

Monthly Report.

July 2025



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Monthly Highlights.

Newmont Board Declares \$0.25 Dividend Per Share

Following a strong Q2 performance, the Newmont Board has declared a dividend of 25 US cents per share, payable on September 29th 2025.

KSI Record 4% Gain

The Kina Securities Index (KSi) recorded another win in July, with the KSi up 4%, adding to last month's gain.

BPNG Stops Intervention In July

BPNG halted its intervention program into the domestic FX market during July. Despite the reduction in BPNG intervention dollars, market turnover still remained above PGK6 billion for the second month in a row.

Gold Trade Volumes Remain High

Daily global trade volumes for Gold still remain high, as the safe-haven asset remains an attractive investment amidst the global market uncertainty. The bullion remains above US\$3,400/oz.

PGK/AUD Drops Below 0.3600

Soft Australian macro data and more Trump trade announcements kept currency markets volatile, with the Aussie dollar cross against the PGK dipping below 0.3600

Cocoa Prices Hit 8-Month Low

Soft demand for cocoa futures in July saw it hit an 8-month low. However, continued supply challenges in West Africa continue to support cocoa's price outlook.

FX Market.

Market activity increased in July

Monthly turnover during July was PGK6.27 billion, the second straight month (and second time) this year market turnover has exceeded the PGK6 billion mark. This was a 4.5% m/m increase from June, and demonstrates that foreign currency liquidity from exporters is picking up importer demand, as there was no BPNG intervention into the market during July (the first time there hasn't been any liquidity into market this year from the regulator).

FX market volumes growth slows to 4.5% m/m

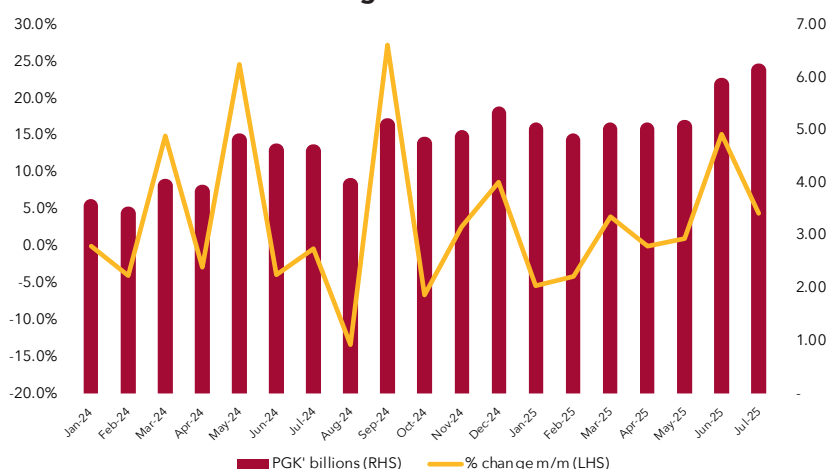


Figure A1: Source: Bank of PNG, KB Economics

FX Market, cont.

Soft Aussie data and Trump comments keeps AUD volatile

A combination of USD volatility due to President Trump's evolving trade announcements, and weaker-than-expected Australian economic data kept the AUD/USD volatile during July. The AUD/USD traded within the range of 0.6470 to 0.6617, averaging 0.6541 during the month. This was also the first month since November 2024 that the Aussie dollar was above 0.6600. The currency eventually closed out July at 0.6470.

AUD/USD weakness pushes up PGK/AUD cross

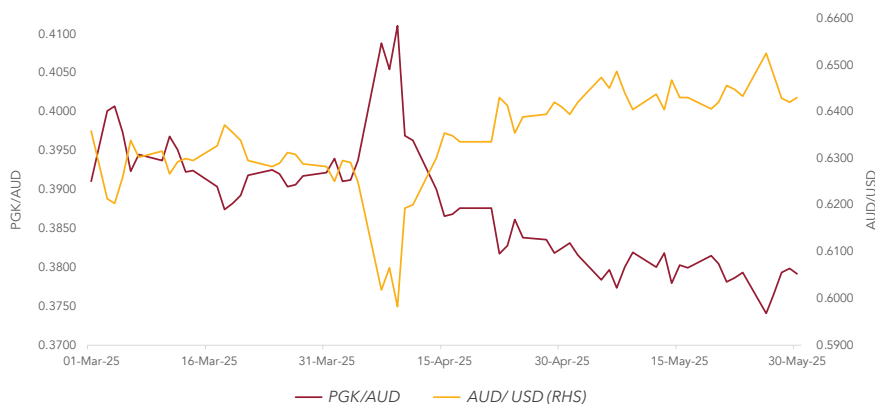


Figure A3: Source: Bank of PNG, Bloomberg, KB Economics

No BPNG intervention in July

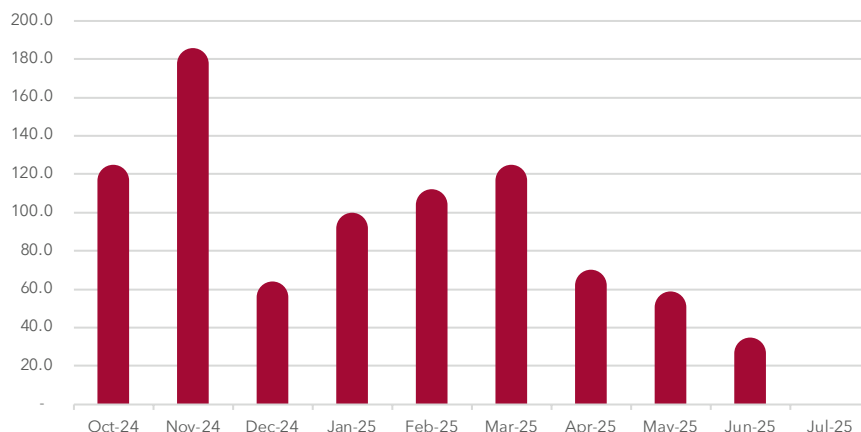


Figure A3: Source: Bank of PNG, Bloomberg, KB Economics

PNG Equities.

2025 Second-Quarter Results

The Newmont Corporation (PNGX/ASX: NEM) Board declared a dividend of 25 US cents per share, after NEM delivered a strong performance in the second quarter (Q2). The dividend is payable to shareholders based on the holders of record at the close of business on September 4th 2025 (Ex-dividend date). The payout is scheduled for 29th September 2025. NEM reported a net income of US\$2.1 billion and free cash flow of US\$1.7 billion, up nearly 17%. This performance was driven by a 12.8% increase in average realised gold price, despite a 4% decline in production compared to Q1.

Santos Limited (PNGX/ASX: STO) reported total sales revenue of

US\$1,285 million, 0.7% lower from the previous quarter. This decline was due to lower average realised prices, although increased production partially offset the impact of lower prices. Free cash flow from operation grew by 63% to US\$620 million, positioning the company on a strong footing for future growth and potential dividend payouts for shareholders.

MVIL sold half of its shareholdings in BSP

Motor Vehicle Insurance Limited (MVIL), one of BSP Financial Group Limited's (BSP) top shareholders, has liquidated half of its shareholdings in

BSP. According to BSP, between June 23 and July 1, 2025, MVIL sold 15.6 million units on PNG's stock exchange (PNGX) at a value of PGK349.98 million, reducing its stake from 31.2 million shares (6.69%) to 15.6 million shares (3.34%). Additionally, 70% of the total units offloaded on the market were purchased by subsidiaries of the Mineral Resources Development Company (MRDC), increasing MRDC's overall shareholding in BSP from 13% to 15%.

PNG Equities, cont.

PNGX performance

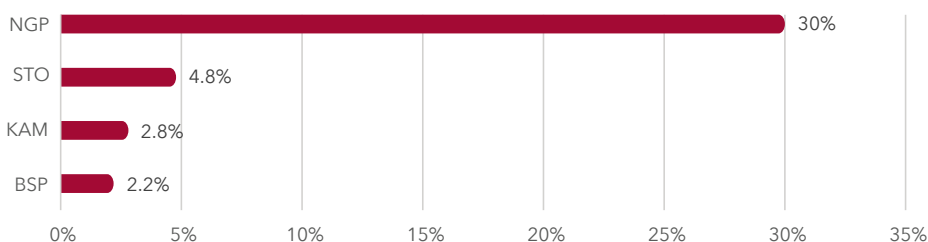
Market activity on PNGX subsided in July, with the average volume size per trade falling nearly 60% compared to the previous month. A total 1.5 million units were traded, valued at PGK10.8 million. Compared to June, the total trading volume dropped by 71.7%. This decline is not surprising, as market activity typically slows around this time of the year. However, we expect August to be a strong month, with preliminary first-half 2025 reports from companies such as BSP Financial Group Limited (BSP), Kina Securities Limited

(KSL), Steamship Trading Company Limited (SST) and Santos Limited (STO) scheduled for release later in the month.

The Kina Securities Index, a market capitalization-weighted measure of PNGX-listed companies, rose 4%, adding to last month's gain. Broader gains in BSP, KSL, STO, Credit Corporation (CCP), Kina Asset Management (KAM), Newmont Limited (NEM), and NIGP Agmark Limited (NGP) supported the increase.

NGP stock was the top performer among its peers, recording a 30% increase in share price. The stock extended its winning streak, supported by elevated cocoa prices. ICCO cocoa is currently trading 3.4% and 157% higher than levels seen in 2024 and 2023, respectively.

Top 4 performers



Domestic Debt Market.

PNG Domestic Debt Market

Government Inscribed Stocks (GIS) auctions in July recorded their third-highest undersubscription of 2025, reaching PGK95.54 million, as investors continue to shy away from longer-duration government securities.

The month's sole weekly auction attracted just PGK54.46 million in bids against PGK150 million offered, representing a 63.69% undersubscription. While all submitted bids were successful, the total amount raised (PGK54.46 million) fell significantly short of the Department of Treasury's (DoT) Issuance Plan target of PGK280 million.

Supply dynamics shifted significantly, with July's amount on offer plunging 62.50% from June—the steepest monthly decline this year. Furthermore, yields showed modest movement, with the 5-year bond declining 2 basis points to 9.09% and the 10-year bond easing 1 basis point to 9.54%. The 7-year bond held steady at 9.23%. This pattern of sticky yields paired with the decreasing amount of bonds offered to the market reflects the DoT's debt restructuring strategy to limit domestic borrowing, and increase concessional financing from external sources.

| GIS Offering Drops by 62.50% amid continued Debt Restructuring | | | | | |
|--|----------------------|---------------------|-----------------------|---------------------------|---------------------------------|
| Auction Dates | Amount Offered (K'm) | Bids Received (K'm) | Successful Bids (K'm) | Over/undersubscribe (K'm) | Over/undersubscription rate (%) |
| Friday, 22 July | 150 | 54.46 | 54.46 | -95.54 | -63.69% |
| Total | 150 | 54.46 | 54.46 | -95.54 | -63.69% |

Source: Bank of PNG, KB Economics

T-bill market shows signs of cooling, despite continued strong demand

July's auctions were oversubscribed by PGK49.09 million, but at a mere 5.61% rate - a stark decline from June's 55% oversubscription.

The market hit several low points in July. Total bids received of PGK924.11 million and successful raising of PGK717.24 million marked the weakest figures for 2025. This softening comes despite a second consecutive month of oversubscription following May's shortfall.

The shorter term T-bills remained particularly attractive to investors. The 182-days T-bills saw exceptional demand with 260% oversubscription, while the 273-days paper attracted 131.87% more bids than offered. However, the benchmark one-

year bills underperformed, with a 5.31% undersubscription and yields declining by 4 basis points from the previous month.

The government's debt management strategy is becoming more evident, as July's total offering of PGK875.02 million represents a 48% reduction from January levels, reflecting the government's efforts to decrease reliance on domestic borrowing. While it's still too early to predict sustained easing of yields, current market dynamics suggest this possibility as supply tightens.

| T-bill market shows signs of cooling, despite continued strong demand | | | | | |
|---|---------|----------|----------|----------|----------------|
| Term (days) | 91 Days | 182 Days | 273 Days | 364 Days | TOTAL (PGK' m) |
| Weighted Average Yield | 0.00% | 8.00% | 8.24% | 8.22% | |
| Amount Offered | 0.00 | 5.00 | 60.00 | 810.02 | PGK 875.02 |
| Bids Received | 0.00 | 18.00 | 139.12 | 766.99 | PGK 924.11 |
| Successful Bids | 0.00 | 16.00 | 124.12 | 577.12 | PGK 717.24 |
| Over/Undersubscription | 0.00 | 13.00 | 79.12 | -43.03 | PGK 49.09 |
| Over/Undersubscription Rate (%) | - | 260.00% | 131.87% | -5.31% | 5.61% |
| Success Rate (%) | - | 88.89% | 89.22% | 75.24% | 77.61% |

Source: Bank of PNG, KB Economics

Commodities.

Cocoa prices dip in July

Cocoa prices sunk to an 8-month low as weakness in global cocoa demand hammered prices. Cocoa hit US\$7,300/mt, lowest since it fell below US\$7,000/mt in November 2024. However, the cocoa price has been supported by a softer supply outlook, according to the International Cocoa Organisation (ICCO). This is due to quality concerns from the Ivory Coast's current mid-crop which is currently being harvested through September. Cocoa processors are complaining about the quality of the crop and have rejected truckloads of Ivory Coast cocoa beans. Processors reported that about 5% to 6% of the mid-crop cocoa in each truckload is of poor quality, compared with 1% during the main crop. (ICCO)

LNG prices experience slight rebound to close July

After dipping through the first 2 weeks of the month, Asian LNG prices showed an upward trend throughout the last week of July, supported by forecasts of continued extreme heat. Geopolitical factors such as anticipated tightening of sanctions against Russia by the Trump administration also contributed to the price increase from the previous week.

Gold price continue to climb and peak above US\$3,349/oz

Gold prices edged up 1.2% to finish July at US\$3,349/oz. This climb was aided by higher-tariff led inflation expectations, but a stronger US dollar proved a drag to cap the bullion at US\$3,400/oz. Gold market trading volumes continued to increase 2.3% m/m according to the World Gold Council. On a daily basis, trading volumes in 2025 (US\$165billion/day) are still well above the US\$128billion/day in 2024, illustrating the elevated demand levels for the safe-haven during the current uncertain climate on financial markets.

Weak demand sees cocoa prices hit 8 month low in July



Figure D2, Source: Bloomberg, ICCO, KB Economics

Asian LNG price % change (July-2025)

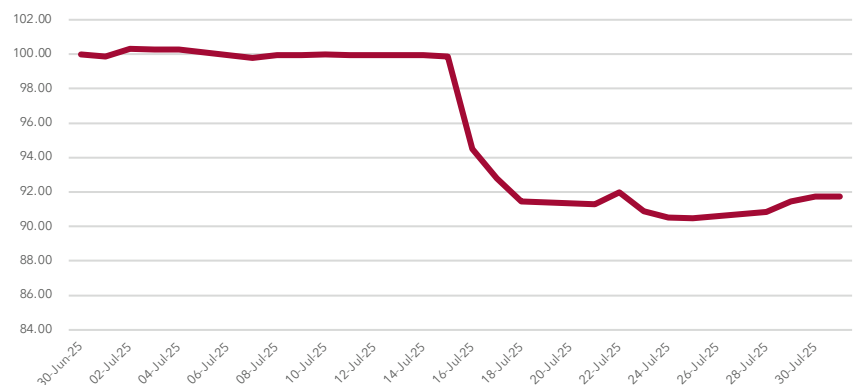


Figure D3, Source: Bloomberg, KB Economics

Gold prices remain solid amidst uncertainty



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

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