

Monthly Report.

May 2025



kinabank

Together it's possible

Monthly Highlights.

KSi up 0.6% m/m

The KSi closed 0.6% higher in May as gains in BSP, KSL, CCP, KAM and STO lifted the index. The index still remains 0.8% below its initial index level in January 2025.

KAM NTA trading at PGK1.93 per share

KAM reported that its Net Tangible Asset (NTA) was PGK1.93 per share. With its share price averaging PGK1.75 per share during May, KAM's stock was trading at a discount to its NTA.

Tariff truce eases commodity price volatility

A temporary truce in the trade tensions between the US and China during May improved industrial sentiment and slowed intra-month volatility for a number of commodity markets, including Gold and LNG.

Cocoa prices still remain high but shaky

Supply uncertainties in Ivory Coast and Ghana continue to drive fluctuations in the price for cocoa. The ICCO has projected a global supply surplus in the 2024-25 season, following the largest deficit last year which saw prices skyrocket.

BPNG intervention falls

BPNG's monthly FX intervention to support outstanding orders continues to drop as importer waiting times also decrease. Export flows, particularly from high agriculture windfall gains are having a positive impact on the current account.

GIS auctions under-subscribed again

May GIS auctions saw the third undersubscription of the year, while 364-day Treasury Bills remain the preferred tenure of most investors.

FX Market.

Market activity increased in May

After remaining flat over the past 2 months, May saw a slight increase in FX market turnover levels by +1.1% (PGK5.21 billion vs PGK5.15 billion in April). Year to date, the FX market turnover has been averaging PGK5.13 billion a month in 2025, which is 27% higher than the monthly average for the corresponding period last year.

FX market volume growth since start of 2024

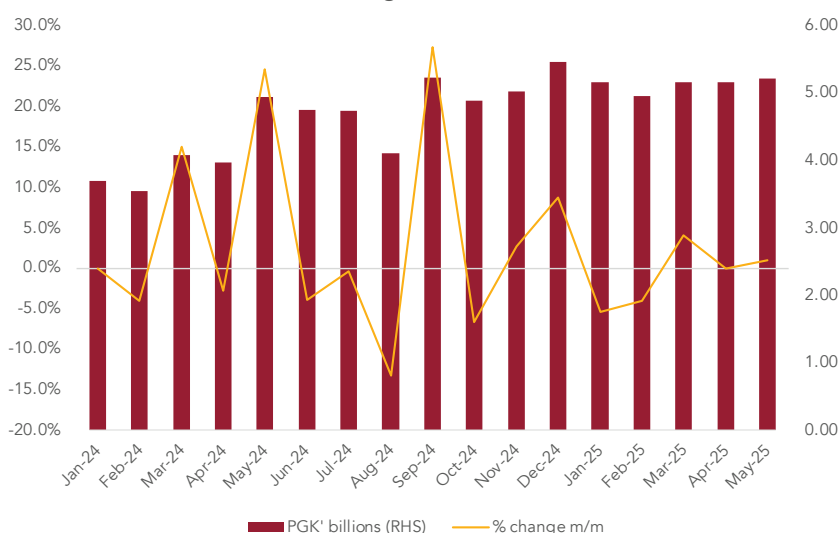


Figure A1: Source: Bank of PNG, KB Economics

FX Market, cont.

PNG intervention continues to decline

BPNG provided US\$59 million to the market in May (compared to US\$70 million in April), marking the second consecutive month that BPNG has reduced its intervention to the market.

AUD/USD volatility slows down

After a very volatile April, the AUD/USD regained some calmness as it traded in the range of 0.6396 to 0.6526. On the corresponding PGK/AUD cross-rate, this saw a trading range between 0.3741 and 0.3832. The spike above 0.6500 early during the month was a 5-month high, with news breaking that U.S. and China officials would meet for high level trade talks. Softer-than expected US inflation data later during the month boosted risk appetite and sent the AUD upwards. The Euro was also very strong during May against the USD at the end of the month following President Trump's threats of a tariff against the Eurozone, before news that the tariffs would be delayed pushed the greenback higher.

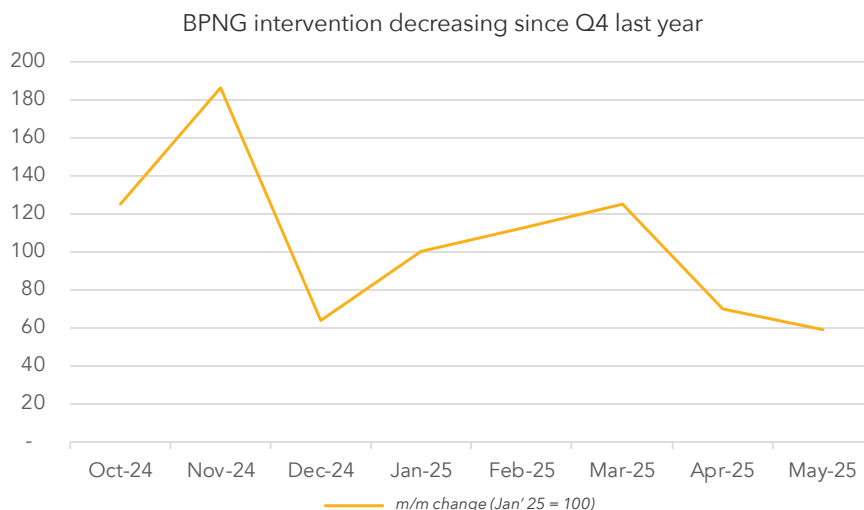


Figure: A2, Source: Bank of PNG, KB Economics

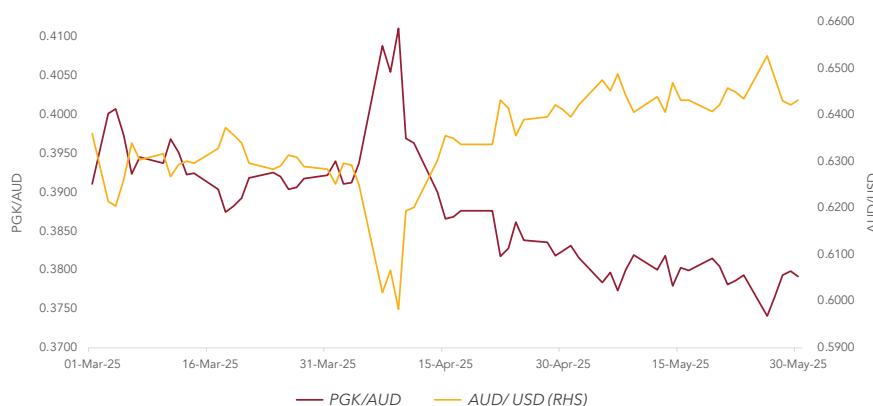


Figure: A3, Source: Bank of PNG, Bloomberg, KB Economics

PNG Equities.

2025 Annual General Meetings

Several companies listed on PNG's national stock exchange (PNGX) held their Annual General Meetings (AGMs) the month. These included the country's largest bank, BSP Financial Group Limited (PNGX: BSP | ASX: BFL), as well as Kina Asset Management Limited (PNGX: KAM), NGP Agmark Limited (PNGX: NGP), and City Pharmacy Limited (PNGX: CPL). AGM results have been released by BSP and KAM, while NGP and CPL have yet to publish their results as of 30th May.

All business items presented by BSP and KAM to their respective shareholders for consideration and approval were passed by majority vote:

BSP AGM Results -

The resolutions included:

- Remuneration Report for the year ended 31 December 2024
- Re-election of Directors: Priscilla Kevin and Patricia Taureka-Seruvatu

- Election of new Directors: David Hornery and Donna Cooper
- Appointment of Pwc as Auditor.

KAM AGM Results -

The resolutions included:

- Re-election of Professor David Kavanamur
- Election of Dr. Albert Mellam
- Appointment of Deloitte Touche Tohmatsu as Auditor.

PNG Equities, cont.

KSL Announces Resignation of Group CRO

Kina Securities Limited (PNGX/ASX: KSL) announced that Group Chief Risk Officer (CRO), Philip Keller, will be leaving the company effective 18th November 2025 due to personal reasons. A six-month notice period has been provided to ensure a smooth transition to the next CRO.

Managing Director and Chief Executive Officer, Ivan Vidovich, along with the Board, expressed their gratitude to Mr. Keller for his valuable contribution to the company during his tenure as CRO.

KAM: PGK1.93 NTA per Share

KAM reported a Net Tangible Asset (NTA) per share of PGK1.93 as of 30th April. This represents the value

of the company's physical (tangible) assets on a per share basis, excluding intangible assets and liabilities. With a share price averaging around PGK1.75 per share in May, the company's stock was trading at a discount to its NTA per share.

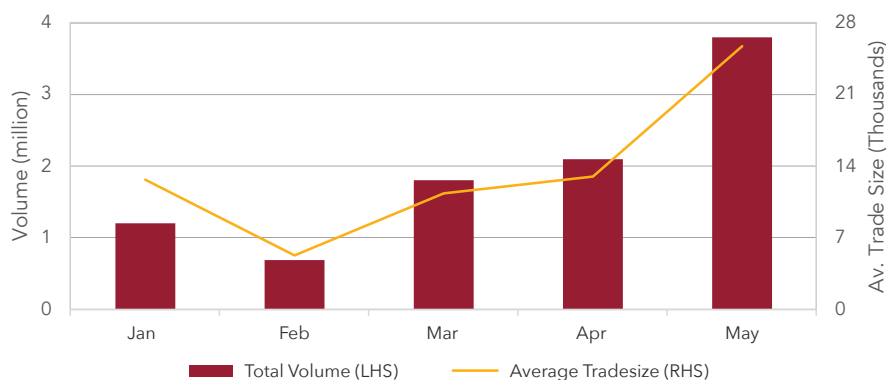
Market Performance

On the PNGX, stock brokers executed 147 trades, totalling 3.8 million units valued at PGK56.9 million. While the number of trades was down by nearly 11% from the previous month, total volume traded increased by 76% m/m.

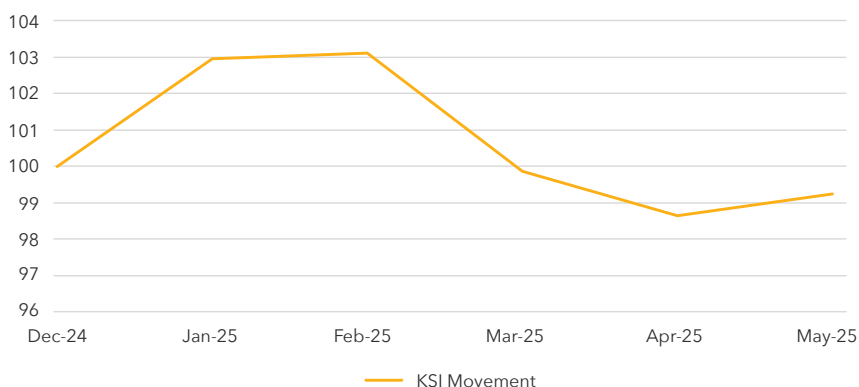
The average trade size rose to 26,000 units, up 98% m/m, possibly indicating increased activity from institutional investors or high net-worth individuals.

The Kina Securities Index (KSi), a market capitalization-weighted index of the PNGX, rose 0.6% m/m, ending a two-month losing streak. The share price gains in BSP Financial Group (BSP), Kina Securities (KSL), Credit Corporation (CCP), Kina Asset Management (KAM) and Santos (STO) stocks contributed to the rise. However, the KSi remains 0.8% (or 50.3 basis points) below its initial index level in January 2025.

Trading Trends: Volume and Average Trade Size by Month



KSi Movement - 2025



Domestic Debt Market.

GIS: AUCTIONS SEE THIRD UNDERSUBSCRIPTION FOR 2025

AUCTION DATES	AMOUNT OFFERED (PGK'm)	BIDS RECEIVED (PGK'm)	SUCCESSFUL BIDS (PGK'm)	OVER/UNDERSUBSCRIBE (PGK'm)	OVER/UNDERSUBSCRIPTION RATE
Friday, 2nd May 2025	10.00	18.00	10.00	8.00	80%
Friday, 9 May 2025	10.00	8.03	8.03	-1.97	-20%
Friday, 16 May 2025	300.00	264.00	264.00	-36.00	-0.12%
Friday, 23 May 2025	200.00	197.11	197.11	-2.89	-1%
Friday, 30 May 2025	50.00	50.00	50.00	-	0%
Total	570.00	537.14	529.14	-32.86	-5.76%

Source: Bank of PNG, KB Economics

GIS: Auctions see third undersubscription for 2025

Government Inscribed Stocks (GIS) auctions during May saw varying levels of investor interest. Following an oversubscription at the beginning of the month, there were three consecutive weekly auctions that were undersubscribed. Investors continue to prefer the longer-term tenors (particularly the 10-year term), indicating a desire for higher yields. Shorter-term bonds, such as the 5 and 6-year bonds, saw minimal or no participation, suggesting concerns about low yields or expectations of future rate increases.

Yield trends were relatively stable across the board, with some upward movements observed in the longer-term bonds, reflecting mild inflation expectations and a risk premium for investors who choose to invest for extended periods. Through each weekly auction the government continues to adjust its issuance strategy based on the response of the market.

Overall, May's GIS auctions saw the third undersubscription of the year, however, the undersubscription rate for May (-5.76%) is about 92% lower than the

undersubscription level seen in April (-71.40%), signalling an improvement in the demand for government bonds. This could also be an indication that investors' shift towards longer-term instruments is driven by the search for higher yields, and institutional investors seeking longer dated bonds to match their portfolios.

T-BILLS: FIRST UNDERSUBSCRIPTION FOR 2025

TERM DAYS	91 DAYS	182 DAYS	273 DAYS	364 DAYS	TOTAL (PGK)
Weighted Average Yield	4.55%	7.50%	8.25%	8.26%	
Amount Offered (PGK'm)	35.00	100.00	100.00	1,203.01	1,438.01
Bids Received (PGK'm)	29.20	44.95	113.27	1,148.68	1,336.10
Successful Bids (PGK'm)	29.20	44.95	113.27	986.48	1,173.90
Over/Undersubscription (PGK'm)	-5.80	-55.05	13.27	-54.33	- 101.91
Over/Undersubscription Rate	-16.57%	-55.05%	13.27%	-4.52%	-7.09%
Success Rate	100.00%	100.00%	100.00%	85.88%	87.86%

Source: Bank of PNG, KB Economics

Together it's possible

Level 9, Kina Bank Haus
Douglas Street, PO Box 1141
Port Moresby NCD 121
Papua New Guinea

Telephone +675 308 3800
Facsimile +675 308 3899
Email kina@kinabank.com.pg
SWIFT KINIPGPG
kinabank.com.pg

Domestic Debt Market, cont.

T-bills: Fourth month of oversubscription

May's auctions for Treasury Bills (T-bills) experienced mostly undersubscriptions, with all T-bills undersubscribed except for the 273-day T-bill.

Investor demand was generally stronger especially for the 364-day (or 1-year) T-bill, indicating a preference for locking in higher yields amid rate uncertainty. Shorter terms like the 91-day and 182-day T-bills saw weaker

demand, possibly due to lower yields or expectations of future rate increases.

Yield for the 1-year T-bill has trended downwards compared to the start of the year, dropping by 24 bps since January this year – suggesting easing expected returns or improved confidence in the government's fiscal position. However, some auctions saw upward yield adjustments, particularly for the 182-day paper, adding 177 bps since January, as

the government attempted to incentivize interest through higher yields.

Overall, May's auction results witnessed the first undersubscription of the year amounting to PGK101.91 million, falling short by 7.09% (undersubscription rate) of the amount offered during the month. Regardless, the government managed to raise a total of PGK1, 173.90 million (PGK1.174 billion).

Commodities.

	PRICE (USD)		MONTH		YOY		YTD
Agriculture							
Coffee (US cents/lb)	413.60	↑	8.54%	↑	62.83%	↓	-4.31%
Cocoa (US\$/mt)	9,127.00	↑	14.41%	↓	-10.46%	↓	-9.91%
Palm Oil (RM/tn)	3,971.00	↓	-18.16%	↑	2.78%	↓	-20.51%
Energy							
Brent Crude (US\$/bbl)	63.12	↓	-16.90%	↓	-33.07%	↓	-17.23%
LNG (US\$/mmBtu)	11.22	↓	-15.34%	↑	8.17%	↓	-28.55%
Light Crude WTI Futures (US\$/bbl)	58.21	↓	-20.54%	↓	-34.18	↓	-20.38%
Precious Metals							
Gold (US\$/oz)	3,319.10	↑	5.22%	↑	36.55%	↑	12.51%
Silver (US\$/oz)	32.83	↓	-5.29%	↑	20.83%	↑	0.13%
Base Metals							
Copper (US\$/lb)	4.61	↓	-8.82%	↑	0.97%	↓	-2.05%
Iron Ore (US\$/mt)	94.34	↓	-2.64%	↓	-33.52%	↓	-5.27%

Figure D1, Source: Bloomberg, KB Economics

Commodities.

Supply uncertainties keeping cocoa prices volatile

Cocoa prices during May were affected by supply uncertainties in the Ivory Coast and Ghana. The International Cocoa Organization (ICCO) reported a significant global cocoa deficit of 441,000 metric tons for the 2023-24 season, marking the largest shortfall in over 60 years. However, for the 2024-25 season, the ICCO projects a global cocoa surplus of 142,000 metric tons, anticipating a 7.8% year-on-year increase in production to 4.84 million metric tons. This continued change in supply from the two largest cocoa producers saw cocoa prices trade within a range of US\$8,758/mt to US\$10,974/mt.

Asia LNG prices recover during May

After a downward trend since peaking at US\$14.95/mmBtu in February, Asian LNG prices had a slight rebound during May. This was partly influenced by an uptick in demand as industrial sentiment improved following a 90-day tariff truce agreed by the United States and China during trade talks.

Gold prices end the month flat after following volatile conditions

Despite some intra-month volatility, gold prices ended the relatively flat, following further changes in the international trade landscape thanks to President Trump's tariffs. The safe-haven has officially firmed up above US\$3,000/oz, trading in the range of US\$3,187/oz and US\$3,423/oz. Despite the elevated prices, tariffs are causing greater volatility on gold, but not where intended, pushing stagflation risks higher and hamstringing several central banks ahead of upcoming meetings in June.

Cocoa prices fluctuate



Figure D1, Source: Bloomberg, KB Economics

Asian LNG prices climb after US-China tensions soften

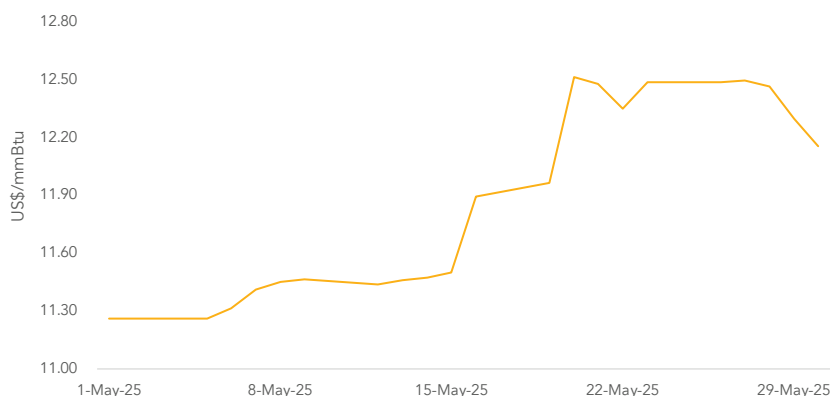


Figure D3, Source: Bloomberg, KB Economics

Gold price firms above US\$3,000/oz



Figure D4, Source: Bloomberg, KB Economics

Kina Bank Wealth Management.

EGM | Wealth Management & Corporate Advisory

Deepak Gupta
deepak.gupta@kinabank.com.pg

Head of Investments

Michael Rook
michael.rook@kinabank.com.pg

Manager | Research & Analysis

Gareth Rus
gareth.rus@kinabank.com.pg

Senior Economist

Moses David
moses.david@kinabank.com.pg

Head of Wholesale Business Development

Willie Konga
willie.konga@kinabank.com.pg

Senior Investment Analyst

Eunice Nogua
eunice.nogua@kinabank.com.pg

Team Leader | Client Portfolio Services

Mareta Kokiva
mareta.kokiva@kinabank.com.pg

Senior Client Portfolio Services officer

Kimberly Melegepa
kimberly.melegepa@kinabank.com.pg

Client Portfolio Services officer

Fatima Ai'io
fatima.ai'io@kinabank.com.pg

Economics

Karo Tuva
karo.tuva@kinabank.com.pg

Joshua Sialis
Joshua.Sialis@kinabank.com.pg

Shares

Vera Saisagu
Linah Leka
wealth@kinabank.com.pg

Administration Coordinator

Dagu Hebore
dagu.hebore@kinabank.com.pg

Disclaimer.

General Disclosure

This report is for our clients only. All information contained herein is obtained by Kina Funds Management Limited (KFM) and/or Kina Group of Companies (Kina Group) from sources believed by it to be accurate and reliable. Whilst every care has been taken in the compilation of this Report and all information is believed to be accurate, No liability is accepted by KFM and/or Kina Group or its subsidiaries, or any of their officers, employees or agents for any errors or omissions in this Report. All information is provided "as is" without warranty of any kind and KFM and/or Kina Group, in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability, or fitness for any particular purpose of any such information. Opinions and recommendations are subject to change without notice and cannot be relied on without independent confirmation. This report is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this report is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur.

Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments. Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors. This document is confidential and intended only for authorised clients of KFM and/or Kina Group.

Conflict Disclosure

KFM and/or Kina Group, its Directors, officers, employees or agents may own shares in the Companies stated in this Report, but under no circumstances shall KFM and/or Kina Group have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstances or contingency within or outside the control of KFM and/or Kina Group or any of its Directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication,

publication, or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory, or incidental damages whatsoever (including without limitation, lost profits), even if KFM and/or Kina Group is advised in advance of the possibility of such damages, resulting from the use of or inability to use any such information. Past performance of Companies reviewed herein are not, and should not be held as indicators of the of the entities future performance. The information contained herein is, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. KFM and/or Kina Group may seek to do business with companies mentioned in research reports. Accordingly, KFM and/or Kina Group employees and/or directors may have a conflict of interest. Investors should be aware of this potential for conflicts of interest, and should consider KFM and/or Kina Group research reports as just one aspect of their investment decisions.