Monthly Market Sivarai Report.

February 2026

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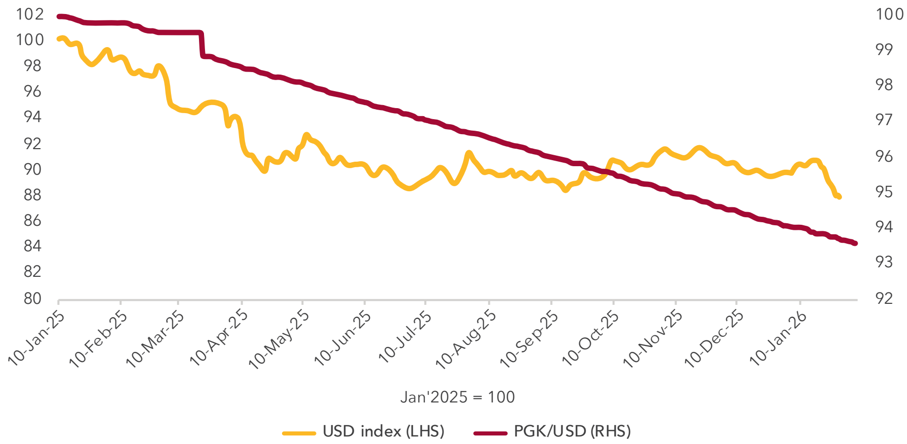
FX Market.

Global currencies rise against weaker USD

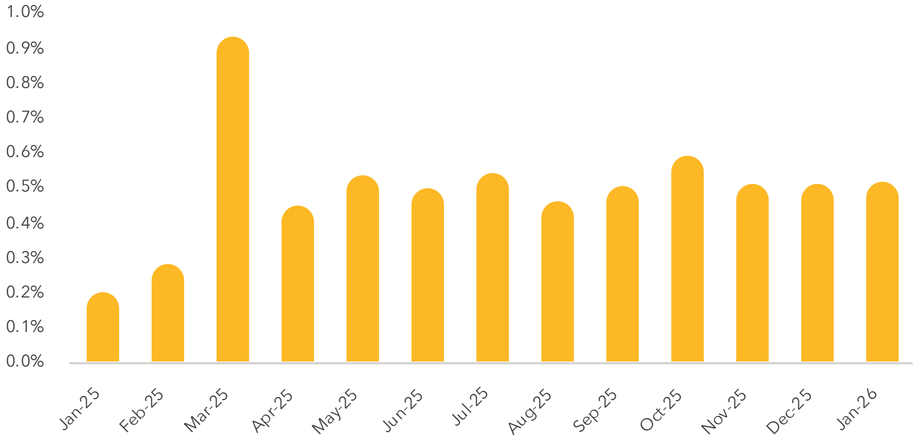
As the PGK/USD continued its deprecation, the USD dollar index (DXY), which is a general proxy of the US dollar value against all major currencies, continues to weaken. General US dollar weakness means major currencies will appreciate, relative to the PGK.

US$ index (DXY) over past 12 months



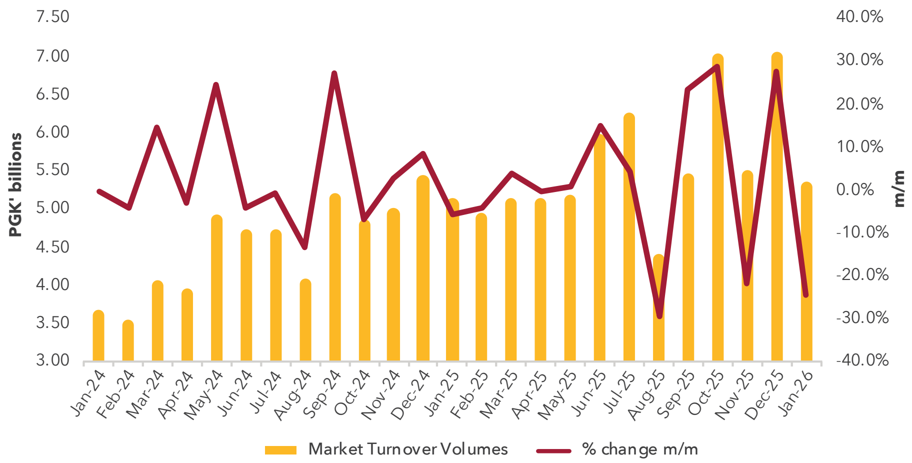
PGK crawling-peg adjustment continues

The crawling-peg movement of the PGK/USD continued in January moving down -0.5% - consistent with the 2025 monthly average. At this rate, we should see the PGK/USD mid-rate trading below 0.2300 by Q2.



BPNG intervention continues

December was the busiest month of the year in terms of market turnover, with FX surpassing the highest previous recorded in October (at PGK 7.05b).



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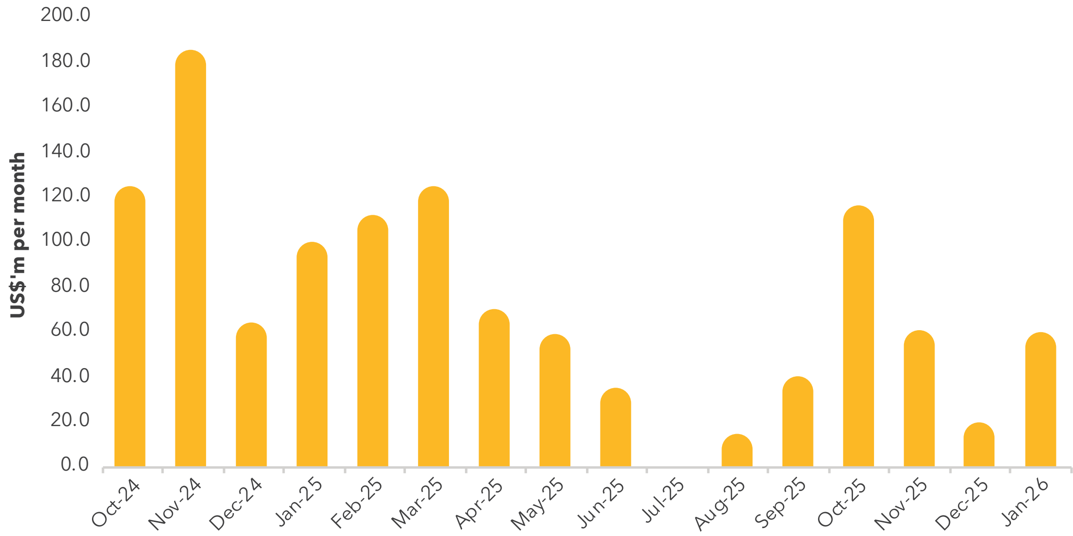
FX Market, cont.

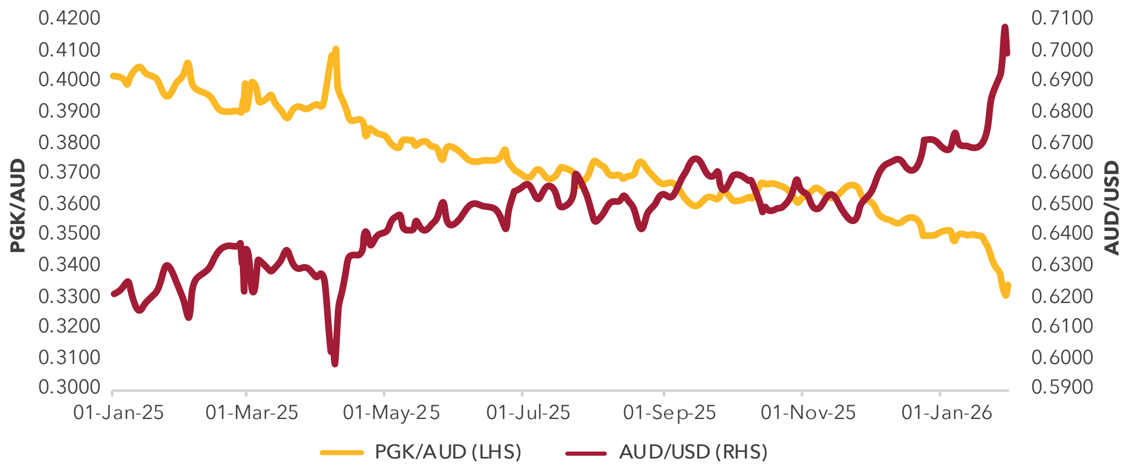


USD weakness, AUD strength

The PGK/USD continued its 0.5% monthly depreciation in the New Year. On the AUD/USD, a combination of the RBA rate hike earlier in February, together with the US Fed cutting interest rates, strengthened the Aussie dollar towards 0.7000.

	PGK/USD	AUD/USD	PGK/AUD
Jan 26	0.2338	0.7000	0.3340
Mar 26	0.2316	0.7100	0.3262
Jun 26	0.2294	0.7100	0.3231
Sep 26	0.2263	0.7100	0.3187
Dec 26	0.2229	0.7100	0.3139

Strong AUD pointing to AUD trading > 0.7000



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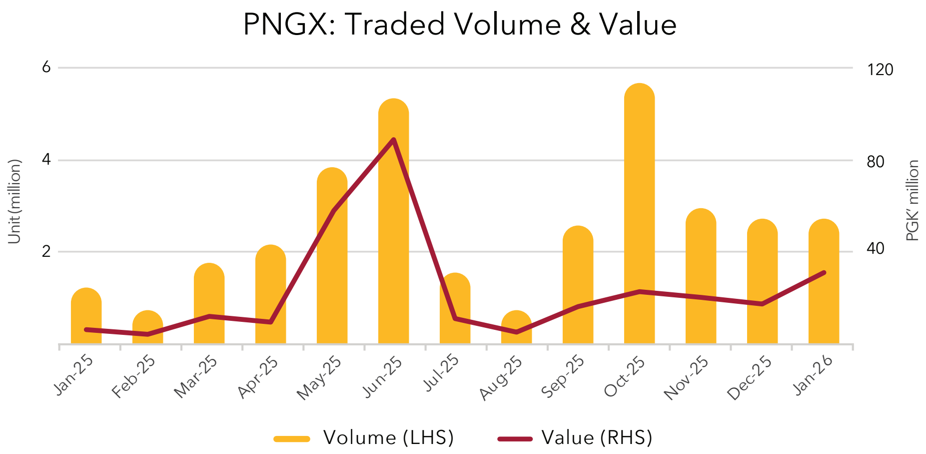
PNG Equities.

PNGX market volumes

Total traded volume reached 2.7 million units, which is 122% higher than the same period last year and 0.2% above the 12-month average.



Market activity anticipates earnings

PNGX market activity during January increased +73.6% m/m. With on-market transactions value totaling PGK30.4 million. This represents a 358% y/y increase.

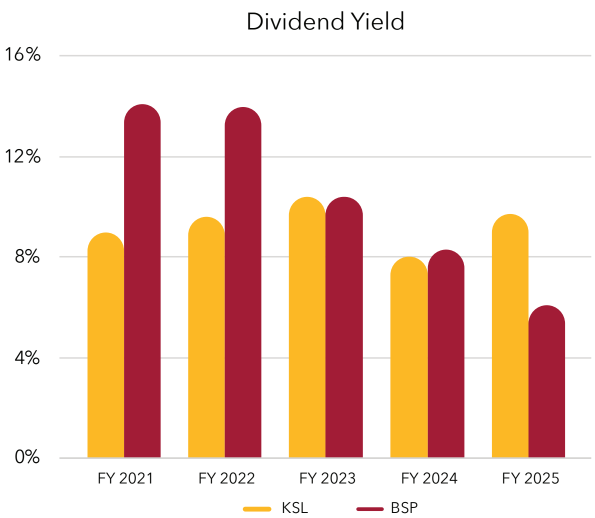
BSP Financial Group Limited (PNGX: BSP | ASX: BFL) and Kina Securities Limited (PNGX/ASX: KSL) were the most traded PNGX stocks during January. Both banks combined make up 87% of the total volume exchange on market.

Over the past 12 months, the total volume exchanged has been dominated by BSP, KSL and City Pharmacy Limited (PNGX: CPL).

The Kina Securities Index, a market capitalization measure of PNGX, closed 1.46% lower during January, with losses spearheaded by heavy weight Santos Limited (PNGX/ASX: STO). However, volume traded was thin.

Outlook | Market liquidity is expected to improve further in the months ahead, especially as the first round of full-year 2025 preliminary financial results are released.

FY 2025 EARNINGS SEASON



	FY2021	FY2022	FY2023	FY2024	FY2025
BSP	0.390	0.340	0.370	0.450	0.500
	1.340	1.400	1.060	1.210	1.000[1]
	1.730	1.740	1.660	1.660	1.000[2]
KSL	0.080	0.103	0.100	0.106	0.126
	0.185	0.160	0.160	0.155	0.246[1]
	0.265	0.263	0.260	0.261	0.372[2]

[1] Estimated using interim dividend
[2] Calculated using share price as of 30th January 2026

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PNG Equities, cont.

Dividends announcements this month

Dual-listed (PNGX/ASX) BSP Financial Group Limited (PNGX: BSP | ASX: BFL), Kina Securities Limited (KSL), Santos Limited (STO), and Newmont Corporation (NEM) expected to report FY25 preliminary results toward the end of February.

Strong 2025 Quarterly and HY disclosures (BSP, KSL, and NEM) showed strong operational and financial momentum heading into their preliminary FY25 announcements.

STO is likely to report negative y/y growth in its bottom-line, despite strong operational performance. The weaker financial result is due to lower realized crude oil prices.

Significant final dividend declarations are anticipated in the first round of the FY25 earnings season. For context, BSP distributed a final dividend of PGK 1.21 per share for FY2024, while KSL paid PGK 0.155 per share.

Increased Q4 Production boosts STO q/q Revenue

STO reported total sales revenue of US$1.2 billion, up 9% q/q. This was driven by a +5% q/q rise in total production, offset by lower average realized oil and gas prices.

Free cash flow from operations reached US$380 million (+30% q/q). This was driven by higher production and sales volumes, coupled with lower capital expenditure[3].

STO sales revenue for the 2025 calendar year totaled US$1.2 billion, 8% lower y/y. Despite meeting its production target for the year, lower realized crude prices weighed heavily on sales revenue. Free cash flow for the year was US$1.8 billion.

Papua LNG project update

Project Advancement Toward FID: STO reported that the Papua LNG project operator, TotalEnergies, together with Joint Venture partners Santos, ExxonMobil, and Eneos Xplora, continues to progress all major work streams required to move the project toward Final Investment Decision (FID).

Papua LNG Development Forum Preparations: Preparations have begun for the Papua LNG Development Forum, a mandatory process under the Oil and Gas Act 1988. Completion of this forum is a prerequisite for the issuance of the Petroleum Development License, which is needed before the project can advance to full development.

Santos Share of PNG LNG

Sales revenue from STO-operated PNG LNG facilities rose +9.3% q/q to US$645 million, accounting for 52% of Santos' total Q4 sales revenue.

Improved revenue result was primarily driven by higher sales volumes (10.3 mmboe, up 17% q/q) which offset the effects of lower production levels and declines in average realized oil and gas prices.

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PNG Government Securities.

33% drop in first GIS auction offering

The first Government Inscribed Stock (GIS) auction in 2026 saw PGK 140m offered to the market: a 33% decrease from the last GIS auction in November 2025 (PGK 209.8m offering).

January's auction featured five bond issuances with maturities ranging from 3 to 15 years, offering coupon rates between 5.75% to 6.75%.

Term (Years)	3	5	7	10	15	Total (PGK'm)
Coupon Rate	5.75%	6.00%	6.25%	6.50%	6.75%	
Weighted Average Rate (W.A.R)	6.38%	6.70%	6.78%	7.06%	7.46%	
Amount Offered	20.00	40.00	20.00	40.00	20.00	**140.00**
Bids Received	29.00	51.00	24.00	49.00	22.00	**175.00**
Successful Bids	24.00	44.00	24.00	42.00	22.00	**156.00**
Over/Under subscription	9.00	11.00	4.00	9.00	2.00	**35.00**

Source: Bank of PNG, KB Economics

10-year rates projected to drop to 5% by Q4

The shorter-term 3-year GIS attracted stronger demand, with an oversubscription rate of 45%, while investor interest was relatively balanced across the other maturity periods.

The 5-year bond was the most successful compared to the others, with a success rate just above 86%, meaning that more bids were successful, or taken up, in proportion to the amount that was offered in the market for the bond.

According to the '2026 Annual Domestic Debt Issuance Plan' released by the Department of Treasury on 15/01/2026, the GIS projection for the year is:

- Total Issuance: PGK 3.1b
- Total Amortization: PGK 2.4b
- Net: + PGK 634m (net increase)
- Projected 10-year rates declining from 5.75% in Q1 to 5% in Q4

Term (Days)	182 Days	273 Days	364 Days	Total (PGK)
Weighted Average Yield	**5.20%**	**5.29%**	**5.47%**	
Amount Offered *(PGK'm)*	140.00	330.00	1,200.00	**1,670.00**
Bids Received *(PGK'm)*	132.32	247.13	1,988.05	**2,367.50**
Successful Bids *(PGK'm)*	119.59	213.13	1,284.25	**1,616.97**
Over/Undersubscription (PGK'm)	**-7.68**	**-82.87**	**788.05**	**PGK 697.50**
Over/Undersubscription Rate	-5.49%	-25.11%	65.67%	41.77%
Success Rate	90.38%	86.24%	64.60%	68.30%

Source: Bank of PNG, KB Economics

Strong start for 2026 in T-bill Auctions

The first Treasury Bill (T-Bill) auctions for 2026 saw a total of PGK 1.62b in successful bids raised, with an oversubscription of PGK 698m, a significant increase from the month prior.

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PNG Government Securities, cont.

364-d T-Bills close at 5.47%

The Government offered PGK 1.67b across the three main debt instruments (182-d, 273-d, and 364-d), while investors submitted bids amounting to PGK 2.38b.

The auctions resulted in a total monthly oversubscription of PGK 363.07m, a 92% (m/m) increase from December 2025.

Weighted Average Yields (W.A.Y):

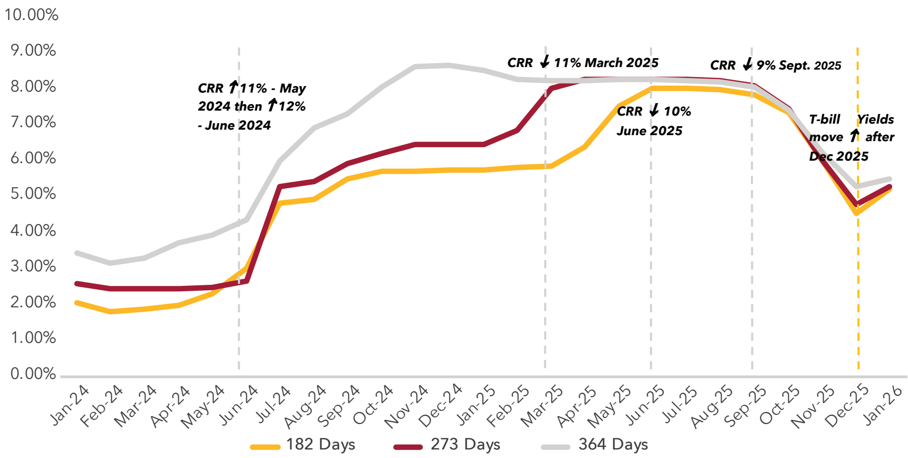
- 182-days T-bill rose by 67bps (m/m) to end at 5.20%
- 273-days T-bill gained 52bps (m/m) to close at 5.29%
- 1-year T-bill added 20 bps (m/m) to close at 5.47%

Demand remains focused on the 1-year T-bill, with its oversubscription rate just above 65%, indicating a higher preference for the tenure by investors.

T-bill Yields since Jan 2024

Monetary Policy Committee (MPC) reduced the Cash Reserve Requirement (CRR) three times during 2025: lowering it from 12% to 9% between Q1/25 and Q3/25.

Yields for T-bills since Jan 2024



Impact of CRR change on GoPNG yields

MPC's three main reasons for the CRR reduction:

- To address "uneven liquidity distribution" across banks
- To reduce excessive tightening effects that raised Government borrowing costs without effectively influencing private sector lending rates
- To support FX market reforms by improving banks' liquidity for FX auction participation

The CRR reductions injected liquidity back into the banking system, which then increased the demand for T-bills/GIS at the auctions, thus resulting in a drop in yields.

The MPC is unlikely to raise the CRR soon, which may remain at 9% for the most part of 2026; as it prefers to apply the Kina Facility Rate (KFR) as the main tool to manage monetary conditions.

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Commodities.

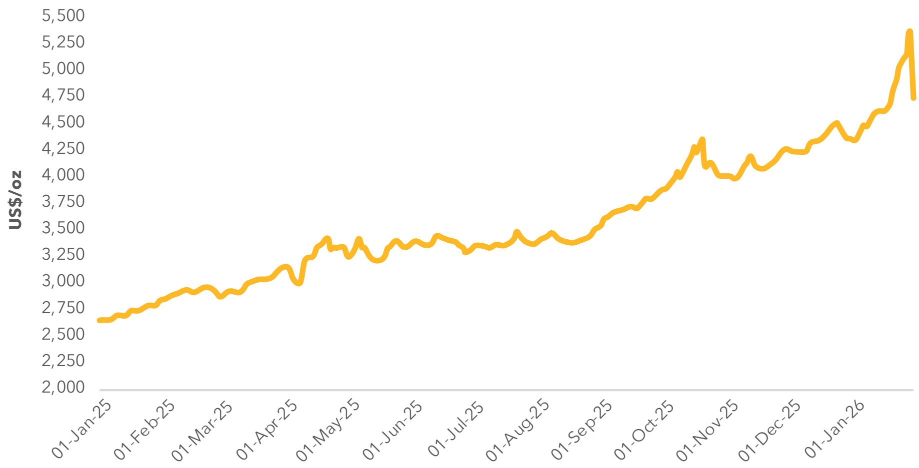
Gold demand rises on geopolitical uncertainties

Gold prices raced past US$5,300/oz during January, before retracing this historical peak and closing out at US$4,700/oz. According to the World Gold Council, this spike was driven by "risk and uncertainty" across global markets with the current geopolitical tensions stemming from the US President Donald Trump's current foreign policy.

The continued rise in gold prices will be good news for the PNG Government's 2026 revenue projections, with gold price forecasted in this year's National Budget at US$3,540/oz.

The major driver in the coming months will be U.S CPI data. President Trump's administration has been very vocal on keeping US interest rates low, even if inflation pressures rise. This dovish stance will keep gold demand high, and the gold price elevated.

Gold price peaks above US$5,000

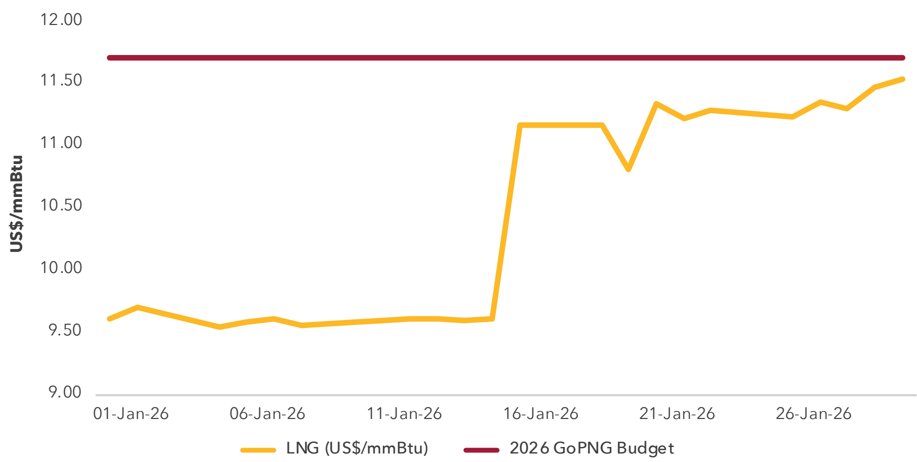


Global LNG supplies tighten

A sudden spike in the US Henry Hub prices rippled across Asia and Europe. Even though there was softer demand in Asia, prices still continued to rise with the bullish expectations that excess cargoes would be on-sold to Europe, which led to further supply tightening.

Over the next three months, Asian LNG prices are likely to ease gradually as a major global supply surge—driven by North America and Qatar—outpaces modest Asian demand growth, though tight inventories and weather/geopolitical risks may keep volatility elevated.

Asian LNG prices trending below 2026 National Budget



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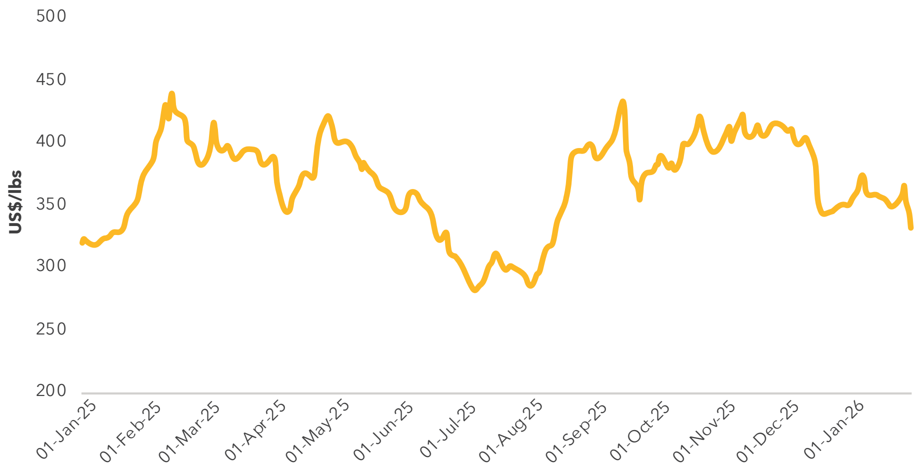
Commodities, cont.

Global supplies keeping prices down

Early-month gains in both Arabica and Robusta weakened mid-month as improved Brazilian harvest conditions and rain forecasts eased supply concerns, while strong exports from Vietnam pressured Robusta.

Markets are already easing due to forecast bumper supply from Brazil, with 2026 production expected to grow 17.2% year-on-year, supported by favourable weather. Analysts expect prices to continue drifting lower into Q1, with Arabica projected below US$ 300/lb by quarter-end.

Global coffee prices were volatile in January 2026



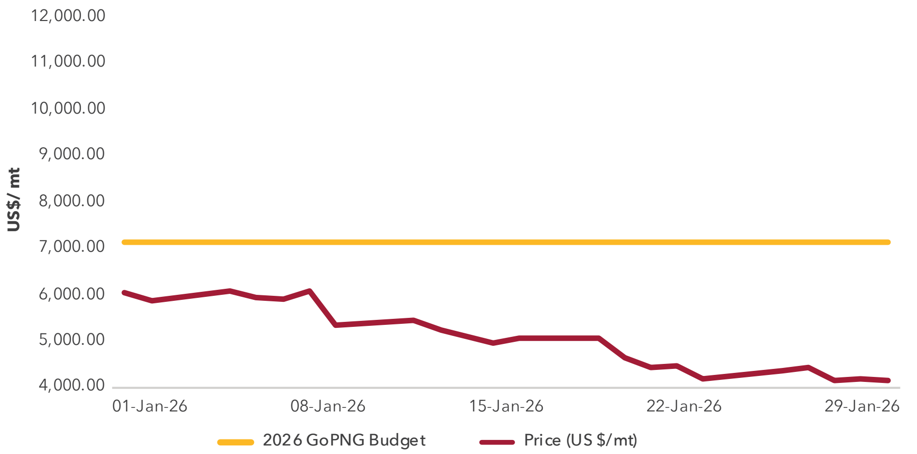
Global demand/supply is re-balancing

After record prices over the past two years due to supply shortages, global cocoa prices have been re-balancing with a forecasted surplus in global production of around 400 tons this year, according to the International Cocoa Organisation (ICCO).

This contrasts to the global deficit of nearly 300 tons over the past two years which saw prices above US$11,000/mt just 12 months ago.

The PNG Government's 2026 Budget has forecasted cocoa prices this year to average US$7,148/mt. In terms of production, PNG's export volumes in 2025 exceeded 40,000 tons for only the third time over the past decade (Bank of PNG).

Cocoa prices continue to trend lower



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