Monthly Report.

October 2025

kinabank

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Monthly Highlights.

FX market activity records highest activity for 2025

October was the busiest month for FX activity in terms of turnover, recording over PGK7billion for the first time in 2025. This was spurred on by BPNG's strong intervention, coming back strongly into the market with over US$100m to help clear outstanding import orders.

Gold price retreats

After peaking above US$4,400/oz, gold prices retreated to below US$4,000/oz as investors started to unwind some of the aggressive purchases throughout the first part of Q3. Nonetheless, gold is still up over 40% this year.

Major stocks report strong Q3 performance

BSP and Newmont reported strong Q3 results in market updates to investors. BSP's strong Q3 performance was helped by strong FX income, while Newmont's strong income results were driven by gold prices during the quarter.

T-Bill yields continue to compress

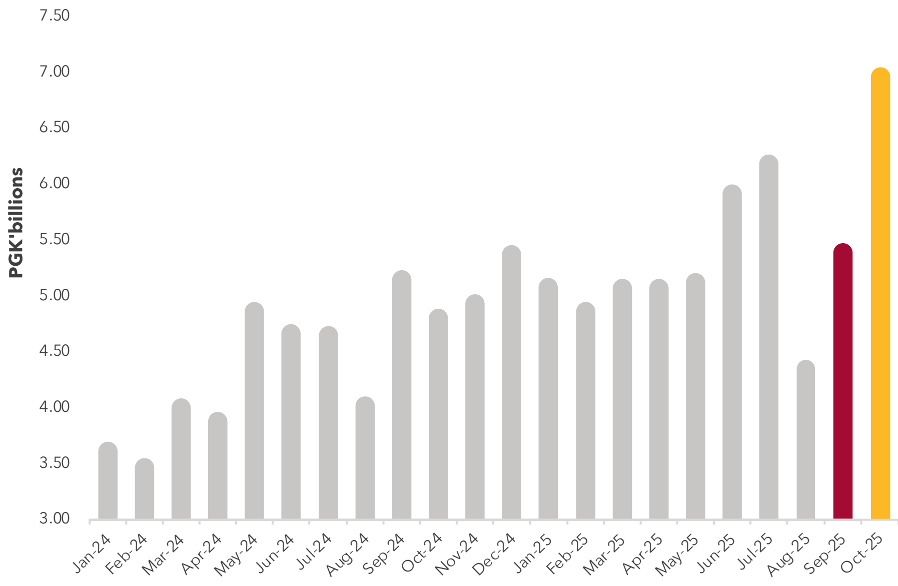
T-Bill yields continue to fall as competition amongst investors ramps up. This will partially be due to excess liquidity in the system as BPNG continues to relax its Cash Reserve Ratio for commercial banks.

FX Market.

October records highest month of FX turnover in 2025

FX market activity was the busiest this year in terms of turnover, with October recording the first time this year that market turnover has exceeded PGK7b (July was the previous highest at PGK6.3b) and the highest in over 22 months. The monthly average since the start of 2024 before October was PGK4.9b (excluding BPNG intervention).

October returns highest monthly turnover YTD



Source: Bank of PNG, KB Economics

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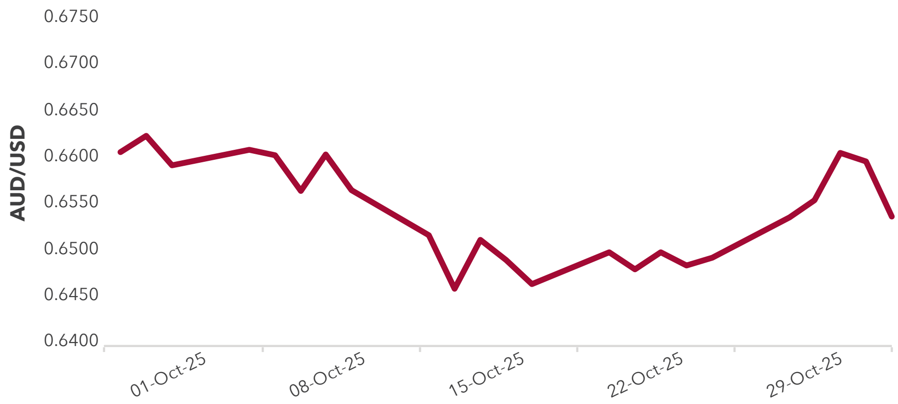
FX Market, cont.

US dollar strength keeps AUD subdued

The Aussie dollar (AUD/USD) traded within a tighter band of 0.6469 - 0.6619 compared to the previous month, with Trump tariff threats at the beginning of October leading to a drop in the AUD/USD from 0.6600 to below 0.6500. The Aussie dollar remained relatively stable and regained some strength towards the end of the month, before US dollar strength at the end of the month saw a dip in the AUD/USD by month's end to below 0.6550.

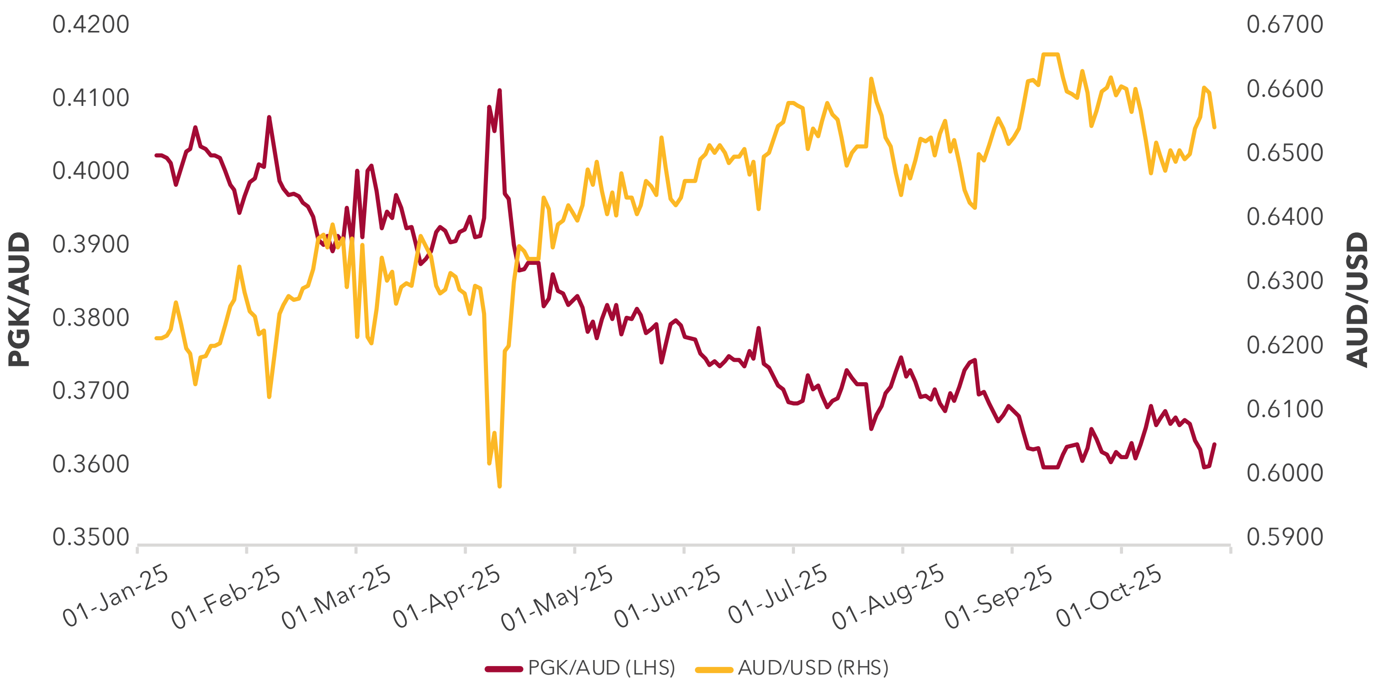
On the PGK/AUD cross-rate, a -0.59% depreciation in the PGK/USD during the month was exceeded by a larger move (-0.95%) in the AUD/USD, which translated to a 0.37% m/m increase in the PGK/AUD.

AUD/USD dips by month's end due to US dollar strength



Source: Bank of PNG, KB Economics

AUD/USD uncertainty keeps PGK/AUD above 0.3600



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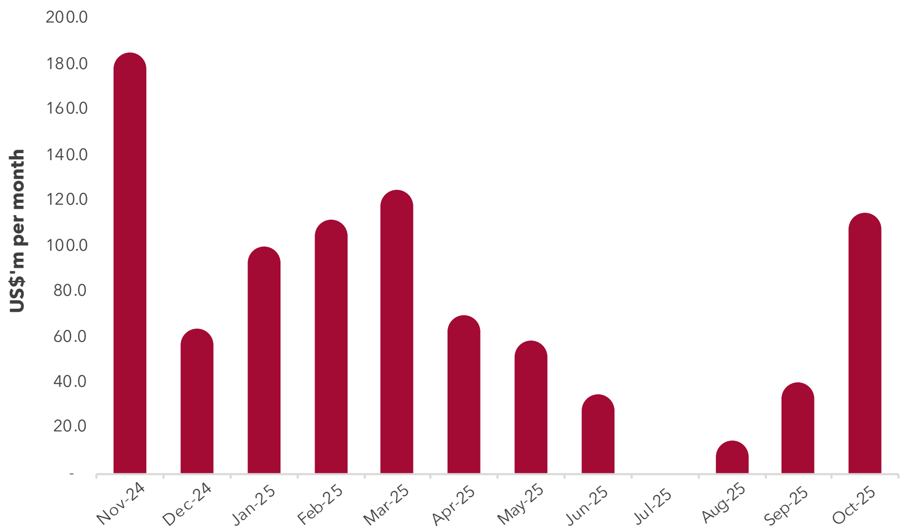
FX Market, cont.

BPNG intervention is back to above US$100m during October

After very quiet Q3, BPNG intervention activity was over US$116m during October to clear outstanding import orders. In 2024, October and November were the two of the highest months in terms of BPNG intervention. November 2024 was the highest month in which BPNG provided nearly US$200m of intervention. We expect BPNG will continue to provide strong market support in November, before December which is traditionally a relatively quiet month.

BPNG intervention increases above USD$100m



Source: Bank of PNG, KB Economics

Outlook.

In the near term, given the high likelihood for the RBA to keep interest rates on hold to the end of this year and into H1/2026 and the US Fed keeping a neutral monetary policy stance, we expect that the AUD/USD is likely to hover around 0.6600 in the next 3 to 6 months. On the PGK/AUD cross, we anticipate that provided the PGK/USD continues its current crawling-peg there should be a PGK/AUD rate of 0.3565 by years end.

	PGK/USD	AUD/USD	PGK/AUD
Sep 25	0.2388	0.6597	0.3620
Oct 25	0.2374	0.6540	0.3630
Dec 25	0.2353	0.6600	0.3565
Mar 26	0.2331	0.6650	0.3505
Jun 26	0.2309	0.6650	0.3472

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PNG Equities.

Market Activity

According to PNGX's market data, total value traded reached PGK22.9 million (5.6 million units traded) in October on the local exchange.

This was the highest monthly trading volume recorded so far this year. Compared to September, the total volume traded increased by +118% m/m, and by +229% y/y.

This suggests that a significantly large number of investors entered the market this month, reflecting an improved market sentiment following the 2025 half year earnings season.

Such level of activity on PNGX would mean an easy entry and exit point for investors.

Traded Volume

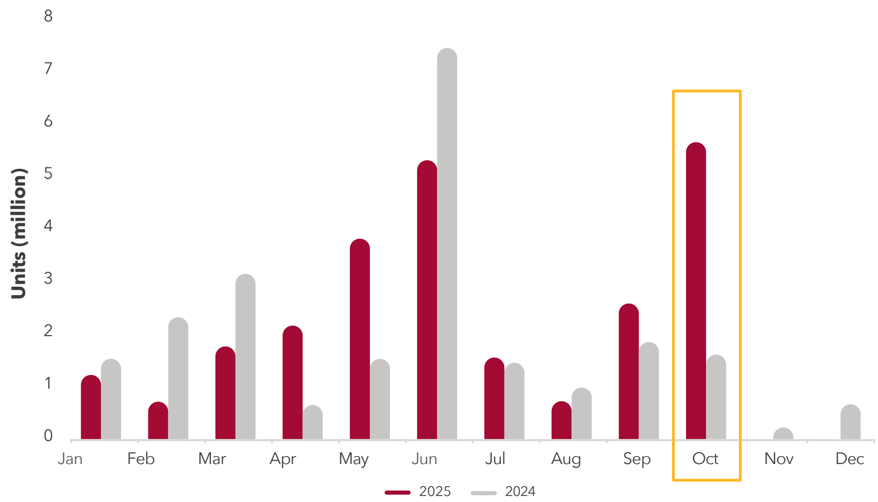

Figure 1.1

The Kina Securities Index (KSi), a market capitalization-weighted average measure of PNGX stock prices, closed 1.2% lower during October, extending losses from the previous month. A soft performance by the heavily-weighted Santos Limited (-2.4%) outweighed gains posted by BSP Financial Group (+1.9%), City Pharmacy Limited (+11.8%), Kina Asset Management (+1.1%), and Kina Securities Limited (+0.3%).

However, the index is still tracking +10.4% higher year-to-date, with the bank stocks leading the way.

Price Differentials

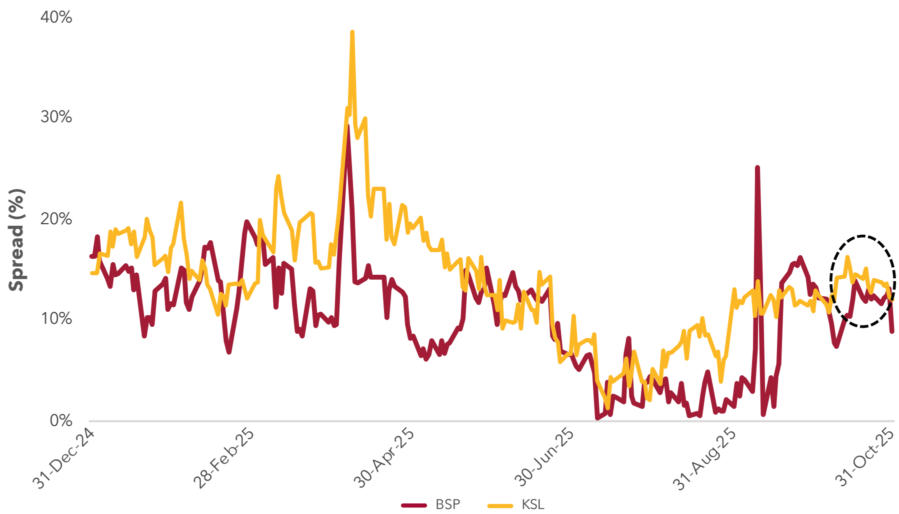

Figure 1.2

Dual-Listed Stocks

The price differential of banking stocks (BSP and KSL) between the ASX and PNGX slightly narrowed this month, following a sharp increase in the respective ASX share price, relative to the PNGX following the 2025 earnings season.

However, the arbitrage opportunity offered by both stocks remains between 10–15%.

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Market Announcements.

2025 - Q3 Results

BSP, Newmont and Santos released third-quarter results for 2025, with indications showing that these companies are on track for a strong 2025 financial performance.

Below are key highlights:

- BSP reported a +22% y/y increase unaudited net profit after tax, reporting PGK284 million for Q3. Total revenue grew by +15% y/y to PGK860 million, largely driven by a +24% y/y growth in FX income, which totaled PGK183 million for the quarter.
- Newmont, declared a dividend of US$0.25 per share for the period, payable on the 22nd of December. Thanks to record gold prices, its net income grew by +99% y/y to US$1.8 billion, while total sales were up by +19.6% to US$5.5 billion, supported by strong average gold prices. To be eligible for Newmont's dividend payout, contact your brokers to subscribe before 11th of November (ex-date).
- Santos' total sales revenue decreased by 15% y/y to US$1.1 billion, primarily due to lower average realized prices for LNG, Crude oil and Condensate. Free cash flow from operations was approximately US$300 million.

Kina Asset Management (PNGX: KAM) declares record Dividend Payout of PGK12.87 million

The KAM Board declared a record dividend payout of PGK12.87 million, equivalent to 25 toea per share, following its outstanding half-year performance. The current dividend yield for KAM stands at 13.2%, based on the October closing share price.

The dividend is scheduled for payout on November 18, 2025, with an ex-dividend date of October 17, 2025.

KAM Report – September NTA

Earlier this month, KAM announced its Net Tangible Asset (NTA) backing per share as of 30 September 2025, which stood at PGK2.16. The share price during the same period was PGK1.90. This indicates that the stock was trading at a 12% discount to its NTA, suggesting it was undervalued.

Given the company's strong results for 2024 and the first half of 2025, coupled with a record dividend announcement this year, KAM stock appears to be a good buy for both value and dividend investors.

Company Announcements

CCP announced the appointment of John Velegrinis as a Director to its Board, effective October 10, 2025. John brings over 20 years of experience in the financial services sector across the Asia-Pacific region, having held senior executive and board roles.

Santos' Chief Financial Officer (CFO), Ms. Sharry Duhe, has resigned from her role. In a media release, the Group Chief Executive Officer, Kevin Gallagher, thanked Ms. Duhe for her significant contributions and leadership during her tenure. Mr. Gallagher also welcomed Mr. Lachlan Harris, who has been appointed as Acting CFO.

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PNG Domestic Debt Market.

GIS: Amount Offered remained steady while bids drop by 9% m/m

Term (years)	2	5	7	10	TOTAL (PGK' m)
Coupon	8.45%	8.85%	9.05%	9.35%	
Weighted Average Rate (WAR)	8.23%	8.50%	8.90%	9.20%	
Amount Offered	20.00	20.00	20.00	20.00	**PGK 80.00**
Bids Received	50.10	46.00	60.00	55.58	**PGK 211.66**
Successful Bids	23.50	20.00	20.00	16.50	**PGK 80.00**
Over/Under subscription	30.10	26.00	40.00	35.58	**PGK 131.68**

Source: Bank of PNG, KB Economics

The October GIS auction maintained stability with an PGK80 million offering, matching September's volume. This represents a significant reduction from August's substantial PGK650 million offering—the year's largest to date. This sustained decrease in offering size reflects the Government's strategic debt restructuring initiatives. The October auction featured 4 tenors (2, 5, 7, and 10 years) with competitive coupon rates ranging from 8.45% to 9.35%.

Market demand remains robust, with the auction generating PGK131.68 million in oversubscription and nearly complete allocation across all offers, with only the 10-year tenor seeing partial allocation.

While demand was evenly distributed across the various tenors, GIS instruments continue to attract slightly less enthusiasm compared to the shorter-dated Treasury Bills, which was also reflected in a -9% m/m drop in bids received compared to September. Nevertheless, the impressive 165% subscription rate demonstrates excess system liquidity and market appetite for yield.

T-BILLS CONTINUE TO ATTRACT STRONG DEMAND DESPITE FALLING YIELDS				
TERM (DAYS)	182 DAYS	273 DAYS	364 DAYS	TOTAL (PGK)
Weighted Average Yield	**7.35%**	**7.43%**	**7.40%**	
Amount Offered *(PGK'm)*	40.00	80.00	1,180.16	**1,300.16**
Bids Received *(PGK'm)*	109.73	315.01	2,017.01	**2,441.75**
Successful Bids *(PGK'm)*	46.53	167.66	1,303.64	**1,517.83**
Over/Undersubscription (PGK'm)	**69.73**	**235.01**	**836.85**	**1,141.59**
Over/Undersubscription Rate	174%	294%	71%	88%
Success Rate	42%	53%	65%	62%

Source: Bank of PNG, KB Economics

October's T-bill auctions demonstrated robust investor confidence, securing the second-highest oversubscription of 2025 at PGK1,141.59 million. While falling 26.11% short of September's record-breaking performance, the market maintained significant momentum with all weekly auctions attracting excess bids. The Government offered PGK1,300.16 million across the 182-day, 273-day, and 364-day tenors, while investors submitted PGK2,441.75 million in bids.

The substantial oversubscription underscores the strong appetite for government debt instruments, though total bids decreased by 9.71% from September's exceptional levels.

Yield compression continues: October witnessed a significant drop in yields across all T-bill tenors:

- 182-day yields declined 48 basis points to 7.35%

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PNG Domestic Debt Market, cont.

- 273-day yields fell 66 basis points to 7.43%
- 364-day yields dropped 66 basis points to 7.40%

This average 51 basis point decline across all T-bills indicates heightened competition among investors, particularly with the commercial banks as BPNG continues to reduce the Cash Reserve Ratio.

While the 364-day T-bill maintained its position as the most sought-after instrument in terms of volume, the shorter-dated 182-day and 273-day bills showed particularly strong relative demand, with consistent subscription rates that exceeded 100% throughout October. This balanced demand pattern suggests investors are strategically positioning across the yield curve while maintaining preference for liquidity.

Commodities.

Gold peaks above US$4,300/oz before retreating

Gold prices continued their steady rise in the first half October to peak to nearly US$4,400/oz before retreating to close the month just below US$4,000/oz. The main driver? There have been several factors, but key among them has been aggressive gold buying by Central Banks.

The World Gold Council (WGC) reported that central banks purchased 220 tons of gold during Q3/2025, marking a 28% increase over the preceding quarter, and added 634 tons of bullion to their reserves in the year through September.

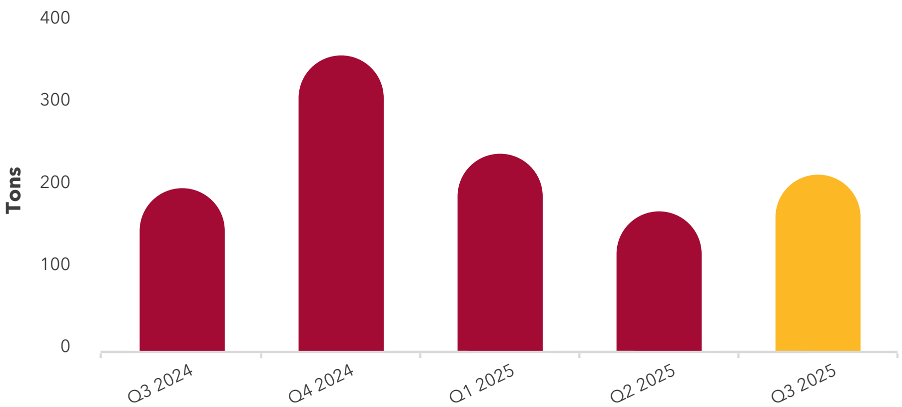
The WGC forecast full-year purchases for 2025 within a range of 750 to 900 tons. For context, Central banks have accumulated over 1,000 tons of gold in each of the last three years, up significantly from the 400t - 500t average over the preceding decade (WGC). This marked acceleration in the pace of accumulation has occurred against a backdrop of heightened geopolitical tensions, stubborn inflationary pressures, and uncertainty around global trade policy, fuelling appetite for the safe-haven asset.

In the near-term, a conservative estimate for gold to the end of 2025 heading into Q1 next year would be a price of US$3,500/oz.

Gold peaks above US$4,300/oz before retreating

Source: Bloomberg, KB Economics

Central Bank gold buying picks up after slow start



Source: World Gold Council

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Commodities, cont.

Cocoa price stabilises during October

Since opening the year trading above US$11,500/mt, global cocoa prices closed out October at just above US$6,100/mt, a 47% decline in 10 months. This sustained fall in prices reflects both supply and demand side factors driving the change.

An improved production outlook on cocoa has been weighing on cocoa prices. This has been driven by positive sentiment for the 2025/2026 main crop which suggests a surplus in supply arriving this season.

On the same token, ICCO data pointing to weak grindings suggests there has been a fall in demand.

Unlike other crops which are considered staple and have an inelastic demand, cocoa (and by extension chocolate) is widely seen as a luxury good with high demand elasticity.

Cocoa price stabilises during October

Source: Bloomberg, ICCO, KB Economics

In the near term, research suggests that the speculative trading over the past 24 months given high prices will unwind and we may start to see the cocoa price remain relatively flat to the end of 2025.

	Price (USD)		MoM		YoY		YTD
Agriculture							
Coffee (US cents/lb)	392.05	↑	4.49%	↑	46.65%	↑	20.38%
Cocoa (US$/mt)	6,151.00	↓	-9.28%	↓	-17.59%	↓	-64.08%
Palm Oil (RM/tn)	4,185.00	↓	-2.83%	↓	-13.71%	↓	-14.97%
Energy							
Brent Crude (US$/bbl)	65.07	↓	-2.95	↓	-11.72%	↓	-13.72%
LNG (US$/mmBtu)	11.00	↓	-0.45%	↓	-21.36%	↓	-25.8%
Light Crude WTI Futures (US$/bbl)	60.98	↓	-2.25%	↓	-12.73%	↓	-16.22%
Precious Metals							
Gold (US$/oz)	3,996.50	↑	3.13%	↑	37.41%	↑	41.43%
Silver (US$/oz)	48.16	↑	3.21%	↑	38.42%	↑	49.89%
Base Metals							
Copper (US$/lb)	5.09	↑	4.68%	↑	15.92%	↑	23.42%
Iron Ore (US$/mt)	102.12	↑	3.62%	↑	6.12%	↑t	9.13%

Source: Bloomberg

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