Hire	**27,900**	23,038
Other Business	**191,543**	109,838
Personal Banking	**5,685**	2,569
Total	**1,988,547**	1,650,076
Concentration by region		
Papua New Guinea	**1,988,547**	1,650,076
Total	**1,988,547**	1,650,076

Parent		
	31 December 2021	31 December 2020
Loans and advances to customers at amortised cost	PGK'000	PGK'000
Concentration by sector		
Individuals:		
Mortgages	**547,260**	481,492
Unsecured lending	**30,158**	33,436
Corporate entities:		
Agriculture, Forestry & Fishing	**16,159**	13,763
Mining	**14,859**	14,528
Manufacturing	**15,937**	16,786
Electrical, Gas & Water	**7,272**	7,459
Building & Construction	**93,107**	105,606
Wholesale & Retail	**597,854**	379,893
Hotels & Restaurants	**93,877**	104,928
Transport & Storage	**10,218**	12,635
Financial Intermediation	**-**	14,329
Real Estate/Renting/Business Services	**336,717**	329,776
Equipment Hire	**27,900**	23,038
Other Business	**185,016**	104,576
Personal Banking	**5,685**	2,569
Total	**1,982,019**	1,644,814
Concentration by region		
Papua New Guinea	**1,982,019**	1,644,814
Total	**1,982,019**	1,644,814

Consolidated		
	31 December 2021	31 December 2020
Investments in government inscribed stocks at amortised cost	PGK'000	PGK'000
Concentration by sector		
Sovereign	**113,746**	116,193
Total	**113,746**	116,193
Concentration by region		
Papua New Guinea	**113,746**	116,193
Total	**113,746**	116,193

Parent		
	31 December 2021	31 December 2020
Investments in government inscribed stocks at amortised cost	PGK'000	PGK'000
Concentration by sector		
Sovereign	**113,746**	116,193
Total	**113,746**	116,193
Concentration by region		
Papua New Guinea	**113,746**	116,193
Total	**113,746**	116,193

Consolidated

Bank guarantees	31 December 2021 PGK'000	31 December 2020 PGK'000
Concentration by sector		
Corporate entities:		
Agriculture, Forestry & Fishing	**18,199**	26,285
Mining	**-**	22,003
Wholesale & Retail	**13,210**	13,300
Building and Construction	**9,857**	20,106
Transport & Storage	**129**	4,510
Electrical, Gas & Water	**-**	1,470
Other Business	**5,433**	1,030
Total	**46,829**	88,704
Concentration by region		
Papua New Guinea	**46,829**	88,704
Total	**46,829**	88,704

Parent

Bank guarantees	31 December 2021 PGK'000	31 December 2020 PGK'000
Concentration by sector		
Corporate entities:		
Agriculture, Forestry & Fishing	**18,199**	26,285
Mining	**-**	22,003
Wholesale & Retail	**13,210**	13,300
Building and Construction	**9,857**	20,106
Transport & Storage	**129**	4,510
Electrical, Gas & Water	**-**	1,470
Other Business	**5,433**	1,030
Total	**46,829**	88,704
Concentration by region		
Papua New Guinea	**46,829**	88,704
Total	**46,829**	88,704

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

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

Consolidated

31 December 2021

	Stage 1 12-month ECL PGK'000	Stage 2 Lifetime ECL PGK'000	Stage 3 Lifetime ECL PGK'000	POCI PGK'000	Total PGK'000
Cash and due from banks	408,334	-	-	-	408,334
Treasury and central bank bills	795,362	-	-	-	795,362
Regulatory deposits	212,874	-	-	-	212,874
Loans and advances	1,749,548	152,442	71,667	14,890	1,988,547
Investment in government inscribed stocks	113,746	-	-	-	113,746
Other financial assets	49,937	-	-	-	49,937
Bank guarantees	46,829	-	-	-	46,829
Total gross carrying amount	**3,376,630**	**152,442**	**71,667**	**14,890**	**3,615,629**
Loss allowance	(25,680)	(10,447)	(7,602)	-	(43,729)
Net carrying amount	**3,350,950**	**141,995**	**64,065**	**14,890**	**3,571,900**

Consolidated

31 December 2020

	Stage 1 12-month ECL PGK'000	Stage 2 Lifetime ECL PGK'000	Stage 3 Lifetime ECL PGK'000	POCI PGK'000	Total PGK'000
Cash and due from banks	335,147	-	-	-	335,147
Treasury and central bank bills	647,874	-	-	-	647,874
Regulatory deposits	185,711	-	-	-	185,711
Loans and advances	1,417,091	184,262	29,673	19,050	1,650,076
Investment in government inscribed stocks	116,193	-	-	-	116,193
Other financial assets	149,851	-	-	-	149,851
Bank guarantees	88,704	-	-	-	88,704
Total gross carrying amount	**2,940,571**	**184,262**	**29,673**	**19,050**	**3,173,556**
Loss allowance	(17,770)	(19,777)	(3,510)	-	(41,057)
Net carrying amount	**2,922,801**	**164,485**	**26,163**	**19,050**	**3,132,499**

Parent

31 December 2021

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total
	PGK'000	PGK'000	PGK'000	PGK'000	PGK'000
Cash and due from banks	366,302	-	-	-	366,302
Treasury and central bank bills	795,362	-	-	-	795,362
Regulatory deposits	212,874	-	-	-	212,874
Loans and advances	1,745,860	151,457	69,812	14,890	1,982,019
Investment in government inscribed stocks	113,746	-	-	-	113,746
Other financial assets	46,383	-	-	-	46,383
Bank guarantees	46,829	-	-	-	46,829
Total gross carrying amount	**3,327,356**	**151,457**	**69,812**	**14,890**	**3,563,515**
Loss allowance	(25,680)	(10,443)	(7,252)	-	(43,375)
Net carrying amount	**3,301,676**	**141,014**	**62,560**	**14,890**	**3,520,140**

Parent

31 December 2020

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total
	PGK'000	PGK'000	PGK'000	PGK'000	PGK'000
Cash and due from banks	361,614	-	-	-	361,614
Treasury and central bank bills	647,874	-	-	-	647,874
Regulatory deposits	185,711	-	-	-	185,711
Loans and advances	1,414,258	183,885	27,621	19,050	1,644,814
Investment in government inscribed stocks	116,193	-	-	-	116,193
Other financial assets	149,242	-	-	-	149,242
Bank guarantees	88,704	-	-	-	88,704
Total gross carrying amount	**2,963,596**	**183,885**	**27,621**	**19,050**	**3,194,152**
Loss allowance	(17,770)	(19,718)	(3,069)	-	(40,557)
Net carrying amount	**2,945,826**	**164,167**	**24,552**	**19,050**	**3,153,595**

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

Consolidated

	31 December 2021	31 December 2020
Loss allowance by classes	PGK'000	PGK'000
Loans and advances to customers at amortised cost	**38,100**	35,345
Investments in government inscribed stocks at amortised cost	**1,639**	1,674
Other financial assets	**3,990**	4,038
Total	**43,729**	41,057

Parent

	31 December 2021	31 December 2020
Loss allowance by classes	**PGK'000**	PGK'000
Loans and advances to customers at amortised cost	**37,746**	34,845
Investments in government inscribed stocks at amortised cost	**1,639**	1,674
Other financial assets	**3,990**	4,038
Total	**43,375**	40,557

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

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

Consolidated

	Balance at 01 January 2021	Additional ECL recognised	Write-offs	Bad debt Recoveries	Balance at 31 December 2021
Loss allowance by classes	**PGK'000**	**PGK'000**	**PGK'000**	**PGK'000**	**PGK'000**
Loans and advances to customers at amortised cost	35,345	6,555	(5,550)	1,750	38,100
Investments in government inscribed stocks at amortised cost	1,674	9	(44)	-	1,639
Other financial assets	4,038	-	(48)	-	3,990
Total	**41,057**	**6,564**	**(5,642)**	**1,750**	**43,729**

Consolidated

	Balance at 01 January 2020	Additional ECL recognised	Write-offs	Bad debt Recoveries	Provision derecognised in respect of sales of loan book	Balance at 31 December 2020
Loss allowance by classes	**PGK'000**	**PGK'000**	**PGK'000**	**PG K'000**	**PGK'000**	**PGK'000**
Loans and advances to customers at amortised cost	20,525	20,832	(7,096)	1,943	(859)	35,345
Investments in government inscribed stocks at amortised cost	489	1,185	-	-	-	1,674
Other financial assets	4,038	-	-	-	-	4,038
Total	**25,052**	**22,017**	**(7,096)**	**1,943**	**(859)**	**41,057**

Parent

Loss allowance by classes	Balance at 01 January 2021	Additional ECL recognised	Write-offs	Bad debt Recoveries	Balance at 31 December 2021
	PGK'000	PGK'000	PGK'000	PGK'000	PGK'000
Loans and advances to customers at amortised cost	34,845	6,701	(5,550)	1,750	37,746
Investments in government inscribed stocks at amortised cost	1,674	9	(44)	-	1,639
Other financial assets	4,038	-	(48)	-	3,990
Total	**40,557**	**6,710**	**(5,642)**	**1,750**	**43,375**

Parent

Loss allowance by classes	Balance at 01 January 2020	Amalgamation adjustment	Additional ECL recognised	Write-offs	Bad debt Recoveries	Provision derecognised in respect of sales of loan book	Balance at 31 December 2020
	PGK'000	PGK'000	PGK'000	PGK'000	PGK'000	PGK'000	PGK'000
Loans and advances to customers at amortised cost	-	20,029	11,828	(7,096)	1,943	(859)	34,845
Investments in government inscribed stocks at amortised cost	-	1,674	-	-	-	-	1,674
Other financial assets	101	3,937	-	-	-	-	4,038
Total	**101**	**34,640**	**11,828**	**(7,096)**	**1,943**	**(859)**	**40,557**

Consolidated

31 December 2021

Loss allowance - Loans and advances to customers at amortised cost	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total
	PGK'000	PGK'000	PGK'000	PGK'000	PGK'000
Loss allowance as at 01 January	**12,058**	**19,777**	**3,510**	-	**35,345**
Changes in the loss allowance					
- Transfer to stage 1	637	(616)	(21)	-	-
- Transfer to stage 2	(3,436)	3,453	(17)	-	-
- Transfer to stage 3	(209)	(4,240)	4,449	-	-
- Write-offs	-	(4,703)	(766)	-	(5,469)
New financial assets originated or purchased	22,052	8,751	3,547	-	34,350
Financial assets that have been derecognised	(11,119)	(11,895)	(3,112)	-	(26,126)
Loss allowance as at 31 December	**19,983**	**10,527**	**7,590**	-	**38,100**

Consolidated

31 December 2020

Loss allowance - Loans and advances to customers at amortised cost	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total
	PGK'000	PGK'000	PGK'000	PGK'000	PGK'000
Loss allowance as at 01 January	**12,102**	**6,698**	**1,725**	-	**20,525**
Changes in the loss allowance					
- Transfer to stage 1	84	(84)	-	-	-
- Transfer to stage 2	(811)	812	(1)	-	-
- Transfer to stage 3	(6)	(404)	410	-	-
- Write-offs	-	(4,406)	(747)	-	(5,153)
New financial assets originated or purchased	4,716	17,972	2,245	-	24,933
Financial assets that have been derecognised	(4,027)	(811)	(122)	-	(4,960)
Loss allowance as at 31 December	**12,058**	**19,777**	**3,510**	-	**35,345**

Parent

31 December 2021

Loss allowance - Loans and advances to customers at amortised cost	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total
	PGK'000	PGK'000	PGK'000	PGK'000	PGK'000
Loss allowance as at 01 January	12,058	19,718	3,069	-	34,845
Changes in the loss allowance					
- Transfer to stage 1	637	(616)	(21)	-	-
- Transfer to stage 2	(3,436)	3,453	(17)	-	-
- Transfer to stage 3	(209)	(4,224)	4,433	-	-
- Write-offs	-	(4,704)	(766)	-	(5,470)
New financial assets originated or purchased	22,054	8,751	3,451	-	34,256
Financial assets that have been derecognised	(11,119)	(11,853)	(2,913)	-	(25,885)
Loss allowance as at 31 December	19,985	10,525	7,236	-	37,746

Parent

31 December 2020

Loss allowance - Loans and advances to customers at amortised cost	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total
	PGK'000	PGK'000	PGK'000	PGK'000	PGK'000
Loss allowance as at 01 January	12,102	6,648	1,483	-	20,233
Changes in the loss allowance					
- Transfer to stage 1	84	(84)	-	-	-
- Transfer to stage 2	(811)	812	(1)	-	-
- Transfer to stage 3	(6)	(404)	410	-	-
- Write-offs	-	(4,406)	(747)	-	(5,153)
New financial assets originated or purchased	4,716	17,963	2,046	-	24,725
Financial assets that have been derecognised	(4,027)	(811)	(122)	-	(4,960)
Loss allowance as at 31 December	12,058	19,718	3,069	-	34,845

Consolidated

31 December 2021

Loans and advances to customers at amortised cost	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total
	PGK'000	PGK'000	PGK'000	PGK'000	PGK'000
Gross carrying amount as at 01 January	1,417,091	184,262	29,673	19,050	1,650,076
Changes in the gross carrying amount					
- Transfer to stage 1	39,492	(39,106)	(386)	-	-
- Transfer to stage 2	(70,073)	70,901	(828)	-	-
- Transfer to stage 3	(6,279)	(34,912)	41,191	-	-
- Write-offs	-	(4,704)	(766)	-	(5,470)
New financial assets originated or purchased	646,922	22,163	5,009	912	675,006
Financial assets that have been derecognised	(277,604)	(46,163)	(2,226)	(5,072)	(331,065)
Gross carrying amount as at 31 December	1,749,549	152,441	71,667	14,890	1,988,547

Consolidated

31 December 2020

Loans and advances to customers at amortised cost	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total
	PGK'000	PGK'000	PGK'000	PGK'000	PGK'000
Gross carrying amount as at 01 January	1,324,738	73,818	7,894	15,508	1,421,958
Changes in the gross carrying amount					
- Transfer to stage 1	8,602	(8,363)	(239)	-	-
- Transfer to stage 2	(114,785)	115,628	(843)	-	-
- Transfer to stage 3	(5,728)	(12,964)	18,692	-	-
- Write-offs	-	(4,406)	(747)	-	(5,153)
New financial assets originated or purchased	536,918	36,610	5,357	6,718	585,603
Financial assets that have been derecognised	(332,654)	(16,061)	(441)	(3,176)	(352,332)
Gross carrying amount as at 31 December	1,417,091	184,262	29,673	19,050	1,650,076

Parent

31 December 2021

Loans and advances to customers at amortised cost	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total
	PGK'000	PGK'000	PGK'000	PGK'000	PGK'000
Gross carrying amount as at 01 January	**1,414,258**	**183,885**	**27,621**	**19,050**	**1,644,814**
Changes in the gross carrying amount					
- Transfer to stage 1	39,492	(39,106)	(386)	-	-
- Transfer to stage 2	(70,073)	70,901	(828)	-	-
- Transfer to stage 3	(6,204)	(34,756)	40,960	-	-
- Write-offs	-	(4,704)	(766)	-	(5,470)
New financial assets originated or purchased	643,231	21,181	4,464	912	669,788
Financial assets that have been derecognised	(274,846)	(45,942)	(1,253)	(5,072)	(327,113)
Gross carrying amount as at 31 December	**1,745,858**	**151,459**	**69,812**	**14,890**	**1,982,019**

Parent

31 December 2020

Loans and advances to customers at amortised cost	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total
	PGK'000	PGK'000	PGK'000	PGK'000	PGK'000
Gross carrying amount as at 01 January	**1,319,158**	**72,883**	**7,438**	**15,508**	**1,414,987**
Changes in the gross carrying amount					
- Transfer to stage 1	8,602	(8,363)	(239)	-	-
- Transfer to stage 2	(114,785)	115,628	(843)	-	-
- Transfer to stage 3	(5,573)	(12,767)	18,340	-	-
- Write-offs	-	(4,406)	(747)	-	(5,153)
New financial assets originated or purchased	534,092	36,234	4,777	6,718	581,821
Financial assets that have been derecognised	(327,236)	(15,324)	(1,105)	(3,176)	(346,841)
Gross carrying amount as at 31 December	**1,414,258**	**183,885**	**27,621**	**19,050**	**1,644,814**

Investments in government inscribed stock

In relation to investment in government inscribed stocks which continue to be classified as Stage 1, there have been no significant movements in the carrying amount during the year except due to derecognition.

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

Consolidated

	Year ended 2021		Year ended 2020	
	Gross carrying amount	**Loss allowance**	Gross carrying amount	Loss allowance
Loans and advances to customers	**PGK '000**	**PGK '000**	PGK '000	PGK '000
0-29 days	**1,727,938**	**17,082**	1,387,203	14,427
30-59 days	**54,961**	**5,127**	53,222	799
60-89 days	**32,132**	**2,288**	47,868	1,673
90-180 days	**61,225**	**4,861**	60,345	9,222
More than 181 days	**112,292**	**8,742**	101,438	9,224
Total	**1,988,547**	**38,100**	1,650,076	35,345

Parent

	Year ended 2021		Year ended 2020	
	Gross carrying amount	**Loss allowance**	Gross carrying amount	Loss allowance
Loans and advances to customers	**PGK '000**	**PGK '000**	PGK '000	PGK '000
0-29 days	**1,724,250**	**17,082**	1,384,515	14,427
30-59 days	**54,053**	**5,127**	53,153	799
60-89 days	**32,057**	**2,288**	47,834	1,673
90-180 days	**61,209**	**4,857**	59,968	9,163
More than 181 days	**110,449**	**8,392**	99,344	8,783
Total	**1,982,018**	**37,746**	1,644,814	34,845

Collateral held as security and other credit enhancements.

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

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

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

Mortgage lending

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

Consolidated

	Year ended 2021	Year ended 2020
	Gross carrying amount	Gross carrying amount
Mortgage lending	**PGK '000**	PGK '000
LTDV ratio		
Less than 50%	**67,153**	60,938
51-75%	**79,259**	68,368
75-90%	**47,391**	43,021
90-100%	**185,421**	174,952
More than 100%	**168,040**	133,892
Fully cash covered	**-**	253
Total	**547,264**	481,424

	Parent	
	Year ended 2021	Year ended 2020
	Gross carrying amount	Gross carrying amount
Mortgage lending	**PGK '000**	PGK '000
LTDV ratio		
Less than 50%	**67,153**	60,938
51-75%	**79,259**	68,368
75-90%	**47,391**	43,021
90-100%	**185,421**	174,952
More than 100%	**168,040**	133,892
Fully cash covered	**-**	253
Total	**547,264**	481,424

	Consolidated	
	Year ended 2021	Year ended 2020
	Gross carrying amount	Gross carrying amount
Credit impaired – Mortgage lending	**PGK '000**	PGK '000
LTDV ratio		
Less than 50%	**3,502**	2,427
51-75%	**7,161**	7,310
75-90%	**1,077**	2,362
90-100%	**3,182**	3,307
More than 100%	**9,314**	7,150
Total	**24,236**	22,556

	Parent	
	Year ended 2021	Year ended 2020
	Gross carrying amount	Gross carrying amount
Credit impaired – Mortgage lending	**PGK '000**	PGK '000
LTDV ratio		
Less than 50%	**3,502**	2,427
51-75%	**7,161**	7,310
75-90%	**1,077**	2,362
90-100%	**3,182**	3,307
More than 100%	**9,314**	7,150
Total	**24,236**	22,556

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

	Consolidated	
	Year ended 2021	Year ended 2020
	PGK '000	PGK '000
Secured	**547,260**	481,492
Unsecured	**30,158**	33,436
Total	**577,418**	514,928

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

The collateral value is updated when the facility is classified as stage 3 or at least every 2 years. The Group monitors the collateral value on an ongoing basis and in event of any indicator which may result in significant decline will require the fresh valuation to be performed. As at 31 December 2021, the portfolio of secured personal lending is entirely secured by eligible collateral.

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

Corporate lending
The most relevant indicator of corporate customers' creditworthiness is an analysis of their financial performance and their liquidity, leverage, management effectiveness and growth ratios. In addition, the Group also requires collaterals and guarantees to secure the corporate loans. Similar to personal lending, collaterals are required to be valued by independent firm of valuers before the facility is approved. Approved facility limit is equal to or less than the assessed value of the collateral discounted by 10-50% to allow for sufficient buffer should there be any adverse movement in the value due to change in macroeconomic indicators. Collateral values are updated at least every 2 years if there are any changes to the loan facilities or if the facility is classified as stage 3 loan. The Group monitors the collateral value on an ongoing basis and in event of any indicator which may result in significant decline will require the fresh valuation to be performed. As at 31 December 2021, the portfolio of the corporate lending is fully collateralized by eligible collateral.

Investment securities
The Group holds investment in government inscribed stocks measured at amortised cost with a carrying amount of PGK 112,107,469 (2020: PGK 114,519,320) which are collateralized by sovereign guarantee.

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

Credit risk disclosures in the financial statements of the parent.
The credit risk disclosures included above relate only to the consolidated financial statements of the Group. Corresponding disclosures for the parent company have not been presented in these financial statements as the parent company does not have any material financial instruments other than intercompany lending amounting to K1m (31 December 2020: K1m). Details of the intercompany lending are disclosed in note 29 to the financial statements.

c) Liquidity risk

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

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

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

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

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

Consolidated

	Up to 1 month	1 to 3 months	4 to 12 months	1 to 5 years	Over 5 years	Total contract value	Total carrying value
31 December 2021	PGK'000	PGK'000	PGK'000	PGK'000	PGK'000	PGK'000	PGK'000
Cash and due from banks	408,334	-	-	-	-	408,334	408,334
Central bank bills	95,000	65,000	670,000	-	-	830,000	795,362
Regulatory deposits	212,874	-	-	-	-	212,874	212,874
Total financial assets	**716,209**	**65,000**	**670,000**	**-**	**-**	**1,451,209**	**1,416,507**
Due to other banks	4,701	-	-	-	-	4,701	4,701
Due to customers	2,451,325	335,136	250,131	11,725	-	3,048,317	3,036,921
Other liabilities	72,311	-	-	-	-	72,311	72,311
Total financial liabilities	**2,528,337**	**335,136**	**250,131**	**11,725**	**-**	**3,125,329**	**3,113,933**
Issued financial guarantee contracts	450	7,696	24,591	14,092	-	46,829	N/A
Issued loan commitments	160,667	7,252	704	-	-	168,623	N/A
Total	**161,117**	**14,948**	**25,295**	**14,092**	**-**	**215,452**	**N/A**
31 December 2020							
Cash and due from banks	335,147	-	-	-	-	335,147	335,147
Central bank bills	65,000	35,000	575,000	-	-	675,000	647,874
Regulatory deposits	185,711	-	-	-	-	185,711	185,711
Total financial assets	**585,858**	**35,000**	**575,000**	-	-	**1,195,858**	**1,168,732**
Due to other banks	5,385	-	-	-	-	5,385	5,385
Due to customers	2,026,766	286,671	**282,025**	20,189	-	2,615,651	2,560,715
Other liabilities	57,228	-	-	-	-	57,228	57,228
Total financial liabilities	**2,089,379**	**286,671**	**282,025**	**20,189**	**-**	**2,678,264**	**2,623,328**
Issued financial guarantee contracts	250	32,339	49,861	6,254	-	88,704	N/A
Issued loan commitments	177,528	27,396	-	-	-	204,924	N/A
Total	**177,778**	**59,735**	**49,861**	**6,254**	**-**	**293,628**	**N/A**

Parent

	Up to 1 month	1 to 3 months	4 to 12 months	1 to 5 years	Over 5 years	Total contract value	Total carrying value
31 December 2021	PGK'000	PGK'000	PGK'000	PGK'000	PGK'000	PGK'000	PGK'000
Cash and due from banks	366,302	-	-	-	-	366,302	366,302
Central bank bills	95,000	65,000	670,000	-	-	830,000	795,362
Regulatory deposits	212,874	-	-	-	-	212,874	212,874
Due from subsidiaries	65,518	-	-	-	-	65,518	65,518
Total financial assets	**739,695**	**65,000**	**670,000**	**-**	**-**	**1,474,695**	**1,440,057**
Due to other banks	4,701	-	-	-	-	4,701	4,701
Due to customers	2,493,857	335,136	250,131	11,725	-	3,090,849	3,079,454
Other liabilities	71,326	-	-	-	-	71,326	71,326
Due to subsidiaries	9,612	-	-	-	-	9,612	9,612
Total financial liabilities	**2,579,496**	**335,136**	**250,131**	**11,725**	**-**	**3,176,488**	**3,165,093**
31 December 2020							
Cash and due from banks	361,614	-	-	-	-	361,614	361,614
Central bank bills	65,000	35,000	575,000	-	-	675,000	647,874
Regulatory deposits	185,711	-	-	-	-	185,711	185,711
Due from subsidiaries	1,387	-	-	-	-	1,387	1,387
Total financial assets	**613,712**	**35,000**	**575,000**	**-**	**-**	**1,223,712**	**1,196,586**
Due to other banks	5,385	-	-	-	-	5,385	5,385
Due to customers	2,065,525	286,671	282,025	20,189	-	2,654,410	2,599,474
Other liabilities	56,197	-	-	-	-	56,197	56,197
Due to subsidiaries	8,988	-	-	-	-	8,988	8,988
Total financial liabilities	**2,136,095**	**286,671**	**282,025**	**20,189**	**-**	**2,724,980**	**2,670,044**

The liquidity gap in 'up to 1 month bucket' is due to assumption that current and saving deposits amounting to PGK1,667m (31 December 2020: PGK1,330m) included within 'due to customers' mature within one month since these are on demand and do not have any fixed or determinable maturity.

4. 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 institution in Papua New Guinea. The prudential guidelines issued by BPNG follow the prudential guidelines set by the Bank of International Settlements under the terms of the Basel Accord (Basel 1).

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

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

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

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

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

As at 31 December 2021, KSL's capital ratios were in compliance with the BPNG Minimum capital adequacy requirements as follows:

	2021	2020
	PGK '000	PGK '000
Risk weighted assets	**1,900,018**	1,670,142
Capital : tier 1	**340,265**	370,986
Capital : tier 2	**94,560**	58,344
Capital : tier 1 and tier 2	**434,825**	429,330
Capital adequacy ratios		
Tier 1 capital	**18.3%**	22.2%
Total capital ratio	**22.9%**	25.4%
Leverage capital ratio	**9.2%**	11.2%

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

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

5. Net interest income

	Consolidated		Parent	
	2021	2020	**2021**	2020
	PGK '000	PGK '000	**PGK '000**	PGK '000
Interest income				
Cash and short-term funds	**44,243**	44,937	**44,150**	17,259
Investment in government inscribed stocks	**13,013**	8,990	**13,013**	5,471
Loans and advances to customers	**149,679**	145,760	**149,679**	66,446
	206,935	199,687	**206,842**	89,176
Interest expense				
Banks and customers	**(29,623)**	(29,964)	**(29,533)**	(13,719)
	(29,623)	(29,964)	**(29,533)**	(13,719)
Net interest income	**177,312**	169,723	**177,309**	75,457

6. Net fee and commission income

	Consolidated		Parent	
	2021	2020	**2021**	2020
	PGK '000	PGK '000	**PGK '000**	PGK '000
Fees and commission income				
Investment and portfolio management	**9,628**	9,279	**-**	-
Fund administration	**21,161**	19,669	**-**	-
Shares brokerage	**1,667**	1,197	**1,199**	690
Loans fees and bank commissions	**21,950**	24,469	**21,950**	9,360
Digital banking fees	**23,550**	14,267	**23,550**	3,725
ATM and other transaction fees	**11,435**	7,471	**11,760**	7,185
	89,391	76,352	**58,459**	20,960
Fee and commission expenses	**(55)**	(134)	**(69)**	(122)
Net fee and commission income	**89,336**	76,218	**58,390**	20,838

7. Dividend income

	Consolidated		Parent	
	2021	2020	**2021**	2020
	PGK '000	PGK '000	**PGK '000**	PGK '000
Dividend income from investments				
Financial assets at fair value through profit or loss	**562**	136	**50**	-
	562	136	**50**	-

8. Other income

	Consolidated		Parent	
	2021	2020	**2021**	2020
	PGK '000	PGK '000	**PGK '000**	PGK '000
Profits from disposal of property and equipment	**105**	221	**105**	221
Realised gains/losses	**297**	4,004	**(70)**	952
Support fees from subsidiaries (note 29)	**-**	-	**1,890**	1,751
Office space recharge (note 29)	**-**	-	**1,529**	1,699
Management fees (note 29)	**-**	-	**378**	350
Gain on sale of Esiloan portfolio	**-**	3,025	**-**	3,025
Intercompany charges	**-**	-	**-**	16,536
Other	**301**	3,718	**285**	563
	703	10,968	**4,117**	25,097

9. Other operating expenses

	Consolidated		Parent	
	2021	2020	**2021**	2020
	PGK '000	PGK '000	**PGK '000**	PGK '000
Staff costs	**75,607**	75,186	**70,658**	35,067
Acquisition costs relating to business combination	**30**	-	**30**	-
Administrative expenses	**56,350**	48,900	**53,582**	19,006
Depreciation and amortization	**36,398**	35,065	**36,398**	18,653
Operating lease	**5,325**	3,353	**5,289**	511
Software maintenance and support charges	**4,910**	3,562	**4,831**	1,741
Auditor's remuneration (note 37)	**1,590**	1,248	**1,452**	1,144
Other	**13,918**	15,556	**13,885**	7,187
	194,127	182,870	**186,127**	83,309
Break-up of staff costs:				
Salaries, wages and other benefits	**67,360**	68,233	**62,622**	29,990
Superannuation costs	**4,055**	3,944	**3,844**	1,879
Cost of employee share based incentive plan	**4,192**	3,009	**4,192**	3,198
Total staff costs	**75,607**	75,186	**70,658**	35,067

As at 31 December 2021, the Group had 685 (2020: 691) employees and 4 (2020: 2) consultants. The Parent had 633 *(2020:626) employees and 4 (2020: 2) consultants.*

10. Income taxes

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

	Consolidated		Parent	
	2021	2020	**2021**	2020
	PGK '000	PGK '000	**PGK '000**	PGK '000
Profit before tax	**106,016**	109,906	**86,157**	54,693
Prima facie tax at 30% (2020: 30%)	**31,805**	32,972	**25,847**	16,408
Tax effect of:				
Permanent differences	**5,569**	(2,834)	**5,935**	(1,929)
Prior year adjustment	**(2,168)**	3,794	**(2,148)**	2,747
Income tax expense	**35,206**	33,932	**29,634**	17,226
Represented by:				
Current tax	**35,712**	39,923	**30,153**	23,243
Deferred taxes	**(506)**	(5,991)	**(519)**	(6,017)
Income tax expense	**35,206**	33,932	**29,634**	17,226

11. Deferred taxes

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

	Consolidated		Parent	
	2021	2020	**2021**	2020
	PGK '000	PGK '000	**PGK '000**	PGK '000
Allowance for losses	**16,167**	16,158	**16,060**	15,978
Employee benefit provision	**3,272**	3,526	**2,941**	3,179
Lease liability	**14,655**	14,202	**14,655**	14,202
	34,094	33,886	**33,656**	33,359
Depreciation and amortisation	**(16,500)**	(17,388)	**(16,500)**	(17,388)
Others	**(606)**	(16)	**(682)**	(15)
	(17,106)	(17,404)	**(17,182)**	(17,403)
Net deferred tax asset	**16,988**	16,482	**16,474**	15,956

b. The movement on deferred tax account is as follows:

	Consolidated		Parent	
	2021	2020	**2021**	2020
	PGK '000	PGK '000	**PGK '000**	PGK '000
Balance at beginning of year	**16,482**	10,491	**15,956**	3,226
Statement of comprehensive income credit/(charge)	**506**	5,991	**518**	12,730
Balance at end of year	**16,988**	16,482	**16,474**	15,956
Represented by:				
Deferred tax assets (note 11(a))	**34,094**	33,886	**33,656**	33,359
Deferred tax liabilities (note 11(a))	**(17,106)**	(17,404)	**(17,182)**	(17,403)
	16,988	16,482	**16,474**	15,596

12. Cash and due from banks

	Consolidated		Parent	
	2021	2020	**2021**	2020
	PGK '000	PGK '000	**PGK '000**	PGK '000
Cash on hand	**115,451**	118,811	**115,451**	118,811
Exchange settlement accounts	**123,895**	112,024	**123,895**	112,024
Due from other banks	**168,988**	104,312	**126,956**	130,779
	408,334	335,147	**366,302**	361,614

13. Central bank bills

	Consolidated		Parent	
	2021	2020	**2021**	2020
	PGK '000	PGK '000	**PGK '000**	PGK '000
Central bank and treasury bills				
Less than 90 days	**160,000**	65,000	**160,000**	65,000
Over 90 days	**670,000**	610,000	**670,000**	610,000
Unearned discount	**(34,638)**	(27,126)	**(34,638)**	(27,126)
	795,362	647,874	**795,362**	647,874

Central bank bills are debt securities issued by the Bank of Papua New Guinea (BPNG). Central bank bills amounting to PGK160m (2020: PGK65m) with a maturity term of one to three months from the date of purchase are classified as cash and cash equivalents (note 28). Central bank bills are measured at amortized cost.

14. Regulatory deposits

Regulatory deposit of the Group as at 31 December 2021 amounted to PGK 212,874,480 (2020: PGK 185,711,050). This represents mandatory balance required to be maintained in a non-interest bearing account with the Central Bank - Bank of Papua New Guinea. Regulatory deposits are measured at amortized cost. Regulatory deposit of the parent as at 31 December 2021 amounted to PGK 212,874,480 (2020: PGK 185,711,050).

15. Financial assets at fair value through profit or loss

	Consolidated		Parent	
	2021	2020	**2021**	2020
	PGK '000	PGK '000	**PGK '000**	PGK '000
Equity securities				
- Listed	**5,036**	4,680	**183**	177
- Unlisted	**6,616**	6,002	**6,588**	5,974
	11,652	10,682	**6,771**	6,151

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

	Consolidated		Parent	
	2021	2020	**2021**	2020
	PGK '000	PGK '000	**PGK '000**	PGK '000
Balance at beginning of year	**10,682**	7,635	**6,151**	339
Gains from changes in fair value	**817**	2,510	**467**	2,666
Additions	**153**	537	**153**	3,146
Balance at end of year	**11,652**	10,682	**6,771**	6,151

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

16. Loans and advances to customers

	Consolidated		Parent	
	2021	2020	**2021**	2020
	PGK '000	PGK '000	**PGK '000**	PGK '000
Loans to individuals	**577,417**	514,928	**577,417**	514,928
Loans to corporate entities	**1,411,130**	1,135,148	**1,404,602**	1,129,886
Gross loans and advances to customers	**1,988,547**	1,650,076	**1,982,019**	1,644,814
Expected credit losses	**(38,100)**	(35,345)	**(37,746)**	(34,845)
	1,950,447	1,614,731	**1,944,273**	1,609,969

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

	Consolidated		Parent	
	2021	2020	**2021**	2020
	PGK '000	PGK '000	**PGK '000**	PGK '000
Overdrafts	**78,489**	83,611	**78,489**	83,611
Property mortgage	**547,260**	481,424	**547,260**	481,424
Asset financing	**30,293**	17,653	**30,293**	17,653
Insurance premium funding	**-**	1,949	**-**	1,949
Business and other loans	**1,332,503**	1,065,439	**1,325,977**	1,060,177
	1,988,547	1,650,076	**1,982,019**	1,644,814

16. Loans and advances to customers (continued)

Movements in expected credit losses are as follows:

	Consolidated		Parent	
	2021	2020	**2021**	2020
	PGK '000	PGK '000	**PGK '000**	PGK '000
Balance at beginning of year	**35,345**	20,525	**34,845**	-
Provision derecognised in respect of sales of loan book	**-**	(859)	**-**	(859)
Impairment losses during the year	**6,555**	20,833	**6,701**	11,828
Loans written off	**(5,550)**	(7,096)	**(5,550)**	(7,096)
Bad debt recoveries	**1,750**	1,943	**1,750**	1,943
Amalgamation adjustment	**-**	-	**-**	29,029
Balance at end of year	**38,100**	35,345	**37,746**	34,845

In the prior year, the Group divested the Esiloan portfolio to Nationwide Microbank Limited (MiBank) for an amount of PGK34.2m. The transaction was in line with the strategic partnership announced between Kina and MiBank in August 2019 to provide greater financial inclusion and provision of micro-finance to customers. The gain on sale of Esiloan portfolio amounted to K3.0m recognised under other income.

17. Investments in government inscribed stocks

	Consolidated		Parent	
	2021	2020	**2021**	2020
	PGK '000	PGK '000	**PGK '000**	PGK '000
Government inscribed stocks principal balance	**115,000**	118,000	**115,000**	118,000
Unamortised premium	**170**	301	**170**	301
Unamortised discount	**(4,048)**	(4,777)	**(4,048)**	(4,777)
Accrued interest	**2,624**	2,669	**2,624**	2,669
Gross investments in government inscribed stocks	**113,746**	116,193	**113,746**	116,193
Expected credit losses	**(1,639)**	(1,674)	**(1,639)**	(1,674)
	112,107	114,519	**112,107**	114,519

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

	Consolidated		Parent	
	2021	2020	**2021**	2020
	PGK '000	PGK '000	**PGK '000**	PGK '000
Balance at beginning of year	**114,519**	34,003	**114,519**	-
Additions / (maturities)	**(3,000)**	85,000	**(3,000)**	85,000
Amortized discount/(premium)	**598**	(4,906)	**598**	(4,906)
Accrued interest	**(45)**	1,607	**(45)**	1,607
Write back / (addition) of expected credit losses	**35**	(1,185)	**35**	(1,185)
Amalgamation adjustment	**-**	-	**-**	34,003
	112,107	114,519	**112,107**	114,519

Investments in government inscribed stocks are measured at amortized cost. Included within the balance is an amount of PGK nil (31 December 2020: PGK nil) which has been pledged with a third party against repurchase agreement transaction.

18. Investments in subsidiaries

	Shareholdings*			
	2021	2020	**2021**	2020
	%	%	**Amount (PGK)**	Amount (PGK)
Kina Funds Management Limited (KFM)	**100**	100	**2**	2
Kina Investment and Superannuation Services Limited (KISS)	**100**	100	**2**	2
Kina Wealth Management Limited (KWML)	**100**	100	**2**	2
Kina Nominees Limited (KNL)**	**100**	100	**500,002**	500,002
Kina Securities (Fiji) PTE Limited	**100**	-	**197**	-
Total Investment at cost			**500,205**	500,008
Provision for impairment			**(251,677)**	(251,677)
Balance as at 31 December			**248,528**	248,331

**All the subsidiaries are incorporated in Papua New Guinea and in Fiji. The results of the operations of above subsidiaries have been consolidated in the Group's financial statements.*

*** Impairment loss on investment in subsidiary amounted to PGK nil for the year ended 31 December 2021 (2020: PGK nil).*

19. Property plant and equipment

Consolidated	Furniture & Fittings	Building improvements	Motor Vehicles	Office Equipment	Land & Building	Work in Progress	Right-of-use assets	Total
	PGK '000	PGK '000	PGK '000	PGK '000	PGK '000	PGK '000	PGK '000	PGK '000
Cost Balance 31 December 2019	**4,810**	**17,685**	**5,785**	**37,979**	**2,129**	**-**	**62,799**	**131,187**
Additions	-	893	1,168	5,055	-	1,074	1,976	10,166
Disposals	-	-	(1,326)	-	-	-	(1,272)	(2,598)
Balance 31 December 2020	**4,810**	**18,578**	**5,627**	**43,034**	**2,129**	**1,074**	**63,503**	**138,755**
Additions	-	4,214	164	8,158	-	1,229	12,060	25,825
Transfer in (out)	-	-	-	72	-	(72)	-	-
Disposals	-	-	(951)	-	-	-	(4,056)	(5,007)
Balance 31 December 2021	**4,810**	**22,792**	**4,840**	**51,264**	**2,129**	**2,231**	**71,507**	**159,573**
Accumulated depreciation Balance 31 December 2019	**(1,402)**	**(3,398)**	**(3,714)**	**(15,897)**	**-**	**-**	**(9,854)**	**(34,265)**
Charge during the year	(1,087)	(2,314)	(1,083)	(4,821)	-	-	(11,228)	(20,533)
Disposals	-	-	1,283	-	-	-	1,034	2,317
Balance 31 December 2020	**(2,489)**	**(5,712)**	**(3,514)**	**(20,718)**	**-**	**-**	**(20,048)**	**(52,481)**
Charge during the year	(667)	(2,300)	(1,159)	(5,262)	-	-	(11,187)	(20,575)
Disposals	-	-	908	-	-	-	3,042	3,950
Balance 31 December 2021	**(3,156)**	**(8,012)**	**(3,765)**	**(25,980)**	**-**	**-**	**(28,193)**	**(69,106)**
Book value								
Balance 31 December 2021	**1,654**	**14,780**	**1,075**	**25,284**	**2,129**	**2,231**	**43,314**	**90,467**
Balance 31 December 2020	2,321	12,866	2,114	22,316	2,129	1,074	44,454	86,274

Parent	Furniture & Fittings	Building improvements	Motor Vehicles	Office Equipment	Land & Building	Work in Progress	Right-of-use assets	Total
	PGK '000	PGK '000	PGK '000	PGK '000	PGK '000	PGK '000	PGK '000	PGK '000
Cost Balance 31 December 2019	**688**	**3,671**	**3,654**	**11,909**	**2,129**	**-**	**14,108**	**36,159**
Amalgamation adjustment	4,122	14,014	2,131	26,070	-	-	48,691	95,028
Additions	-	893	1,168	5,055	-	1,074	1,976	10,166
Disposals	-	-	(1,326)	-	-	-	(1,272)	(2,598)
Balance 31 December 2020	**4,810**	**18,578**	**5,627**	**43,034**	**2,129**	**1,074**	**63,503**	**138,755**
Additions	-	4,214	164	8,158	-	1,229	12,060	25,825
Transfer in (out)	-	-	-	72	-	(72)	-	-
Disposals	-	-	(951)	-	-	-	(4,056)	(5,007)
Balance 31 December 2021	**4,810**	**22,792**	**4,840**	**51,264**	**2,129**	**2,231**	**71,507**	**159,573**
Balance 31 December 2019	**(566)**	**(753)**	**(2,310)**	**(10,490)**	**-**	**-**	**(5,396)**	**(19,515)**
Amalgamation adjustment	(1,480)	(3,815)	(1,642)	(7,914)	-	-	(9,240)	(24,091)
Charge during the year	(443)	(1,144)	(844)	(2,314)	-	-	(6,447)	(11,192)
Disposals	-	-	1,283	-	-	-	1,034	2,317
Balance 31 December 2020	**(2,489)**	**(5,712)**	**(3,513)**	**(20,718)**	**-**	**-**	**(20,049)**	**(52,481)**
Charge during the year	(667)	(2,300)	(1,159)	(5,262)	-	-	(11,559)	(20,947)
Disposals	-	-	908	-	-	-	3,414	4,322
Balance 31 December 2021	**(3,156)**	**(8,012)**	**(3,765)**	**(25,980)**	**-**	**-**	**(28,194)**	**(69,106)**
Book value Balance 31 December 2021	**1,654**	**14,780**	**1,076**	**25,284**	**2,129**	**2,231**	**43,313**	**90,467**
Balance 31 December 2020	2,321	12,866	2,114	22,316	2,129	1,074	43,454	86,274

20. Intangible assets

The acquisition of Australian and New Zealand (ANZ) Bank's retail, commercial and SME banking businesses in PNG on 23 September 2019 gave rise to the recognition of core customer deposit intangible.

The intangible assets were estimated to have a useful life of five years and three years respectively based on the license term of software and expected length of customer deposit relationship and core deposit intangible. Customer deposit relationship and core deposit intangible has a remaining useful life of one year respectively.

Consolidated	Software	Customer deposit relationship/intangible	Work in Progress	Total
	PGK '000	PGK '000	PGK '000	PGK '000
Cost				
Balance 31 December 2019	**37,521**	**22,468**	**1,502**	**61,491**
Additions	5,058	-	9,676	14,734
Transfer in (out)	206	-	(206)	-
Balance 31 December 2020	**42,785**	**22,468**	**10,972**	**76,225**
Additions	1,154	-	13,512	14,666
Transfer in (out)	15,136	-	(15,136)	-
Balance 31 December 2021	**59,075**	**22,468**	**9,348**	**90,891**
Accumulated depreciation				
Balance 31 December 2019	**(7,360)**	**(4,884)**	**-**	**(12,244)**
Charge during the year	(7,711)	(6,821)	-	(14,532)
Balance 31 December 2020	**(15,071)**	**(11,705)**	**-**	**(26,776)**
Charge during the year	(9,223)	(6,229)	-	(15,452)
Balance 31 December 2021	**(24,294)**	**(17,934)**	**-**	**(42,228)**
Book value				
Balance 31 December 2021	**34,781**	**4,534**	**9,348**	**48,663**
Balance 31 December 2020	27,714	10,763	10,972	49,449

Parent	Software	Customer deposit relationship/intangible	Work in Progress	Total
	PGK '000	PGK '000	PGK '000	PGK '000
Cost				
Balance 31 December 2019	**8,353**	**-**	**1,056**	**9,409**
Amalgamation adjustment	29,168	22,468	446	52,082
Additions	5,058	-	9,377	14,435
Transfer in (out)	206	-	(206)	-
Balance 31 December 2020	**42,785**	**22,468**	**10,673**	**75,926**
Additions	1,154	-	13,512	14,666
Transfer in (out)	15,136	-	(15,136)	-
Balance 31 December 2021	**59,075**	**22,468**	**9,049**	**90,592**
Accumulated depreciation				
Balance 31 December 2019	**(2,877)**	**-**	**-**	**(2,877)**
Amalgamation adjustment	(7,959)	(8,479)	-	(16,438)
Charge during the year	(4,235)	(3,226)	-	(7,461)
Disposals	-	-	-	-
Balance 31 December 2020	**(15,071)**	**(11,705)**	**-**	**(26,776)**
Charge during the year	(9,223)	(6,229)	-	(15,452)
Disposals	-	-	-	-
Balance 31 December 2021	**(24,294)**	**(17,934)**	**-**	**(42,228)**
Book value				
Balance 31 December 2021	**34,781**	**4,534**	**9,049**	**48,364**
Balance 31 December 2020	27,714	10,763	10,673	49,150

21. Other assets

	Consolidated		Parent	
	2021	2020	**2021**	2020
	PGK '000	PGK '000	**PGK '000**	PGK '000
Prepayments	**5,684**	1,550	**5,673**	1,512
Security deposits and bonds	**5,545**	5,435	**5,497**	5,387
Other debtors	**38,708**	142,866	**35,213**	142,343
	49,937	149,851	**46,383**	149,242
Less: Expected credit losses	**(3,990)**	(4,038)	**(3,990)**	(4,038)
	45,947	145,813	**42,393**	145,204
Movement of expected credit loss on other assets is as follows:				
Balances at beginning of year	**4,038**	4,038	**4,038**	101
Amalgamation adjustment	**-**	-	**-**	3,937
Write-off	**(48)**	-	**(48)**	-
Balance at end of year	**(3,990)**	4,038	**(3,990)**	4,038

22. Due to customers

	Consolidated		Parent	
	2021	2020	**2021**	2020
	PGK '000	PGK '000	**PGK '000**	PGK '000
Corporate customers	**2,356,300**	1,925,006	**2,398,833**	1,963,765
Retail customers	**680,621**	635,709	**680,621**	635,709
	3,036,921	2,560,715	**3,079,454**	2,599,474

23. Current income tax (assets) liabilities

	Consolidated		Parent	
	2021	2020	**2021**	2020
	PGK '000	PGK '000	**PGK '000**	PGK '000
Balance at beginning of year	**4,883**	3,696	**3,761**	(317)
Paid during the year	**(28,918)**	(36,195)	**(22,419)**	(32,394)
Current provision	**37,862**	39,923	**32,300**	23,243
Amalgamation adjustment	**-**	-	**-**	13,448
Prior year under provision	**(2,160)**	(2,541)	**(2,148)**	(219)
Balance at end of year	**11,666**	4,883	**11,494**	3,761
Net current income tax (assets) liabilities is represented by:				
Current income tax asset	**(31)**	(83)	**-**	-
Current income tax liability	**11,697**	4,966	**11,494**	3,761
	11,666	4,883	**11,494**	3,761

24. Employee provisions

Consolidated	2021			
	Opening balance	**Additions**	**Payments**	**Closing balance**
	PGK '000	PGK '000	PGK '000	PGK '000
Provision for Annual Leave	4,698	2,351	(2,743)	4,306
Provision for Long Service Leave	2,093	511	(353)	2,251
Provision for Salaries	37	48,539	(48,576)	-
Provision for Bonus	4,709	7,110	(7,470)	4,349
Total	11,538	58,511	(59,142)	10,906

Parent	2021			
	Opening balance	**Additions**	**Payments**	**Closing balance**
	PGK '000	PGK '000	PGK '000	PGK '000
Provision for Annual Leave	4,366	2,165	(2,587)	3,944
Provision for Long Service Leave	1,719	533	(350)	1,902
Provision for Salaries	37	44,807	(44,844)	-
Provision for Bonus	4,470	6,644	(7,158)	3,956
Total	10,593	54,149	(54,940)	9,802

2021		
Represented by:	**Consolidated**	**Parent**
Short term provisions	8,655	7,900
Long term provisions	2,251	1,902
Total employee provision	**10,906**	**9,802**

Consolidated	2020			
	Opening balance	**Additions**	**Payments**	**Closing balance**
	PGK '000	PGK '000	PGK '000	PGK '000
Provision for Annual Leave	3,156	3,706	(2,164)	4,698
Provision for Long Service Leave	2,065	619	(590)	2,094
Provision for Salaries	67	49,508	(49,537)	38
Provision for Bonus	3,780	5,116	(4,188)	4,708
Total	9,068	58,949	(56,479)	11,538

Parent	2020			
	Opening balance	**Additions**	**Payments**	**Closing balance**
	PGK '000	PGK '000	PGK '000	PGK '000
Provision for Annual Leave	1,607	3,387	(628)	4,366
Provision for Long Service Leave	635	503	580	1,718
Provision for Salaries	71	45,599	(45,633)	37
Provision for Bonus	2,107	4,955	(2,590)	4,472
Total	4,420	54,444	(48,271)	10,593

2020		
Represented by:	**Consolidated**	**Parent**
Short term provisions	9,445	3,785
Long term provisions	2,093	6,808
Total employee provision	**11,538**	**10,593**

25. Lease liabilities

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

Consolidated	31 Dec	31 Dec
	2021	2020
	PGK'000	PGK'000
Maturity analysis – contractual undiscounted cash flows		
Less than one year	**14,365**	11,724
One to five years	**34,327**	31,434
More than five years	**10,430**	16,161
Total undiscounted lease liabilities at 31 December	**59,122**	59,319
Lease liabilities included in statement of financial position at 31 December		
Current	**14,408**	11,834
Non-current	**34,442**	35,508
	48,851	47,342
Amounts recognised in statement of comprehensive income		
Interest on lease liabilities	**3,752**	3,841
Expense relating to short-term leases	**7,061**	6,552
	10,813	10,393
Amounts recognised in statement of cash flows		
Total cash outflow for leases	**20,130**	19,986

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

Parent	31 Dec	31 Dec
	2021	2020
	PGK'000	PGK'000
Maturity analysis – contractual undiscounted cash flows		
Less than one year	**14,365**	11,724
One to five years	**34,327**	31,434
More than five years	**10,430**	16,161
Total undiscounted lease liabilities at 31 December	**59,122**	59,319
Lease liabilities included in statement of financial position at 31 December		
Current	**14,408**	11,834
Non-current	**34,442**	35,508
	48,851	47,342
Amounts recognised in statement of comprehensive income		
Interest on lease liabilities	**3,752**	3,841
Expense relating to short-term leases	**7,061**	6,552
	10,813	10,393
Amounts recognised in statement of cash flows		
Total cash outflow for leases	**20,130**	19,986

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

26. Other liabilities

	Consolidated		Parent	
	2021	2020	**2021**	2020
	PGK '000	PGK '000	**PGK '000**	PGK '000
Accruals	**13,971**	14,497	**13,877**	13,894
Unclaimed money and stale cheques	**13,380**	9,028	**13,380**	9,028
Bank cheques	**7,943**	20,044	**7,943**	20,044
Accounts payable	**2,324**	6,271	**2,267**	6,223
Unearned commission income	**1,309**	1,676	**1,309**	1,676
Lease incentive payable	**4,083**	4,783	**4,083**	4,783
Advance payments	**31,528**	22,902	**31,528**	22,902
Other liabilities	**21,421**	13,370	**20,530**	12,943
Balance at end of year	**95,959**	92,571	**94,917**	91,493

27. Issued and paid ordinary shares

a. Movement

The Company does not have authorized capital and ordinary shares have no par value. The table below provides movement in share capital.

In September 2020, the group conducted a Non-Renounceable Rights Issue (ANREO) to further strengthen the capital base and regulatory ratios. Based on this, a total of 112,190,731 additional shares were issued resulting in an increase in share capital of PGK 217.7 million.

	Number of shares	Share capital
	PGK '000	**PGK '000**
Balances as at 31 December 2019	**174,745**	**176,970**
Share issued during the year	112,191	217,723
Balance as at 31 December 2020	**286,936**	**394,693**
Share issued during the year	-	-
Balance as at 31 December 2021	**286,936**	**394,693**

b. Earnings per share

Basic earnings per ordinary share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares on issue during the year. The group has no significant dilutive potential ordinary shares. Consequently, basic earnings per ordinary share equals diluted earnings per share.

	Consolidated	
	2021	2020
Net profit attributable to shareholders – PGK'000	**70,813**	75,974
Weighted average number of ordinary shares basic earnings	**286,936**	203,941
Weighted average number of ordinary shares diluted earnings	**290,339**	205,024
Basic earnings per share (in toea)	**24.68**	37.25
Diluted earnings per share (in toea)	**24.39**	37.06

c. Share-based payment reserve

Kina operates both a Short Term Incentive (STI) and Long Term Incentive (LTI) plan. The purpose of these Plans is to assist in the reward, retention and motivation of key management personnel and align the interests of management and shareholders. The plans are commensurate with those adopted by major banks in Australia and the Pacific and is managed by an independent Plan manager. The operation of both the STI and LTI plans are explained in the next page:

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 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.

The following STI plan arrangements were in place during the year ended 31 December 2021:

Date of grant	1 April 2021	1 April 2020
Number of share rights granted	871,109	403,180
Market value at grant date	AUD 717,185	AUD 576,547
Vesting date	1 April 2023	1 April 2022
Vesting conditions	Continued Service	Continued Service

Long term incentive plan (LTI plan)
The LTI plan provides participants with an opportunity to receive an equity interest in Kina through the granting of performance rights. LTI plan participants may be offered performance rights that may be subject to vesting conditions as set out by the Board. The selection of participants is at the discretion of the Board.

A performance right is a contractual right to receive one ordinary share in Kina, subject to performance and vesting conditions being met. Each vested performance right represents a right to one ordinary share. If the participant leaves Kina any unvested Performance Rights will be forfeited (unless the Board determines otherwise).

The following LTI plan arrangements were in place during the year ended 31 December 2021:

Date of grant	1 April 2021	1 April 2020	1 April 2019
Number of share rights granted	1,399,664	617,987	1,069,800
Market value at grant date	AUD 1,152,341	AUD 883,722	AUD 970,523
Fair value at grant date	AUD 811,805	AUD 349,163	AUD 543,493
Vesting date	1 April 2024	1 April 2023	1 April 2022
Vesting conditions	Continued Service	Continued Service	Continued Service
	50% Target TSR 50% target EPS growth	50% target TSR 50% target EPS growth	50% target TSR 50% target EPS growth

The estimated fair value of share rights issued on 1 April 2021 under the LTI plan was AUD 0.58, compared to the grant date market value per share of AUD 0.8233. Fair value is generally estimated using a Monte Carlo simulation model taking into account the share price at grant date, the vesting period, share price volatility, risk-free interest rate and market performance conditions.

Retention incentive
The retention plan is a once off award of performance rights to assist in the retention of key eligible participants.
No retention rights were granted during the year.

Movement in outstanding share rights

	Consolidated	
	2021	2020
	Number	Number
Outstanding rights at beginning of year	**3,661,485**	3,586,169
New rights granted	**2,270,773**	1,021,167
Rights vested and shares issued/purchased	**(1,767,278)**	(945,851)
Rights forfeited or lapsed	**-**	-
Outstanding rights at end of year	**4,164,980**	3,661,485

The fair value at grant date of share rights awarded under the incentive schemes is recognised as an expense over t he expected vesting period with a corresponding increase in the share based payments reserve in equity.
The movement in the Share-Based Premium Reserve is as below:

	Consolidated	
	2021	2020
	PGK'000	PGK'000
Brought forward from previous year	**2,774**	2,063
Expense arising from share incentive plans	**4,192**	3,008
Rights vested	**(3,379)**	(2,297)
Rights forfeited or lapsed	**-**	-
Total	**3,587**	2,774

28. Statements of cash flows

a) For the purposes of the statements of cash flow, cash and cash equivalents comprises the following:

	Consolidated		Parent	
	2021	2020	**2021**	2020
	PGK '000	PGK '000	**PGK '000**	PGK '000
Cash and due from banks (note 12)	**408,334**	335,147	**336,302**	361,614
Central bank bills (note 13)	**160,000**	65,000	**160,000**	65,000
	568,334	400,147	**526,302**	426,614

b) Movement in investment securities is as follows:

	Consolidated		
	2021	2020	**Movement**
	PGK'000	PGK'000	**PGK'000**
Central bank bills (note 13)	**635,362**	582,874	**52,488**
Central bank bills & other eligible bills (less than 3 months)	**160,000**	65,000	**95,000**
Government inscribed stocks (note 17)	**112,107**	114,519	**(2,412)**
Financial assets at FVTPL	**11,652**	10,682	**970**
Total	**919,121**	773,075	**146,046**

c) Reconciliation of net profit after tax for the year to net cash flows from operating activities is presented below:

	Consolidated		Parent	
	2021	2020	**2021**	2020
	PGK '000	PGK '000	**PGK '000**	PGK '000
Net profit after tax	**70,810**	75,974	**56,523**	37,467
Profit from disposal of property and equipment	**(105)**	(221)	**(105)**	(221)
Depreciation and amortization (note 19 and 20)	**36,398**	35,065	**36,398**	18,653
(Premium)/discount amortisation (note 17)	**598**	(4,906)	**598**	(4,906)
Share-based payment expense	**813**	711	**813**	711
Net (losses)/gains from changes in fair values of financial assets (note 15)	**(817)**	2,510	**(467)**	2,666
Increase in income tax payable	**6,783**	1,186	**7,733**	4,077
Decrease in deferred income tax (note 11b)	**(506)**	(5,991)	**(519)**	(12,730)
Other one-off expenses (note 31)	**8,407**	-	**8,407**	-
Foreign translation loss/(gain) on Nostro bank account	**4,184**	-	**98**	-
Changes in net assets and liabilities:				
Increase in assets	**(347,913)**	(226,709)	**(407,413)**	(233,347)
Increase in liabilities	**468,370**	49,509	**472,021**	73,070
Net cash inflow/(outflow) from operating activities	**247,022**	(72,872)	**174,087**	(114,560)

29. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The Group is controlled by Kina Securities Limited ("KSL") incorporated in Papua New Guinea, which owns 100% of the ordinary shares of its subsidiaries, unless otherwise stated.

A number of banking transactions are entered into with related parties in the normal course of business. These include loans, deposits and foreign currency transactions. These transactions were carried out on normal commercial terms and at normal market rates. The volumes of related party transactions, outstanding balances at 31 December 2021, and related expenses and income for the year ended are as follows:

a) Directors and management transactions

From time to time during the year, Directors and Senior Management of the Parent and subsidiaries had deposits in the Group on normal terms and conditions. Brokerage rates for buying and selling shares for the Senior Management and staff are discounted.

A listing of the members of the Board of Directors is shown in the Annual Report. In 2021, the total remuneration of the Directors was PGK3,965,065 (2020: PGK3,219,047).

Key management personnel (KMP) of the group includes directors and the executive general managers (EGMs) during the year.

The table below shows the Group specified EGM remuneration in aggregate (in PGK'000).

	No of KMP	Salary	Bonus	Super	Equity options	Other benefits	Total
2021	**11***	**8,305**	**3,707**	**-**	**813**	**2,083**	**14,908**
2020	10	7,650	2,093	-	711	2,084	12,538

**2 resigned as of 12 November 2021, 1 position replaced as of 22 November 2021*

b) Subsidiary transactions and balances

The Company maintains an intercompany account with subsidiary undertakings, which are interest bearing at the rate of KSL cost of funds plus 12.50 (2020: 12.50) basis points, unsecured and with no fixed term of repayment. Details as follows:

	Transactions				Balance outstanding			
	Income	Expenses	Income	Expenses		Due from		Due to
	2021	**2021**	2020	2020	**2021**	2020	**2021**	2020
	PGK'000	**PGK'000**	PGK'000	PGK'000	**PGK'000**	PGK'000	**PGK'000**	PGK'000
KFM	**784**	**-**	860	-	**62,349**	1,323	**-**	-
KISS	**3,254**	**150**	2,869	170	**-**	-	**(9,612)**	(8,880)
KWM	**-**	**-**	-	-	**224**	-	**-**	(108)
KNL	**-**	**-**	-	-	**64**	64	**-**	-
KSL Fiji	**-**	-	-	-	**-**	-	**-**	-
	4,038	**150**	3,729	170	**62,637**	1,387	**(9,612)**	(8,988)

30. Investments under trust

The Group acts as trustee holding or placing of assets on behalf of superannuation funds and individuals. As the Group acts in a fiduciary capacity, these assets are not assets of the Group and, therefore, are not included in its statements of financial position. The Group is also engaged in investing client monies. A corresponding liability in respect of these monies is also excluded from the statements of financial position. Investments under trust at year end are:

	Consolidated		Parent	
	2021	2020	**2021**	2020
	PGK'000	PGK'000	**PGK'000**	PGK'000
Clients funds held for shares trading	**4,200**	2,202	**4,200**	2,138
	4,200	2,202	**4,200**	2,138

31. Other one-off expenses

In September 2021, the PNG Independent Consumer and Competition Commission (ICCC) did not approve the acquisition of the Pacific business from Westpac. In accordance with the requirements of IFRS, the Group has expensed relevant associated costs to the Statement of Comprehensive Income. A total of PGK 27.7m, comprising costs incurred directly by Kina (PGK 8.4m) and the costs incurred by Westpac (PGK 19.3m), has been charged to the Statement of Comprehensive Income.

32. Refund of deposit from Westpac

As part of the supposed purchase price, the Group made an advance payment of PGK 111m (AUD 42m) to Westpac in 2020 and it refunded PGK 84.6m (AUD 32m) to Kina and retained PGK 26.4m (AUD 10m) as a cost reimbursement.

33. Segmented reporting

The segment information provided to the Chief Executive Officer for the reportable segments for the year ended 31 December 2021 is as follows:

	Banking & Finance	Wealth Management	Total
	PGK '000	**PGK '000**	**PGK '000**
Interest income	206,932	3	206,935
Interest expense	(29,623)	-	(29,623)
Foreign exchange income	66,316	(683)	65,633
Fee and commission income	58,389	30,946	89,335
Other revenue	837	1,246	2,083
Total external income	**302,851**	**31,512**	**334,363**
Other operating expenses	(177,428)	(8,002)	(185,430)
Provision for impairment	(6,665)	146	(6,519)
Depreciation and amortisation	(36,398)	-	(36,398)
Total external expenses	**(220,491)**	**(7,856)**	**(228,347)**
Profit before inter-segment revenue and expenses	**82,360**	**23,656**	**106,016**
Inter-segment income	3,797	-	3,797
Inter-segment expense	-	(3,797)	(3,797)
Profit before tax	**86,157**	**19,859**	**106,016**
Income tax expense	(29,634)	(5,572)	(35,206)
Profit after tax	**56,523**	**14,287**	**70,810**
Total assets	**3,706,504**	**79,154**	**3,785,658**
Total assets include:			
Additions to non-current assets	**(28,431)**	**-**	**(28,431)**
Total liabilities	**(3,206,686)**	**(2,349)**	**(3,209,035)**

Banking and finance segments includes the operations of the Kina Bank while Wealth Management includes fund management and fund administration business.

The segment information provided to the Chief Executive Officer for the reportable segments for the year ended 31 December 2020 is as follows:

	Banking & Finance	Wealth Management	Total
	PGK '000	PGK '000	PGK '000
Interest income	199,581	106	199,687
Interest expense	(29,964)	-	(29,964)
Foreign exchange income	55,196	43	55,239
Fee and commission income	46,489	29,729	76,218
Other revenue	10,566	3,048	13,614
Total external income	**281,868**	**32,926**	**314,794**
Other operating expenses	(138,450)	(9,355)	(147,805)
Provision for impairment	(21,811)	(207)	(22,018)
Depreciation and amortisation	(35,065)	-	(35,065)
Total external expenses	**(195,326)**	**(9,562)**	**(204,888)**
Profit before inter-segment revenue and expenses	**86,542**	**23,364**	**109,906**
Inter-segment income	15,392	-	15,392
Inter-segment expense	(11,800)	(3,592)	(15,392)
Profit before tax	**90,134**	**19,772**	**109,906**
Income tax expense	(28,807)	(5,125)	(33,932)
Profit after tax	**61,327**	**14,647**	**75,974**
Total assets	**3,285,349**	**14,202**	**3,299,551**
Total assets include:			
Additions to non-current assets	**(22,924)**	**-**	**(22,924)**
Total liabilities	**(2,719,289)**	**(3,228)**	**(2,722,517)**

There is only one segment for the Parent entity and the information is the same as the primary statements.

34. Contingent liabilities

Litigations and claims

Contingent liabilities exist in respect of actual and potential claims and proceedings that have not been determined. An assessment of the Group's likely loss has been made on a case by case basis for the purposes of the financial statements and specific provisions are made where appropriate. As at 31 December 2021, the Group is a party to some litigation before the courts, however, management does not believe these will result in any material loss to the Group. There was no litigation matter of a material nature that is not already provided for in the financial statements.

Other contingent liabilities

The Bank guarantees the performance of customers by issuing bank 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.

	2021	2020
	PGK'000	PGK'000
Bank guarantee	**46,829**	88,704
	46,829	88,704

35. Commitments

Capital commitments

There was a total of PGK3,822,580 relating to commitments under contracts for capital expenditure at balance sheet date (31 December 2020: PGK4,927,290).

Loan commitments

There was a total of PGK168,623k relating loan commitment at balance sheet date (31 December 2020: PGK204,924k).

36. Fair value of financial assets and liabilities

The Group measures fair values in accordance with IFRS 13, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group also uses a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value, which gives highest priority to quoted prices.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Assets and liabilities are classified as Level 1 if their value is observable in an active market.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. A Level 2 input must be observable for substantially the full term of the instrument. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability.
- Level 3 inputs are unobservable inputs. Assets and liabilities are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data.

Where possible, fair value is determined by reference to a quoted market price for the instrument valued. The group does not hold any material financial instruments for which quoted prices are not available other than investment in unlisted shares which are classified in Level 3 category.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped by fair value hierarchy level.

Financial instruments measured at fair value

The following tables present the Group's and the parent's assets and liabilities that are measured at fair value at 31 December 2021.

	Consolidated			
	Level 1	Level 2	Level 3	Total
	PGK'000	PGK'000	PGK'000	PGK'000
Investment securities measured at FVTPL				
- Investment in shares – Listed	5,036	-	-	5,036
- Investment in shares – Unlisted	-	-	6,616	6,616
Total assets	**5,036**	**-**	**6,616**	**11,652**

	Parent			
	Level 1	Level 2	Level 3	Total
	PGK'000	PGK'000	PGK'000	PGK'000
Investment securities measured at FVTPL				
- Investment in shares – Listed	183	-	-	183
- Investment in shares – Unlisted	-	-	6,588	6,588
Total assets	**183**	**-**	**6,588**	**6,771**

The following tables present the Group's and the parent's assets and liabilities that are measured at fair value at 31 December 2020.

Consolidated	Level 1	Level 2	Level 3	Total
	PGK'000	PGK'000	PGK'000	PGK'000
Investment securities measured at FVTPL				
- Investment in shares – Listed	4,680	-	-	4,680
- Investment in shares – Unlisted	-	-	6,002	6,002
Total assets	**4,680**	**-**	**6,002**	**10,682**

Parent	Level 1	Level 2	Level 3	Total
	PGK'000	PGK'000	PGK'000	PGK'000
Investment securities measured at FVTPL				
- Investment in shares – Listed	177	-	-	177
- Investment in shares – Unlisted	-	-	5,974	5,974
Total assets	**177**	**-**	**5,974**	**6,151**

Reconciliation of level 3 fair value measurements of financial assets and financial liabilities

The group holds investment in unlisted securities amounting to PGK6,616,782 (31 December 2020: PGK6,002,718) in level 3 category for which carrying amount is considered as reasonable approximation of fair value. As such no reconciliation of level 3 financial instruments has been presented in these financial statements.

The parent holds investment in unlisted securities amounting to PGK6,588,495 (31 December 2020: PGK5,974,431) in level 3 category for which carrying amount is considered as reasonable approximation of fair value. As such no reconciliation of level 3 financial instruments has been presented in these financial statements.

Financial instruments not measured at fair value

For the financial instruments not measured at fair value as at 31 December 2021 and 2020, there is no material difference between the fair value and carrying value of the Group's and the Parent's financial assets and liabilities.

37. Auditors' remuneration

Consolidated	Consolidated 2021	Consolidated 2020	Parent 2021	Parent 2020
	PGK'000	**PGK'000**	**PGK'000**	**PGK'000**
Audit and audit related	**1,590**	909	**1,452**	819
Other services	**-**	339	**-**	325
	1,590	1,248	**1,452**	1,144

38. 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 is an excellent fit for its expansion program.

The goodwill arising on this acquisition was recorded at PGK92,786,000. 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.

Goodwill was tested for impairment as at 31 December 2021 and no impairment loss arose on this assessment. The goodwill is allocated and tested at the KSL level. The recoverable amount has been determined using both the fair value and value in use at each reporting date. Value in use refers to expected future cash flows over the next five years on a discounted cash flow basis. The fair value is determined based on the multiples of future maintainable earnings.

The calculations of value in use includes cash flow projections covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rate of 3.0% (31 December 2020: 3.0%). The estimated cash flows are discounted using a discount rate of 4.4% (31 December 2020: 4.7%). The fair value calculation includes future maintainable earnings of PGK 116.6 million (31 December 2020: PGK 128.5 million) and earnings multiple of 8 times. There is no reasonably possible change in these key assumptions on which the CGU's recoverable amount is based would cause its carrying amount to exceed its recoverable amount.

39. Group reorganisation

During the prior year, the Group reorganised its legal structure so that the subsidiaries Kina Bank Limited, Kina Ventures Limited and Kina Properties Limited (amalgamating subsidiaries) were amalgamated into Kina Securities Limited (KSL). The amalgamation was affected at the carrying amount of net assets of the amalgamating subsidiaries immediately before the effective date of amalgamation. The difference between the pre-amalgamation carrying amount of the net assets and the investment in the amalgamating subsidiaries was recognised as 'capital reserves' in separate financial statements of KSL. Further, the separate financial statement of KSL includes results of the amalgamating subsidiaries from the effective date of amalgamation. The amalgamation does not have any impact on the consolidated financial statements.

40.Events after the statements of financial reporting date

Declaration of dividend

Subsequent to the financial reporting date, the directors declared a final dividend of PGK 18.5 toea (AUD 7.0 cents) per share (PGK 53.1 million).

Impact of coronavirus (COVID-19)

The spread of Novel Coronavirus (COVID-19) continues to impact businesses globally given the duration of the pandemic, severity of the economic downturn and the speed of economic recovery. In accordance with IAS 10 'Events after the Reporting Period'. the Group considered whether events after the reporting period confirmed conditions existing before the reporting date. Consideration was given to the macro-economic impact of lockdowns, closure of international borders and the government support measures. The Group did not identify any subsequent events arising from the COVID-19 related developments, which would require adjustment to the amounts or disclosures in the financial statements. Further, no other material non-adjusting subsequent events relating to COVID-19 were identified requiring disclosure in the financial statements. Given the evolving nature of the current situation, the Group will continue to regularly review the forward-looking assumptions and forecast economic scenarios. There has been no other transactions or events of a material and unusual nature between the end of the reporting period and the date of the report likely, in the opinion of the Directors of the Group, to affect significantly the operations of the Group, the results of those operations, or state of affairs of the Group in future years.

Shareholder Information.

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in the Report is set out below. The information is current as of 14 March 2022.

a. The distribution of holders of quoted securities (fully paid ordinary shares)

Range	Securities	%	No. of holders	%
1 to 1,000	502,412	0.18	878	13.95
1,001 to 5,000	4,116,294	1.43	1,435	22.79
5,001 to 10,000	7,982,024	2.78	991	15.74
10,001 to 100,000	86,281,973	30.07	2,644	41.99
100,001 and over	188,053,197	65.54	348	5.53
Total	**286,935,900**	**100.00**	**6,296**	**100.00**

b. The distribution of holders of unquoted securities (performance rights)

Range	Securities	%	No. of holders	%
1 to 1,000	0	0	0	0
1,001 to 5,000	0	0	0	0
5,001 to 10,000	0	0	0	0
10,001 to 100,000	202,183	4.73	3	21.43
100,001 and over	4,072,672	95.27	11	78.57
Total	**4,274,855**	**100.00**	**14**	**100.00**

c. The distribution of holders of unquoted securities (performance rights)

Class of equity security	Securities	No. of holders
Quoted securities (fully paid ordinary shares)	286,935,900	878
Unquoted securities (performance rights)	4,274,855	14

d. Unmarketable Parcel of Shares

The number of shareholders holding less than a marketable parcel of ordinary shares is 234, holding 66,496 securities.

e. Substantial Shareholders

Name	Number of shares	% of total shares issued
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	48,040,178	16.74

f. Stock Exchanges

The Company's ordinary fully paid shares are listed on the Australian Securities Exchange **(ASX)** and the Papua New Guinea National Stock Exchange **(PNGX)**.

g. Voting Rights

Each ordinary shareholder present at a general meeting (whether in person, by proxy or by representative), is entitled to one vote on a show of hands, or on a poll, for each fully paid ordinary share held.

h. 20 largest holders of quoted securities (fully paid ordinary shares)

Range	Name	Number of Shares	% of Total Shares Issued
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	48,040,178	16.74
2	ASIAN DEVELOPMENT BANK	10,751,916	3.75
3	COMRADE TRUSTEE SERVICES LIMITED <DFRBF A/C>	7,951,328	2.77
4	CITICORP NOMINEES PTY LIMITED	5,800,176	2.02
5	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	5,465,652	1.90
6	MINERAL RESOURCES CMCA HOLDINGS LIMITED	5,312,834	1.85
7	AIRWOLF LIMITED	2,885,390	1.01
8	NATIONAL NOMINEES LIMITED	2,710,754	0.94
9	GAS RESOURCES PNGLNG PLANT LIMITED	2,139,037	0.75
10	COLUMBUS ASSET MANAGEMENT PTY LTD <YATES INVESTMENT A/C>	2,030,000	0.71
11	GARMARAL PTY LTD	1,832,615	0.64
12	MR IVAN LU	1,825,172	0.64
13	GEAT INCORPORATED <GEAT-PRESERVATION FUND A/C>	1,570,500	0.55
14	MS MICHELLE MANSFIELD JOYCE GOLDING	1,363,654	0.48
15	MS RENEE YIN LAE GOLDING	1,363,654	0.48
16	MR STEPHEN WAYNE WILLIAM GOLDING	1,363,654	0.48
17	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	1,328,314	0.46
18	KINA ASSET MANAGEMENT NO 1 LIMITED	1,272,500	0.44
19	HITSUMA SDN BHD	1,250,000	0.44
20	PERPETUAL SHIPPING LIMITED	1,250,000	0.44
	Total Top 20	**107,507,328**	**37.47**
	Balance of Register	**179,428,572**	**62.53**
	Total fully paid ordinary shares on issue	**286,935,900**	**100.00**

i. On-market buy-back

There is no current on-market buy-back.

j. Securities purchased on-market during the reporting period

	Number of shares purchased	Average purchase price
To satisfy the entitlements of holders of performance rights under the Kina Performance Rights Plan	1,087,444	$0.99

Corporate Directory.

Directors
Isikeli Taureka (Chairman)
Greg Pawson (MID)
Karen Smith-Pomeroy
Dr Jane Thomason
Paul Hutchinson
Andrew Carriline
Dr Ila Temu

Company Secretary
Chetan Chopra

Share Registry

Papua New Guinea
PNG Registries Ltd
Level 4, Cuthbertson Haus
PO Box 1265,
Port Moresby Papua New Guinea
Telephone: (675) 321 6377
Facsimile: (675) 321 6379
Email: brenda.igo@linkgroup.com

Australia
Link Market Services Limited
Level 21, 10 Eagle St
Brisbane QLD 4000
Telephone: 1300 554 474 (within Australia)
+61 1300 544 474 (outside Australia)

Auditor
Deloitte Touche Tohmatsu Ltd
Level 9 Deloitte Haus
MacGregor St
PO Box 1275, Port Moresby
National Capital District
Papua New Guinea
Telephone: +675 308 7000
Facsimile: +675 308 7001
www.deloitte.com/pg

Stock Exchange Listing
ASX Code: KSL
PNGX Code: KSL

www.kinabank.com.pg

Pictured on Front Cover:
Tamika Sisione

Registered Office

Head Office
Level 9, Kina Bank Haus Douglas St
PO Box 1141, Port Moresby
National Capital District 121
Papua New Guinea
Telephone: +675 308 3888 or +675 308 3800

Boroko Branch
Turumu St Boroko
PO Box 1718, Boroko, 111
National Capital District
Papua New Guinea

Goroka Branch
Cnr of Fox & Elizabeth St
Ground Floor, Gouna Plaza
PO Box 767, Goroka 441
Eastern Highlands Province
Papua New Guinea

Habour City Branch
Portion 13 Section 44
Allotment 30
Off Poreporena Freeway
PO Box 1141, Port Moresby 121
National Capital District
Papua New Guinea

Hides Branch
Block 8 - HGDC Para Camp,
Tari, Hela Province
Papua New Guinea

Jacksons Branch
Jacksons International Airport
PO Box 1152, Port Moresby 121
National Capital District
Papua New Guinea

Kimbe Branch
Cnr San Remo Drive and Talasea Rd
PO Box 466, Kimbe 621
West New Britain Province
Papua New Guinea

Kina Bank Centre
Level 1, Kada Gunan Building
Habour City
PO Box 1141,
Port Moresby
National Capital District
Papua New Guinea

Kokopo Branch
Peter Torot Street, Tabubar Kokopo,
PO Box 419,
Kokopo
East New Britain Province
Papua New Guinea

Lae Market Branch
Cnr Cedarbank St and Aircorps Rd
Second St, Top Town
PO Box 674,
Lae Morobe Province
Papua New Guinea

Lae Top Town Branch
Ground Floor
Nambawan Super Haus
2nd St Top Town
PO Box 682, Lae
Morobe Province
Papua New Guinea

Lihir Branch
Block 830, Wide Rd
Londolovit
PO Box 223, Lihir
New Ireland Province
Papua New Guinea

Madang Branch
Section 20, Lot 08
Coastwatcher's Ave
PO Box 181, Madang 511
Madang Province
Papua New Guinea

Mt Hagen Branch
Hagen Dr
PO Box 121, Mt Hagen 281
Western Highlands Province
Papua New Guinea

Port Moresby Branch
Cnr Musgrave St and Champion Parade
PO Box 143, Port Moresby 121
National Capital District
Papua New Guinea

Vision City Branch
Ground Floor
Sir John Guise Drive
PO Box 1141,
National Capital District 121
Papua New Guinea

Waigani Cameron Rd Branch
Cnr Waigani Dr and
Cameron Rd
PO Box 252, Waigani 131
National Capital District 121
Papua New Guinea

Waigani Drive Branch
Cnr Waigani and Islander Dr
PO Box 1141, Port Moresby
National Capital District 121
Papua New Guinea

Wewak Branch
Centre St
PO Box 1069, Wewak 531
East Sepik Province
Papua New Guinea

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