

CEO & Managing Director Address | 2025 PM's Back to Business Breakfast.

Speech by Kina Bank Managing Director & CEO Mr. Ivan Vidovich

04 February 2025, Hilton Hotel, Port Moresby

Prime Minister Hon. James Marape, Ministers of State, Departmental Heads, distinguished guests, and members of our business community, it's a pleasure to speak to you as Kina Bank's new CEO and Managing Director.

This is my first time presenting at the Back to Business Breakfast, unlike my five previous years sitting at the Kina table.

This year marks the ninth year Kina Bank has partnered with the Business Council of PNG to host this blue chip event that signifies the commencement of business for the year. Our partnership for this event as a fundamental part of our role in the broader nation-building agenda, enhancing our connectivity with the Government and business community, who are the backbone of the PNG economy.

At Kina Bank, we have been working hard to improve the financial services landscape in PNG by making banking more progressive, accessible, and convenient. This has been the cornerstone of our vision for the last five years. This vision continues through and beyond the CEO transition.

This year is also significant for the bank. Kina Bank will celebrate 40 years in PNG, starting in 1985 as a diversified financial institution and now operating as PNG's second-largest bank, offering customers a diverse suite of financial solutions from banking to wealth management and corporate advisory services.

Kina's strong growth would not have been possible without the leadership of our outgoing CEO, Greg Pawson. Through Greg's seven-year term, Kina has expanded its banking footprint across the country in retail, commercial, and SME business. Kina Bank has deployed some of the country's leading digital products and services which has resulted in an increase in Kina Bank's banking market share and Kina Wealth's growth into the largest wealth management business in the country.

While we celebrate our 40 years, we are also equally proud of our country, Papua New Guinea, which will celebrate its 50th Independence Anniversary this year. Prime Minister, we acknowledge your leadership and thank you and the many leaders before you who paved the way for our people to be independent. Kina Bank will be there to celebrate this momentous occasion with our people.

Our digital-first and challenger bank mindset will see Kina Bank continue to make a valuable contribution to supporting PNG's national development.

Kina Classification: Internal

2024 was a significant year for PNG's banking sector as we welcomed new players into the sector. We now have seven commercial banks in the country, with more to follow. These changes will increase competition that benefits the people of PNG by promoting financial inclusion and banking the unbanked. Competition will drive improvements in product development, service delivery, and the cost of banking for customers. Kina embraces the opportunities presented by increasing competition in the sector.

As the leader of PNG's second largest bank, it's appropriate that I comment on the FATF review which has significant implications for our growing industry and country. The country and financial industry participants have been presented the challenge of addressing a specific list of requirements, to avoid a grey listing. Cooperation between Government, Regulators and the sector remains critical.

On this note, I'd like to acknowledge the Government, through the Prime Minister, on the productive dialogue with banks over the past two years which has resulted in positive changes to the commercial bank tax. These changes support the continued growth of a sector which employs more than 10,000 people, while supporting the Government's priorities as it continues to navigate through its medium-term fiscal pathway.

Globally, Digital Transformation is driving a significant shift in the financial services sector. Banks are leveraging cutting-edge technologies such as artificial intelligence and cloud infrastructure to streamline operations, enhance customer experience, and lower banking costs. Kina Bank is committed to working with key stakeholders to bring these technologies and benefits to PNG.

We enter 2025 with uncertainty in the global economy and in the geopolitical landscape.

The global economy continues to navigate uncertainties, with a second Trump Presidential term, China's slowing growth, and geopolitical hotspots potentially sparking commodity price volatility.

As we've seen since the New Year, the US economy has already benefitted from stronger private sector confidence as the Trump administration delivers its deregulation agenda. However, the impact of proposed tariffs may represent growth headwinds and pose a greater drag on the US economy in the second half of this year.

In China, growth is projected to moderate this year as the economy continues to face structural and cyclical challenges with weak domestic demand and property sector deleveraging. Growth will be driven by fiscal stimulus measures, though softer local revenues and lower private investment may constrain progress.

We anticipate that the PNG Kina-US Dollar interbank rate will continue to adjust downwards through the Bank of PNG's instituted 'crawling peg' regime. In 2024, the BPNG provided intervention into the market on a regular basis which helped authorised foreign exchange dealers to clear import orders in a timely manner. We observed that through the second half of 2024, delays for import orders reduced on average from months to weeks.

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As the re-adjustment of the PGK continues, we anticipate another strong year for PNG's agriculture exporters. Global Coffee prices hit a 50-year high just 2 months ago. 2024 was a strong year for cocoa growers in PNG. Price increases are projected to be double digits in the coming year. Gold prices are also set for another solid year trading above US\$2,000 an ounce, as geopolitical tensions and uncertainty continue to keep gold prices elevated.

International hotspots such as the Middle East and Ukraine will remain potential disruptors to global supply chains - given their strategic importance to energy, technology and trade routes. Collectively, these geopolitical challenges underscore the fragility of global supply networks - which PNG is exposed to.

It is through sensible policy settings and close collaboration between the Government and private sector that we can help buffer PNG against these external risks.

In conclusion, Kina Bank remains committed to meeting the financial services needs of its customers through core banking services, digital transformation and strategic partnerships. As we celebrate 40 years of service in Papua New Guinea, alongside the nation's 50th Independence Anniversary, we reaffirm our dedication to driving financial inclusion and supporting the country's economic growth.

Thank you.

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