Annual Report 2024

INVESTING IN VALUES

TISA

Teachers Savings and Loan Society Limited

Welcome to our company

TISA serves with the vision of offering the best service to our customers. We understand their challenges and provide affordable financial solutions tailored to their needs.

Our vision statement

Not for Profit, Not for Charity, But for Service.

Our mission

To provide the best sustainable services to our members by understanding their needs, educating them in responsible savings and borrowing behaviours and continually developing our people products, processes and our financial standing.

Our values

Our values are the foundation of how we work. They underpin our behaviors, and guide our decision making on what is important and what is right.

- For Good
- For Relationships
- For Our People
- For Future
- For Openness
- For Our Communities

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About us

TISA remains a proud Papua New Guinean organisation that has built its reputation on prudent financial management, sound investment decisions, and being versatile and receptive to both economic challenges and opportunities. TISA is one of the most successful savings and loan societies in the region.

TISA GROUP

Teachers Savings and Loan Society Ltd (TISA) is a registered company under the Companies Act 1997 and licensed under the Savings and Loans Societies Act 2015 to conduct a savings and loans business. TISA is regulated by the Investment Promotion Authority and the Bank of Papua New Guinea (BPNG).

Established in 1972, TISA was built on contributions from members who are everyday-ordinary Papua New Guineans. Membership was initially open to teachers and public servants but is now open to all citizens of PNG in both government and private sector. Members contribute savings deposits and in return, TISA pays interest to members and offers them affordable loans.

TISA began with just over 3,000 members and a total annual cash turnover of PGK 2 million. Its founding goals were to provide affordable financial services, build and maintain the business, and serve everyday Papua New Guineans.

Today, TISA operates as a diversified financial group comprising TISA Bank Ltd, TISA Properties Ltd, TISA Investments Ltd, and Capital Insurance Group Ltd. The Group provides savings products, loans, banking services, and insurance solutions, while maintaining strategic investments in properties and equity markets.

OUR REACH

TISA has over 80,000 contributing members nationwide, who are employees of the private and public sector.

TISA extends its services through its branches in 17 provinces nationwide. The organisation has reached provinces where basic banking access was previously unavailable. By utilizing TISA branches, the organization also delivers basic banking services through its subsidiary, TISA Bank Ltd, to customers across PNG. TISA is progressively leveraging electronic channels to reach members and deliver faster, more convenient services.

1972

Teachers Savings & Loan Society was established & first accommodated in the PNG Teacher Association Office on Mary Street, Downtown, Port Moresby – NCD.

2008

Corporate rebranding : new logo and brand.

2010

Members resolved to pursue the Demutualization of the Society and establish a Bank at a Special General Meeting.

2015

Submitted license application to the Bank of Papua New Guinea for TISA Community Finance Limited (TCFL).

2016

Launching and operationalisation of TISA Community Finance Limited (TCFL), its wholly owned Licensed Financial Institution (LFI).

2018

TISA completed its acquisition of Police State Savings and Loan Limited (POLSAV) and by doing this it rescued K45 million savings of ordinary Papua New Guineans who would have lost all their hardearned savings through liquidation of POLSAV.

2019

Launch of TISA Debit Card 'Yumi Card'

2020

TISA submits its license application to upgrade TISA Community Finance Limited to a full commercial bank.

2022

TISA celebrated another milestone which was the 50th Golden Jubilee Anniversary since its establishment in 1972.

2024

TISA's wholly owned subsidiary, TCFL transitions into a fully-fledged commercial bank - TISA Bank Limited.

Corporate rebranding: New Bilum Logo and brand.

Chairman's Report

Welcome to our TISA Group Annual Report for 2024

As Chairman of Teachers Savings and Loan Society Limited (TISA), it is my honour to present this year's message under the theme: "Investing in Values."

This theme speaks to the very heart of who we are—not just a financial institution, but a movement grounded in trust, purpose, and service to our members.

For over 50 years, TISA has been built on the strong foundation of people helping people. Our cooperative model is powered by the contributions and shared goals of thousands of Papua New Guineans who believe in saving together, growing together, and building a better future for themselves, their families, and their communities.

Staying True to Our Purpose

In 2024, TISA continued to deliver on its promise of helping members save, borrow, and build toward a secure and dignified future. We remained committed to creating value not only through financial returns but through trust, transparency, and long-term impact.

We believe that real growth happens when we invest in people—our members, our communities, and our staff. That is the TISA way, and it is why our mutual model continues to stand strong in a changing world.

Strategic Investment: TISA Bank

One of the defining achievements this year was the transition of our wholly owned subsidiary, TISA Bank, into a fully licensed commercial bank in August 2024.

This milestone represents more than a financial evolution—it is an embodiment of our values in action. Through TISA Bank, we are expanding access to responsible and inclusive banking services, reaching people in remote communities, and offering modern digital platforms and innovative products tailored to our people's needs.

TISA Bank's journey is a testament to what we can accomplish when we invest with purpose and stay anchored in the values that have shaped us.

TISA Brand Renewal – Launch of the Bilum Logo

Another key moment in 2024 was the launch of our new TISA brand and logo on 5 October 2024, a significant milestone that reflects both our heritage and our future.

Our new logo—the Bilum—is more than a design. It is a powerful cultural symbol that represents care, strength, We will continue to invest in technology, people, partnerships, and responsible practices that reflect the values we were founded upon. These are not just principles we talk about—they are the foundation of every decision we make.

resilience, and service. Just as a bilum is used by families and communities across Papua New Guinea, so too does TISA carry the aspirations of our people.

The bilum signifies leadership through service—a central value of our organisation. It honours our identity as a home-grown institution, deeply rooted in our culture, committed to helping our people carry their dreams with dignity and security.

Performance and Progress

Throughout 2024, TISA maintained strong financial and operational performance, continued to grow its member base, and reinvested earnings into technology, staff development, and member benefits. Our continued progress reflects the strength of our strategy, the trust of our members, and the dedication of our team.

Board Transitions: Honouring Legacy and Welcoming New Leadership

In October 2024, we farewelled one of our longest-serving Directors, Mr. William Varmari, who retired from the Board after more than 20 years of distinguished service.

Mr. Varmari has been a pillar of strength and wisdom during a period of tremendous growth and transformation for TISA. His counsel, integrity, and dedication to member welfare have left an enduring mark on our organisation. On behalf of the Board, management, staff, and members, we extend our deepest appreciation and heartfelt thanks to Mr. Varmari for his remarkable contribution and legacy of service.

At the same time, we warmly welcome Mr. Con Nikolaou to the Board. Mr. Nikolaou brings deep expertise in cybersecurity, IT governance, and digital transformation—capabilities that are increasingly important as we modernise and grow our operations. We are confident that his experience and insights will strengthen our governance and help guide TISA into its next chapter.

Looking Ahead

As we look to 2025 and beyond, our vision remains clear: To become a trusted financial Group that empowers every customer to thrive.

We will continue to invest in technology, people, partnerships, and responsible practices that reflect the values we were founded upon. These are not just principles we talk about—they are the foundation of every decision we make.

In Closing

To our members: thank you for your continued trust and loyalty.

To our staff and leadership: thank you for your service, dedication, and resilience.

To our partners and stakeholders: thank you for believing in our vision.

In a world of rapid change, TISA remains a place where values matter—and where every investment is made with purpose.

We are proud of our past, inspired by our present, and excited for the future.

At TISA, we are not just growing wealth—we are growing trust, impact, and dignity. We are investing in values.

Gabriel Tai, MAICD
Chairman of the Board
Teachers Savings and Loan Society Ltd

Group CEO's Report

2024 was a year of purposeful progress — anchored in the enduring values that define the Society and guided by our deep responsibility and unwavering commitment to building a stronger institution for you—our members and shareholders.

This year, we navigated challenges but continued transforming with resilience and prudence, ensuring your Society remained stable and growth focused. Total assets grew to K1.39 billion, and we returned K32.92 million in interest to your savings—putting your hard-earned money back in your hands, K24.54 million of which was additional interest representing 7% of your S1 general savings.

Refreshed Brand Identity – The Bilum

2024 marked an important chapter in TISA's transformation journey, with the launch of our refreshed brand identity. This rebranding reflects the Society's evolution from a traditional savings and loans society to a modern, dynamic, forward-thinking financial Group. The new visual identity and messaging symbolise our readiness to meet the challenges and opportunities of a rapidly changing financial landscape, while staying true to our DNA and values.

Subsidiaries: Catalysts for Growth

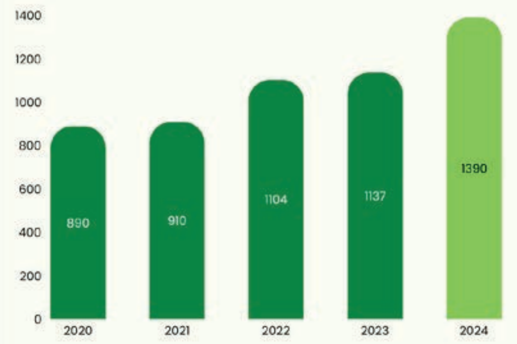
The banking sector in Papua New Guinea experienced significant changes as well during the year, with the entry of new players, including TISA Bank, receiving their licenses. This shift signals a new era of competition and innovation, which will ultimately benefit customers through improved services, better rates, and greater accessibility. Fourteen years after you, the members, first envisioned a member-owned bank, TISA Bank Limited received its banking license on 5 August 2024 and opened its first branch in Port Moresby. This achievement, years in the making, underscores our dedication to expanding financial inclusion and lifting the standard of banking in Papua New Guinea. TISA Bank has started strongly with strategic investments in cutting-edge systems and talented people. Our focus remains on delivering exceptional customer experiences our people deserve, fostering financial literacy, and ensuring that every Papua New Guinean can open a bank account if they choose.

Capital Insurance Group (CIG) is a majority-owned subsidiary of TISA, operating in 5 countries across the Pacific. CIG showed resilience in 2024, achieving strong revenue growth despite the challenges posed by catastrophic events, including the January unrest in PNG and the December earthquake in Vanuatu. Their swift response to settle claims and support affected customers reinforced CIG's reputation as a trusted insurer. With a renewed organizational culture, upgraded IT systems, and a clear strategic vision, CIG is well-positioned to navigate the increasing frequency of natural disasters while driving growth in PNG and across the Pacific region.

Financial Results

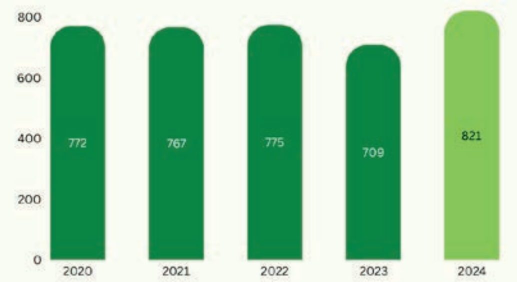
Assets

Total assets increased by K253 million (22%) to K1.4 billion, driven by growth in investment properties (K80 million), insurance contracts (K135 million), and financial assets (K45 million).



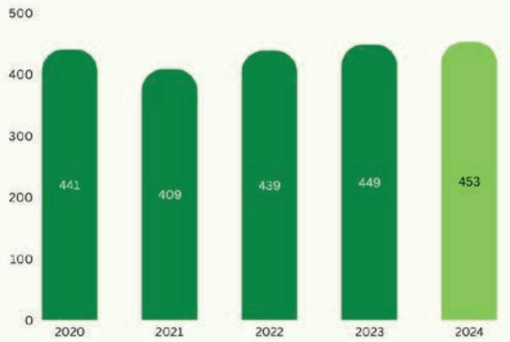
Investments

The Group's investment portfolio, which includes loans, properties, equities, interest-bearing deposits, and government securities, increased by K112 million (16%) to K821 million, primarily due to growth in investment properties and quoted shares



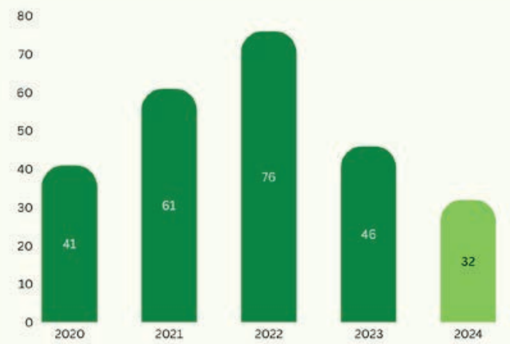
Savings and Deposits

The Group's savings and deposits increased by K4 million (1%) to K453 million during the year.



Profitability

The Group's after-tax profit attributable to members for 2024 was K32 million, a 30% decrease from the previous year, primarily due to net losses of K28 million in subsidiaries, with Capital Insurance Group from unexpected catastrophic events and TISA Banks aggressive investments in systems and talent.



Demutualisation– Unlocking Future Potential

As you are already aware, the demutualisation project, Project Laurabada, represents a historic step towards creating lasting value for you – the members. Alongside Project Mis (the establishment of TISA Bank), this initiative aligns with the resolutions passed in 2010 to transform the Society and unlock new opportunities. In 2024, we engaged expert advisors to advance this critical work, ensuring that the process is transparent, equitable, and aligned with shareholders' long-term vision.

Conclusion: Forging a Legacy of Impact

2024 was a year of bold strides and renewed purpose. To our members, shareholders, and employees—thank you. Your unwavering trust, support and hard work have propelled us forward.

In 2025, Papua New Guinea will celebrate its 50th anniversary — a momentous occasion that reminds us of the resilience and potential of our nation and a reminder of our identity. As a PNG-grown initiative, TISA and its subsidiaries are a testament to what Papua New Guineans can achieve when values guide progress. TISA is proud to be a PNG brand and is proud to stand as a pillar of strength and progress in PNG's journey.

With a modernized brand, an operational bank, and a clear roadmap, TISA stands stronger than ever, ready to redefine financial inclusion and service delivery in PNG. Challenges persist, but so does our resolve to innovate, uplift, and serve communities.

The journey continues, and the future is promising.

Michael O. Koisen, OBE ML
Group Chief Executive Officer
TISA Group

Executive Management

Kumaresh Chithravelu
Group Chief Finance Officer

Philip Hehonah
Head of Legal and Company Secretary

Michael Koisen, OBE ML
Group Chief Executive Officer

Senior Management

Nitesh K Mailvarpu
Group Head of
Financial Control

Georgina Ahwong
Head of E-Channels

Geoffrey Ochieng
Head of Applications

Albertha Lavi
Head of Product
Management

Luke Kaul
Group Chief Operating Officer

Samit Kumar Bhatnagar
Chief Information Officer

Geraldine Vilakiva,
Head of Brand, Marketing & Communications

Jennifer Galindo
Head of Internal Audits & Advisory

Anna Leidimo
Head of People & Culture

Aileen Watangia
Head of IT

Strategic **Reports**

Our Systems
New core banking system

To prepare for its operation as a commercial bank, TISA undertook a strategic, multi-phased approach, marking key milestones and achievements along the way, to meet a successful completion and migration of the new core banking system; from Ultracs to the latest version of Flexcube-14.7. The migration was executed seamlessly with operations commencing on this new platform on 6 June.

On the back of this milestone achievement, TISA migrated to the Oracle Digital Banking Experience (OBDX) suite to provide Internet and Mobile Banking services.

Despite the significant transaction volumes that resulted from a three-day branch closure and additional bonus interest paid to member accounts, there was no operational issues encountered after the migration.

This new development presented the opportunity for TISA to optimise its infrastructure and service delivery to enhance banking services for its members and customers. Flexcube's depth and power improved TISA's capacity to manage business banking, streamline and manage high transaction volumes, and boost efficient service quality and performance.

While there were minor teething issues and slight customer service delays after the migration, which were anticipated, the organisation invested in training staff to ensure that all staff were skilled and ready to execute on Day 1, post migration.

This project was delivered through the Project Core team and TISA Technology team. It took one and a half years of meticulous planning and execution and a robust and effective project governance and management framework. The initiative was supported by Oracle Flexcube as the core banking provider, Profinch as the implementation partner, Yethi for testing, and Deloitte as the advisor.

Key Highlights

Core Banking System Upgrade

TISA successfully migrated from the Ultracs system to the latest version of Flexcube-14.7.

The transition was seamless, enabling operations to commence on this new platform on 6 June.

Digital Banking Enhancements

Leveraging the Oracle Digital Banking Experience (OBDX) suite, TISA introduced Internet and Mobile Banking services.

As part of TISA's transformation and commitment to elevating our member and customer experience and fostering financial inclusion, we have introduced USSD Banking and enhanced Internet Banking services after the migration.

Infrastructure Optimization and Service Improvement

Flexcube's advanced capabilities enabled TISA to enhance its business banking services, streamline operations, manage high transaction volumes effectively, and boost service quality and efficiency

Staff Training and Mitigating Challenges

TISA invested heavily in staff training to ensure operational readiness from Day 1.

Slight delays in customer service were resolved promptly with well-trained personnel.

Project Execution and Collaboration

The transition project was spearheaded by TISA's Project Core and Technology teams.

Over one and a half years of meticulous planning and execution were carried out under a robust governance framework.

The initiative was supported by Oracle Flexcube as the core banking provider, Profinch as the implementation partner, Yethi for testing, and Deloitte as the advisor.

Our People

Teachers Savings and Loan Society employs 567 staff in Papua New Guinea, where 46% are female staff and 57% male. Our people resource remains one of our valuable assets, that we manage, upskill and depend on to take on the changes in the organisation.

Equally important is recognising the loyalty and long service that some of our staff have invested and given back to TISA. Our people are one of our most challenging yet rewarding aspects of the TISA journey.

TISA Group CEO named most trusted financial services CEO 2024

Recognising excellence across the Asia Pacific region, the Group CEO for Teachers Savings and Loan Society (TISA), was named Most Trusted Financial Services CEO in the APAC CEO of the Year Awards, 2024. The APAC Awards hosted by the APAC Insider, is dedicated to honouring the outstanding leaders and innovators who drive progress and set benchmarks in the Asia-Pacific business world.

This award recognises Mr. Koisen's unparallelled work and leadership in the growth and success of TISA.

Chairman of TISA Group, Gabriel Tai said: "Michael is a strategic leader. He was appointed Group CEO when the Society was under significant stress. He accepted the challenge, and with his skills and experience, has guided TISA out of statutory management and into what TISA is today.

This milestone and unparalleled achievement as APAC CEO of the year 2024 is testament to 23 solid years of building TISA and his commitment to improving the lives of ordinary Papua New Guineans by promoting ethical and responsible banking practices with our customers, stakeholders, and communities in mind.

2024 was a year of significant change and growth for TISA as it prepared for the transformation of the business and witnessed major changes during its growth phase to become a fully-fledged commercial bank. The business had to constantly adapt, find solutions, and reinvent new ways of doing things, setting a benchmark for other savings and loan societies and financial institutions to learn from our experience."

Long service staff recognition

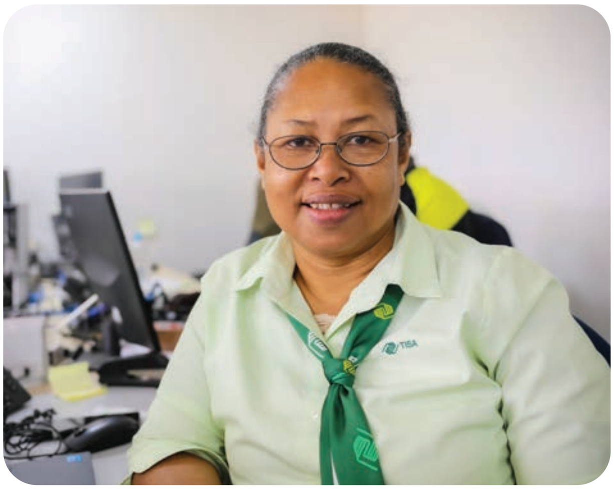
TISA has grown and matured as an organization with a wealth of history, and a powerful brand story that spans over 50 years. As TISA prepares to embark on offering commercial banking services, the organisation acknowledged 130 long service staff who collectively have over 1350 years of service, from 5 years, 10 years, 15 years and 20 plus years, the longest serving staff clocking in almost 40 years of service.

The longest serving staff, Dorothy Bega, clocked in 40 years of service, serving in various roles within the organisation.

Mrs Bega, reflected on her journey, and proudly added, that TISA has always served our people by understanding the challenges, that we face. She added, her journey with TISA can be best described as a journey of trust, commitment and integrity.

"When I joined TISA in 1987, I did not have a clear direction on where I wanted to be. Looking back at my journey, I can say I have been given opportunities that have paved the way for my career with the organization. I was fortunate to be involved with several key milestones of TISA, for which I am truly grateful, and I look forward to the next chapter with TISA Bank." Dorothy said.

Senior Application Administrator, Taita Labi, has served over 20 years with TISA. Mrs Labi was instrumental in the early days of TISA, when the IT and Infrastructure for TISA was in its infancy.



She reflected on one of the significant highlights in her journey, when Michael Koisen, the Group CEO of TISA, had a vision to reach Papua New Guineans, and open branches that could service the majority of people in PNG as a savings and loan society.

Mrs Labi, says she looked on the map and all she could do was to believe in the Group CEO's vision, that, TISA will reach PNG. TISA Bank is a testament of this vision.

Mrs Labi, encouraged staff to believe in the effort and commitment they give to their job, as it contributes to making the service available to the member and customer.

> "Together, there is a wealth of history, experience and key learnings that all our staff share with this TISA story, and we are pleased to recognise staff for their commitment"
>
> Anna Leidimo- Head of People & Culture

Strategic **Reports** (Continued)

Our Community
Banking on values

The Global Alliance of Banking on Values is a network of independent banks using finance to deliver sustainable economic, social and environmental development.

This global initiative aims to shift the focus from short-term gains to long-term sustainability, from shareholder interests to the well-being of individuals and communities.

TISA Bank is a member of the Global Alliance for Banking on Values (GABV), a network of banks and financial institutions committed to advancing positive change in the banking and finance industry.

Banking on Values Day is an annual event celebrated on November 7th, dedicated to recognizing and promoting the importance of ethical banking practices. In a world where profit often takes precedence over principles, this movement aims to bring values back to banking, emphasizing the significance of integrity and responsibility in financial services.

These banks and financial institutions, spread across various countries, share a common vision: to use finance as a force for good. They believe that banking should not only be about making money, but also about making a positive impact on society and the environment.

TISA though its membership with TISA Bank joined other GABV members to celebrate and reinforce the message that finance plays a crucial role in shaping our economy, society and the environment.

Under the theme 'Transforming Banking, Transforming Lives', TISA Bank commemorated the Banking on Values day through organized events and activities planned out to engage employees, customers, and communities. The goal is to create awareness and foster dialogue about the importance of values-based banking. It is a chance to educate individuals about the power they hold as consumers to influence the banking industry by choosing to support ethical banks.

Global Alliance for Banking on Values

70
members

45+
countries

5
supporting partners

100k
employees

$265B+
annual revenue assets

50M
customers

Our Brand - Paving a new way forward

Teachers Savings and Loan Society (TISA) proudly revealed its new logo, marking a milestone in its 50-year journey of service in Papua New Guinea. The rebranding symbolized TISA's evolution as a financial institution, emphasizing the philosophy of "people helping people" and reflecting its commitment to empowerment and nation-building.

TISA's new brand embodies its progress and transformation over the past five decades, transitioning into a financial institution poised to serve as a bank. TISA's success was attributed to the mutual trust shared among Papua New Guineans and emphasized the importance of trust in fostering growth.

Founded by teachers committed to educating the youth and building the nation, TISA places emphasis on the role of collective savings and unity in establishing a strong foundation for the institution.

The expanded vision includes creating more opportunities for local entrepreneurs, enabling access to capital, supporting business growth, and contributing to job creation—all critical to nation-building.

TISA's new brand identity symbolizes the organization's commitment to growth, empowerment, and nation-building, encapsulating its remarkable journey of over half a century in Papua New Guinea. The unveiling of the new logo heralds a future of expanded opportunities for individuals and businesses alike, driving the economy towards greater prosperity.

TISA

Corporate Governance Statement for the Year Ended 31st December 2024

At TISA, we are committed to upholding the highest standards of corporate governance to ensure that we act responsibly, ethically, and with integrity in all our operations. We recognize that good governance is essential to the success and sustainability of our business and that it is our duty to ensure that we adhere to best practices and standards.

To this end, we have established policies and procedures to guide our corporate governance practices. Our Board and Management are responsible for ensuring that these policies and procedures are implemented effectively and that we remain in compliance with relevant laws and regulations. We regularly review and update our governance practices to align with evolving standards and best practices.

Our corporate governance practices are based on our core values of delivering the best possible customer services, empowering employees, maintaining and upholding ethical practices, supporting continuous learning, and accountability. We strive to integrate these values into all our governance processes, decision-making, and day-to-day operations.

We recognize the importance of stakeholder engagement in effective corporate governance and are committed to engaging with our customers, employees, suppliers, investors, regulators, and the wider community. We value their feedback and input and strive to incorporate their views and interests into our governance practices.

Directors and employees are expected to observe the highest standards of governance and ethical behavior at all times. We have established mechanisms for reporting and addressing any breaches or concerns related to governance or ethics.

In summary, our commitment to good corporate governance is unwavering, and we will continue to strive for excellence in this area to ensure the long-term success and sustainability of our business."

The Board of Directors and their Roles

The Board of Directors play a crucial role in ensuring the effective governance and oversight of the TISA Group. Their responsibilities are clearly defined and in line with relevant laws, regulations, and the Society's Constitution. The Board is accountable to the mutual shareholders of the Group and operates in accordance with their powers and responsibilities.

The Board is responsible for developing the overall business strategy of the Society, including asset and investment management, risk management, and operational matters. They also approve the overall business strategy and annual budgets of the Society and provide proper oversight of accounting, fiduciary, regulatory, and operational practices.

In addition, the Board critically monitors the effectiveness of the business strategies and management's performance in delivering those strategies. They appoint, assess the performance, and if necessary, remove the Group Chief Executive Officer and the Company Secretary. The Board also appoints directors to the board of the Society's wholly-owned subsidiaries.

The Board is responsible for developing and setting policies covering lending, investment, procurement, capital expenditure, risk, and compliance. They also set policies covering essential human resources issues such as hiring and dismissal, terms of employment, minimum standards of conduct, performance expectations, occupational health and safety, training, and development. The Board performs other functions and duties consistent with the Society's Constitution and policies.

The Board has delegated the responsibilities of administering the Group's day-to-day business operations to the Group Chief Executive Officer and has ensured that they do not encroach upon the areas of day-to-day operational activities that are clearly the responsibilities of Management.

Finally, the Board is committed to upholding the World Council of Credit Unions Corporate Governance Council's 'Principles of Good Corporate Governance and the Best Practice Recommendations' and the principles of the Global

Alliance for Banking on Values. This demonstrates the Board's commitment to adhering to best practices in corporate governance and ensuring the long-term success and sustainability of the TISA Group.

Board composition

The Society's Constitution specifies that the Board of Directors should consist of no more than seven members, including up to four shareholder nominee directors and up to three independent directors. Each Director serves for a term of three years and is eligible for re-appointment.

All Directors must comply with the Fit and Proper criteria of section 9 and Schedule 2 of the Savings and Loan Societies Act 2015, TISA's Fit and Proper Person Policy, and any directives issued by the Central Bank of Papua New Guinea from time to time. The Fit and Proper requirements under the Act apply to both Directors and senior management of the Society and are ongoing requirements.

The identities of the Directors serving on the Board during the year are provided on page 1 of the financial statement. It is important for the Society to adhere to these governance and regulatory requirements to ensure that the Board comprises qualified and competent individuals who can uphold the values and objectives of the Group.

Board Committee

The Board Audit Risk and Compliance Committee (BARCC) is a standing committee established to strengthen the effectiveness of the Board's operations and deliberations. Its purpose is to ensure that the Society is managed prudently and in compliance with laws, regulations, and industry standards.

The BARCC is mandated to review and monitor a range of areas, including the integrity of financial statements and the independent audit, adherence to regulatory reporting requirements, internal audit processes, internal controls and risk management, approval and monitoring of expenditures, compliance with laws and policies, insurance program, and other functions delegated by the Board.

The BARCC operates in accordance with the Prudential Standard BPS 300 (Corporate Governance) issued by the Central Bank and its own Charter, which covers its purpose, authority, roles, and responsibilities. The committee is currently composed of Mr. Simon Woolcott as Chairman, and Mr. Con Nikolaou and Ms. Lucy Sabo-Kelis as members. The Company Secretary is the Secretary of the BARCC.

In addition to the BARCC, the Board may establish ad hoc committees from time to time to address specific matters of importance or to exercise delegated authority.

Board and Committee Meetings

The Board meets as needed or as determined by the Chairman, with a minimum of four meetings required to be held each financial year. The Board is required to meet at least once every quarter. Special meetings of the Board are held as necessary.

During the financial year 2024, the Board held a total of four scheduled meetings. Additionally, the BARCC held four meetings in the same financial year.

Board Access to Information and Advice

The Board of Directors has unrestricted access to all the Society's records and information, including quarterly detailed financial and operational reports, to enable them to carry out their duties effectively. Additionally, executive management presents divisional reports to the Board on a quarterly basis. The Chairman and Directors also meet regularly with the Group Chief Executive Officer and the executive management team for further consultation and to discuss issues related to their roles as Directors.

Remuneration of Directors

Directors are remunerated with an annual stipend as prescribed by the Society's Constitution, without any entitlement to separation, termination benefits, or other forms of payment. Additionally, Directors appointed to a Board Committee are eligible for an annual stipend paid quarterly. The remuneration of Directors is reviewed periodically by the Board to ensure that it remains fair and competitive, in line with industry standards and the Society's financial performance.

Disclosure of Material Interest by Directors

A Director is required to disclose any material interest in a matter under consideration, or about to be considered, by the Board at a duly constituted Board meeting in order for the Board to determine if a Director has a direct or indirect material interest.

This disclosure is recorded in the minutes and the Director is physically excused from any deliberations or decisions by the Board on this matter. The Director will also be disregarded for the purpose of constituting a quorum of the Board regarding the deliberations or decisions by the Board on this matter.

A material interest exists, without limitation, where a Director:

a. is a party to, or will or may derive a material financial benefit from, a transaction involving the Group or a business enterprise in which the Group has an interest; or

b. has a material financial interest in another party to a transaction involving the Society or a business enterprise in which the Group has an interest; or

c. has a close relative who is such a party or who will or may derive a material financial benefit or has such a material financial interest.

The Group has a Conflict of Interest & Gifts Policy that complements the Code of Conduct for Directors and executive management and related prudential standards issued by the Central Bank. The Policy is designed to protect the Group's interest when it is contemplating entering into a contract or transaction that might benefit any personal interest of a member of the Board, management, staff and service providers of the Group or might result in a possible excess benefit transaction.

The Policy requires that in connection with any actual or perceived conflict of interest, an interested person must disclose the existence of all interest or circumstances that may give rise to a conflict of interest and be given the opportunity to disclose all material facts to the Board and management of the Society of which would influence his/her role considering a proposed contract or transaction.

The duty to disclose is carried out by way of completing a Conflict of Interest Disclosure Form on an annual basis or as a requirement of participating in a meeting. This form is completed by all members of the Board, management, and staff.

External Auditor

The Group's policy is to appoint external auditors who can clearly demonstrate quality and independence with respect to audit and assurance. External auditors are requested to submit a proposal for a three-year term of external audit services, and the selection of the external auditor is based on the assessment of their performance in other entities, existing value, experience, knowledge of the sector, the industry and cost. The performance of the external auditor is reviewed annually by the BARCC, and recommendations are made to the Board regarding their continuation during their term of appointment.

The TISA Group engaged Ernst & Young (EY) as its external auditor for the annual audit of the Company's financial report and compliance with prudential standards. The TISA Group values the expertise and professionalism of EY in providing high-quality audit services that help ensure the accuracy and transparency of the Company's financial reporting.

Internal Audit & Advisory

The Internal Audit and Advisory Department plays a crucial role in providing objective assurance and value-added services to the Group Chief Executive Officer and the Board. The department focuses on ensuring the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, compliance with all applicable laws, regulations, and contracts, as well as safeguarding of assets.

To achieve this, the department annually develops an audit plan that utilizes risk analysis to identify major areas requiring audit attention. The plan is submitted to the BARCC for consideration and recommendation to the Board for approval. The Audit Charter governs the department's function and ensures its independence and that no unjustified restrictions or limitations are placed upon it.

The Head of Internal Audit and Advisory has direct access to the BARCC, while the Chairman of the BARCC has direct access to the full Board, allowing for effective communication and collaboration among the different levels of governance.

Compliance

The Compliance team is an integral part of the Legal Division, and it provides compliance and advisory support for the Society's operations. Its primary role is to ensure that the Society is compliant with all relevant laws and regulations, including those pertaining to anti-money laundering, data privacy, and consumer protection. The Compliance team also assists in the development and implementation of policies, procedures, and training programs to promote compliance across the Society. Furthermore, it monitors and assesses the effectiveness of the Society's compliance programs, and it conducts investigations into potential compliance violations.

Ultimately, the Compliance team helps to safeguard the Society's reputation and protect it from legal and regulatory risks.

The Compliance team serves as a key resource for the BARCC in carrying out its responsibilities.

By working closely with the BARCC and Management, the Compliance team helps ensure that the Society maintains a culture of compliance and adheres to the highest standards of legal and regulatory compliance.

Risk Management

The Board is responsible for the overall risk management of the Group and ensures that risks are monitored and managed on a regular basis. The Board has delegated the risk management function to BARCC, which is responsible for providing quarterly reports and recommendations to the Board on the risk management activities of the Group. The executive management is responsible for risk identification, analysis and evaluation and provides quarterly reports to the BARCC.

The Board and management have ensured that efficient and effective risk management framework and adequate reporting systems, operational and financial internal controls, and their associated review functions (including internal audit) are in place to effectively monitor and manage the broad risk areas of strategic, financial, and operational risks. The specific risk areas identified and monitored in 2023 include strategic risk, credit risk, liquidity risk, interest rate risk, market risk, operational risk, and compliance risk.

The Board and management realize that it is a continual exercise and thus will continue to review our practices and work towards building our risk management practices to enable us to deal with any adverse situations in the future.

Risk Appetite Statement

The Group has a Risk Appetite Statement which describes the amount and types of risk, on a broad level, that the Society is willing to take to achieve its strategic objectives. The Risk Appetite Statement aligns the risk profile of the Society to its business and capital management plans by identifying the potential risks that the Group is exposed to and determines the appropriate level of appetite to each risk category. A risk management framework is in place to ensure these initiatives are prioritized appropriately and are managed, monthly reported to executive management and quarterly to the Board.

Code of Conduct

TISA is committed to ethical conduct and social responsibility. The Group's Code of Conduct (Code) guides all Directors and employees in the day-to-day discharge of their individual roles and responsibilities as employees of the Society. The Code has been incorporated into the Society's Standard Operating Procedures.

The Code always requires that Directors and employees act with the highest integrity, objectivity and comply with the Act, applicable regulations and policies and procedures of the Society. The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standard of behavior and professionalism and the practices necessary to maintain a reputable institution.

Executive Management and Remuneration

The disclosure has been made at note 32.1 of the audited financial statement as at 31st December 2024.

Shareholders' (members) Communications

The Group publishes annual reports for members' interests. The annual report provides financial members with the financial status of the Society and its controlled entities. The Group promotes communication with members and encourages effective participation at Annual General Meetings.

Legal matters and Society Lawyers

The in-house Legal team provides legal support to the Society's operations and advises the Board and management on legal and regulatory issues. The Legal team also manages and oversees the Society's legal proceedings, including litigation, arbitration, and dispute resolution.

In addition to its in-house legal team, the Society engages external law firms on an as-needed basis to provide specialized legal advice and representation in specific areas of law. In 2024, the Society engaged Albatross Law and O'Brien's Lawyers to assist with outsourced legal matters.

Looking Ahead

The Board remains committed to continuous improvement in governance practices and will continue to monitor evolving standards, including ESG (Environmental, Social and Governance) trends, digital innovation, and regulatory developments, to ensure TISA remains resilient and well-governed.

Teachers Savings & Loan Society Limited and its Subsidiaries Financial Statements

For the Year Ended 31 December 2024

Contents

Directors' Report

The Directors of Teachers Savings and Loan Society Limited ("TISA" or "the Society") and its controlled entities - Tisa Bank Limited ("TBL"), Tisa Property Limited ("TPL"), Tisa Investments Limited ("TIL"), Capital Insurance Group Limited (CIG) (together "the Group") submit herewith the annual financial statements of the Group for the financial year ended 31 December 2024. To comply with the provisions of the Companies Act 1997 (amended 2022) and Savings and Loan Societies Act 2015, the directors report as follows:

Principal activities

The nature of operations and principal activities of the Group are maintaining membership of teachers, public service and private sector members and clients; processing member contributions and managing client deposits; processing member and client loans; managing the investments of the Group and providing life and general insurance in Papua New Guinea, Fiji, Solomon Islands, Vanuatu, and Tonga.

Registered office

The Society is a limited liability company incorporated and domiciled in Papua New Guinea. The address of its registered office is Level 1, TISA Ta, Sir John Guise Drive, Waigani, NCD, Papua New Guinea.

Review of operations

For the year ended 31 December 2024, the Society has recorded a total comprehensive income after taxation of K62,193,386 (2023: K46,480,536). For the year ended 31 December 2024, the Group's total comprehensive income after taxation is K21,971,048 (2023: K50,176,543).

Payments to TISA members

Additional interest of K24,539,913 will be declared and credited to the members transaction accounts (S10 accounts) for the year ended 31 December 2024 (2023: K24,292,505).

During the year K8,376,017 (2023: K8,209,820) of interest on members savings was paid into members' general savings (S1 accounts) and other savings accounts (S2, S3, S4 and S5 accounts).

Directors

The Directors who have served on the Board during 2024 and to the date of this report were:

Mr. Gabriel Tai (Chairman)	Director
Dr. Peter Mason	Independent Director
Mr. Michael O. Koisen, OBE ML	Executive Director
Mr. Simon Woolcott	Independent Director
Ms. Lucy Sabo-Kelis	Independent Director
Mr. Stephen Woodhouse	Independent Director
Mr. Con Nikolaou (appointed on 17/10/2024)	Independent Director

Directors' remuneration

Disclosure has been made at note 32.2.

Remuneration above K100,000 per annum for Key Managerial positions

Disclosure has been made at note 32.1.

Group secretary

The Group's Corporate Secretary is Mr Philip Hehonah.

Directors' eligibility

No director had any material interest in any contract or arrangement with the Group or any related entity during the year.

Changes in State of Affairs

The Society continues to operate under the Savings and Loan Societies Act 2015 as a company registered under the Companies Act 1997 (amended 2022) and licensed under the Savings and Loan Societies Act 2015.

On 5 August 2024, the Society through its subsidiary, TCF, has been granted a banking license by the Bank of Papua New Guinea and subsequently has changed its name from Tisa Community Finance Limited to TISA Bank Limited.

Auditor

Ernst & Young (EY) was appointed as auditor for the year ended 31 December 2024 (2023: KPMG). Details of amounts paid to the auditor for audit and other non-audit services are shown in note 10 to the financial statements.

Donations

During the year, the Group did not make any donations (2023: K10,000).

Signed at Port Moresby, NCD this 30 day of April 2025.

Signed in accordance with a resolution of the Directors.

Mr. Gabriel Tai
Director

Mr. Michael O Koisen, OBE ML
Director

DIRECTORS

Gabriel Tai
Chairman

Michael O. Koisen, OBE ML
Director

Stephen Woodhouse
Director

Dr. Peter Mason
Director

Lucy Sabo-Kelis
Director

Simon Woolcott
Director

Con Nikolaou
Director
(appointed October 2024)

Statement By Directors

In the opinion of the Directors of Teachers Savings and Loan Society Limited and the Group:

1.1 The Statement of Profit or Loss and Other Comprehensive Income of the Society and the Group are drawn up to give a true and fair view of the results of the Society and the Group for the year ended 31 December 2024.

1.2 The Statement of Changes in Equity of the Society and the Group are drawn up to give a true and fair view of the changes in equity of the Society and the Group for the year ended 31 December 2024.

1.3 The Statement of Financial Position of the Society and the Group are drawn up to give a true and fair view of the state of affairs of the Society and the Group as at 31 December 2024.

1.4 The Statement of Cash Flows of the Society and the Group are drawn up to give a true and fair view of the cash flows of the Society and the Group for the year ended 31 December 2024.

1.5 At the date of this statement there are reasonable grounds to believe the Society and the Group will be able to pay its debts as and when they fall due; and

1.6 All related party transactions have been adequately disclosed in the attached financial statements.

2. The Group financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") adopted in Papua New Guinea and the Papua New Guinea Companies Act 1997 (amended 2022) and have been drawn up in accordance with the requirements of the Savings and Loan Societies Act 2015.

Signed at Port Moresby, NCD this 30 day of April 2025.

Signed in accordance with a resolution and on behalf of the Directors.

Mr. Gabriel Tai
Director

Mr. Michael O Koisen, OBE ML
Director

Ernst & Young
Level 4, Credit House
Cuthbertson Street, Port Moresby
PO Box 1380, Port Moresby 121
National Capital District Papua New Guinea

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Independent auditor's report to the members of Teachers Savings and Loan Society Limited

Opinion

We have audited the financial report of Teachers Savings and Loan Society Limited and its Subsidiary Companies (collectively the "Group"), which comprises:

a) The Group consolidated and Company statements of financial position as at 31 December 2024,

b) The Group consolidated and Company statements of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended,

c) Notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial report of the Group is in accordance with the *Companies Act 1997*, including:

a) giving a true and fair view of the Group's financial position as at 31 December 2024 and of its financial performance for the year ended on that date; and

b) complying with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial report in Papua New Guinea, and we have fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Vanuatu Earthquake

We draw attention to Note 37 of the consolidated financial statements, which describes the effects of the significant Vanuatu earthquake which occurred late in the 2024 financial year. Our opinion is not modified in respect of this matter.

Shape the future
with confidence

Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information is the Directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The Directors of the Group are responsible for the preparation of the financial report that gives a true and fair view in accordance with International Financial Reporting Standards and the *Companies Act 1997* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

The Papua New Guinea *Companies Act 1997* requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

a) in our opinion proper accounting records have been kept by the Group, so far as appears from our examination of those records; and

b) we have obtained all the information and explanations we have required.

Ernst & Young

M Savage

Matthew Savage
Partner

Registered under the Accountants Act 1996
Port Moresby this 03 day of May 2025

Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	Group		Society	
		2024	2023	2024	2023
			As restated (Note 38)		
		K	K	K	K
Interest and similar income	8.1	103,179,964	100,044,391	82,993,592	78,194,336
Interest expense	8.2	(15,690,684)	(13,548,552)	(10,145,158)	(8,659,701)
Net interest income		**87,489,280**	**86,495,839**	**72,848,434**	**69,534,635**
Insurance revenue	7.a	162,303,765	136,030,577	-	-
Insurance service expenses	7.a	(302,189,510)	(73,664,018)	-	-
Insurance service result from issued insurance contracts		**(139,885,745)**	**62,366,559**	**-**	**-**
Insurance service result from reinsurance contract held	7.a	**115,976,789**	**(28,197,645)**	**-**	**-**
Rental and other related income	16	11,407,976	8,502,736	-	-
Dividend income		18,706,409	18,920,645	16,439,938	15,724,542
Change in fair value of financial assets	11	59,969,785	11,027,540	48,349,565	10,312,085
Change in fair value of investment properties	16	(9,204,831)	(3,564,761)	-	-
Other income	8.3	6,871,224	9,502,424	10,269,082	10,423,651
Total other income		**87,750,563**	**44,388,584**	**75,058,585**	**36,460,278**
Total income		**151,330,887**	**165,053,337**	**147,907,019**	**105,994,913**
Impairment losses on loans	9	(29,654,329)	(21,627,074)	(18,771,953)	(8,912,004)
Operating expenses	10	(106,325,209)	(90,447,264)	(66,941,680)	(49,577,786)
Total expenses		**(135,979,538)**	**(112,074,338)**	**(85,713,633)**	**(58,489,790)**
Profit from operation		**15,351,349**	**52,978,999**	**62,193,386**	**47,505,123**
Income tax benefit/ (expense)	24.1	7,343,627	(2,371,412)	-	-
Profit for the year after taxation		**22,694,976**	**50,607,587**	**62,193,386**	**47,505,123**
Other comprehensive (loss)/income					
Foreign currency translation reserve		(723,928)	71,549	-	-
Asset revaluations gains/(losses)	17	-	(502,593)	-	(1,024,587)
Total comprehensive income for the year after taxation		**21,971,048**	**50,176,543**	**62,193,386**	**46,480,536**
Profit for the year attributable to:					
- Members of TISA		32,146,786	46,102,004	62,193,386	47,505,123
- Non-controlling interests		(9,451,810)	4,505,583	-	-
		22,694,976	**50,607,587**	**62,193,386**	**47,505,123**
Total comprehensive income attributable to:					
- Members of TISA		31,740,518	45,639,564	62,193,386	46,480,536
- Non-controlling interests	15.c	(9,769,470)	4,536,979	-	-
		21,971,048	**50,176,543**	**62,193,386**	**46,480,536**

The notes on pages 37 to 99 are an integral part of these financial statements.

Statement of Financial Position

AS AT 31 DECEMBER 2024

	Note	Group 2024	Group Dec-23 As restated (Note 38)	Group 1 Jan 23 As restated (Note 38)	Society 2024	Society 2023
		K	K	K	K	K
Assets						
Cash and cash equivalents	12	198,032,921	189,340,960	184,522,150	51,204,839	70,279,508
Interest bearing deposits	12	18,968,248	19,899,565	19,007,082	-	-
Net loans to members and customers	13	343,963,823	359,494,985	325,939,259	285,284,041	316,322,556
Rental and other receivables	14	27,615,787	22,741,589	28,030,905	163,255,627	188,853,677
Reinsurance contract assets	7.a	138,930,144	-	7,510,580	-	-
Other financial assets	15	288,345,670	241,298,221	253,350,290	208,573,951	163,060,878
Investment in subsidiaries	15.c	-	-	-	242,890,980	242,890,980
Investment properties	16	170,147,174	88,586,000	88,844,604	-	-
Property and equipment	17	102,461,408	43,475,193	47,684,946	21,210,504	17,742,089
Capital work in progress	18	39,149,368	159,348,730	140,347,319	17,800,219	12,224,297
Intangibles	19	35,306,586	2,843,218	3,910,525	2,090,633	2,556,822
Current tax assets		15,021,227	3,907,864	4,980,684	-	-
Deferred tax assets	24	12,379,985	6,400,706	-	-	-
Total assets		**1,390,322,341**	**1,137,337,031**	**1,104,128,344**	**992,310,794**	**1,013,930,807**
Liabilities						
Savings and deposits	20	453,029,003	449,141,456	439,845,719	369,964,817	381,306,689
Insurance contract liabilities	7.a	273,855,044	58,512,339	66,419,176	-	-
Creditors and accruals	21	51,642,530	20,237,107	19,131,646	37,837,032	87,172,521
Lease liabilities	22	18,388,175	7,239,946	10,862,317	5,011,557	4,483,645
Deferred tax liabilities		-	-	272,959	-	-
Employee provisions	23	8,037,296	7,167,414	8,173,343	5,593,704	4,965,147
Reinsurance contract liabilities	7.a	-	6,956,501	-	-	-
Total liabilities		**804,952,048**	**549,254,763**	**535,705,160**	**418,407,110**	**477,928,002**
Net assets		**585,370,293**	**588,082,268**	**568,423,184**	**573,903,684**	**536,002,805**
Equity						
Members capital	25	66,217	66,217	62,023	66,217	66,217
Asset revaluation reserve	26	5,100,974	5,100,974	5,603,567	4,578,980	4,578,980
General reserve	27	33,534,306	33,534,306	33,534,306	33,534,306	33,534,306
Currency translation reserve		(352,711)	53,557	(38,678)	-	-
Additional interest reserve	28	89,579,484	83,042,612	73,153,385	89,579,484	83,042,612
Retained earnings		435,120,410	434,193,519	428,554,477	446,144,697	414,780,690
Equity attributable to TISA members		**563,048,680**	**555,991,185**	**540,869,080**	**573,903,684**	**536,002,805**
Non-controlling interest	15.c	22,321,613	32,091,083	27,554,104	-	-
Total equity		**585,370,293**	**588,082,268**	**568,423,184**	**573,903,684**	**536,002,805**

The notes on pages 37 to 99 are an integral part of these financial statements.

Statement of Changes of Equity

FOR THE YEAR 31 DECEMBER 2024

Group

	Notes	Members Capital	Asset Revaluation Reserve	General Reserve Fund	Foreign Currency Translation Reserve	Additional Interest Reserve	Retained Earnings	Non-Controlling Interest	Total
		K	K	K	K	K	K	K	K
As at 1 January 2023		**62,023**	**5,603,567**	**33,534,306**	**(38,678)**	**83,042,612**	**389,096,086**	**27,554,104**	**538,854,020**
Adjustment on correction of error (Note 38)		-	-	-	-	(9,889,227)	39,458,391	-	29,569,164
As at 1 January 2023 (restated)		**62,023**	**5,603,567**	**33,534,306**	**(38,678)**	**73,153,385**	**428,554,477**	**27,554,104**	**568,423,184**
Members capital	28	4,194	-	-	-	-	(4,194)	-	-
Adjustment		-	-	-	52,082	-	(347,662)	-	(295,580)
Profit for the year after taxation							46,102,004	4,505,583	50,607,587
Other comprehensive (loss)/income		-	(502,593)	-	40,153	-	-	31,396	(431,044)
Total comprehensive income		-	**(502,593)**	-	**40,153**	-	**46,102,004**	**4,536,979**	**50,176,543**
Additional interest declared to be paid	31	-	-	-	-	(30,221,879)	-	-	(30,221,879)
Transfer to additional interest reserve	31	-	-	-	-	40,111,106	(40,111,106)	-	-
As at 31 December 2023 (restated)		**66,217**	**5,100,974**	**33,534,306**	**53,557**	**83,042,612**	**434,193,519**	**32,091,083**	**588,082,268**
As at 1 January 2024		**66,217**	**5,100,974**	**33,534,306**	**53,557**	**83,042,612**	**434,193,519**	**32,091,083**	**588,082,268**
Profit for the year after taxation		-	-	-	-	-	32,146,786	(9,451,810)	22,694,976
Other comprehensive (loss)/income		-	-	-	(406,268)	-	-	(317,660)	(723,928)
Total comprehensive income		-	-	-	**(406,268)**	-	**32,146,786**	**(9,769,470)**	**21,971,048**
Additional interest declared to be paid		-	-			(24,292,507)			(24,292,507)
Transfer to additional interest reserve		-	-			30,829,379	(30,829,379)		-
Other adjustment		-	-	-	-	-	(390,516)	-	(390,516)
As at 31 December 2024		**66,217**	**5,100,974**	**33,534,306**	**(352,711)**	**89,579,484**	**435,120,410**	**22,321,613**	**585,370,293**

The notes on pages 37 to 99 are an integral part of these financial statements.

Statement of Changes of Equity

FOR THE YEAR 31 DECEMBER 2024

	Notes	Members Capital K	Asset revaluation reserve K	General reserve K	Additional interest reserve K	Retained earnings K	Total equity K
As at 1 January 2023		**62,023**	**5,603,567**	**33,534,306**	**73,153,385**	**407,390,867**	**519,744,148**
Members Capital		4,194	-	-	-	(4,194)	-
Profit for the year after taxation		-	-	-	-	47,505,123	47,505,123
Other comprehensive (loss)/income		-	(1,024,587)	-	-	-	(1,024,587)
Total comprehensive income		**-**	**(1,024,587)**	**-**	**-**	**47,505,123**	**46,480,536**
Adjustment to opening balances			-	-	-	-	-
Additional interest declared to be paid	28	-	-	-	(30,221,879)	-	(30,221,879)
Transfer to additional interest reserve	28	-	-	-	40,111,106	(40,111,106)	-
As at 31 December 2023		**66,217**	**4,578,980**	**33,534,306**	**83,042,612**	**414,780,690**	**536,002,805**
As at 1 January 2024		**66,217**	**4,578,980**	**33,534,306**	**83,042,612**	**414,780,690**	**536,002,805**
Profit for the year after taxation		-	-	-	-	62,193,386	62,193,386
Other comprehensive (loss)/income		-	-	-	-	-	-
Total comprehensive income		**-**	**-**	**-**	**-**	**62,193,386**	**62,193,386**
Additional interest declared to be paid	28	-	-	-	(24,292,507)	-	(24,292,507)
Transfer to additional interest reserve	28	-	-	-	30,829,379	(30,829,379)	-
As at 31 December 2024		**66,217**	**4,578,980**	**33,534,306**	**89,579,484**	**446,144,697**	**573,903,684**

The notes on pages 37 to 99 are an integral part of these financial statements.

Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	Group 2024	Group 2023 As restated (Note 38)	Society 2024	Society 2023
		K	K	K	K
Cash flows from operating activities					
Premiums received		185,094,459	147,991,666	-	-
Commission payments		(25,990,457)	(24,009,994)	-	-
Claims paid		(66,083,055)	(65,374,862)	-	-
Attributable expenses		(14,503,260)	(4,441,914)	-	-
Reinsurance recoveries		6,379,401	6,181,529	-	-
Reinsurance expense		(40,521,767)	(20,874,912)	-	-
Reinsurance commission		-	962,820	-	-
Net rental and other income		6,533,777	8,502,736	35,867,132	(18,770,482)
Interest received on loans		98,813,020	99,453,848	80,862,494	75,132,913
Interest received on IBDs and debt securities		3,364,088	4,265,574	2,131,098	3,061,422
Dividends received		18,706,409	19,835,121	16,439,938	15,724,542
Net loans to members		(34,361,905)	(55,182,800)	12,266,562	(51,794,385)
Net savings deposited/(withdrawn)		4,157,547	24,832,610	(35,860,712)	14,093,894
Interest paid		(15,690,684)	(13,548,552)	(10,145,158)	(8,659,701)
Payments to employees and suppliers		(47,399,441)	(97,423,493)	(85,687,074)	(38,125,004)
Income taxes paid		(9,749,015)	(6,196,038)	-	-
Net cash flow from/ (used in) operating activities		**68,749,117**	**24,973,339**	**15,874,280**	**(9,336,801)**
Cash flows from investing activities					
Net proceeds/(purchase) of interest-bearing deposits		931,317	(892,483)	-	-
Net sale/(Purchase) of Government Securities		22,151,514	21,387,359	(2,836,492)	2,008,500
Net cash on other financial assets		(9,229,178)	39,900,989	5,672,984	59,181,947
Acquisition of CIG Subsidiary net of cash	36	646,000	-	-	-
Payments for investment property, property, and equipment		(46,990,834)	(45,763,313)	(14,020,847)	(11,110,127)
Net cash flow from/(used) investing activities		**(32,491,181)**	**14,632,552**	**(11,184,355)**	**50,080,320**
Cash flows from financing activities					
Lease payments	22	(3,273,470)	(4,565,201)	527,912	(3,964,251)
Additional interest payment		(24,292,506)	(30,221,879)	(24,292,506)	(30,221,879)
Net cash flow used in financing activities		**(27,565,976)**	**(34,787,080)**	**(23,292,506)**	**(34,186,130)**
Net change in cash and cash equivalents		**8,691,961**	**4,818,810**	**(19,074,669)**	**6,527,389**
Cash and cash equivalents at the beginning of the year		189,340,960	184,522,150	70,279,508	63,722,119
Cash and cash equivalents at the end of the year	**12**	**198,032,921**	**189,340,960**	**51,204,839**	**70,279,508**

The notes on pages 37 to 99 are an integral part of these financial statements.

Directors' Report
Statement by Directors
Independent Auditor's Report
Statement of Profit or Loss and other Comprehensive Income
Statement of Financial Position
Statement of Changes in Equity
Statement of Cash Flows
Notes to the Financial Statements

1. Reporting

Teachers Savings and Loan Society ("TISA" or "the Society") is domiciled in Papua New Guinea. The Society's registered office is TISA Haus, Waigani, NCD, Papua New Guinea. The Group financial statements as at and for the year ended 31 December 2024 comprise the Society and its controlled entities - Tisa Bank Limited, Tisa Property Limited ("TPL"), Tisa Investments Limited ("TIL") and Capital Insurance Group Limited ("CIG") (together "the Group"). The Group is primarily involved in the provision of financial services which include receiving savings, deposits and issuing loans, managing various investment assets, and involved in life, medical and general insurance in Papua New Guinea and other countries in the Pacific region to earn returns on behalf of its members.

The Group financial statements have been authorized for issue by the Board of Directors on 30 April 2025.

2. Basis of accounting

These financial statements have been prepared in accordance with *International Financial Reporting Standards ("IFRS")* as adopted by the *Accounting Standards Board of Papua New Guinea ("ASB")*, the requirements of the *Papua New Guinea Companies Act 1997(amended 2022)* and *Savings and Loan Societies Act 2015*. The financial statements comprise the separate financial statements of the Teachers Savings and Loan Society ("TISA" or "the Society") and the consolidated financial statements of Teachers Savings and Loan Society and all its subsidiaries ("Group").

The Group and the Society presents its statement of financial position in order of liquidity based on the Group's intention and perceived ability to recover/settle the majority of assets/liabilities of the corresponding financial statement line item. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in Note 13.

Basis of measurement

Fair value accounting is used for investments at fair value through profit and loss, and land and buildings classified as investment property or property and equipment at revalued amount. In all other cases, a historical cost basis of accounting is used.

Comparative figures

The prior year comparative figures have been reclassified wherever necessary to conform to the current year's presentation of financial statements.

Going concern basis

The financial statements have been prepared on a going concern basis which assumes that the Society and the Group will realise its assets and settle its liabilities in the normal course of operations.

3. Functional currency

The financial statements are presented in the Papua New Guinea currency, the Kina, which is the functional currency of the Society

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the Group makes judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.
The areas involving significant estimates or judgements are:

Note 13 Estimated expected credit loss allowance for loans to members and customers
Note 16 Investment properties
Note 17 Property plant and equipment
Note 24 Recoverability of deferred tax assets
Note 29.8 Insurance and financial risk

(i) Assessment of insurance risk

The Group determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk. Management have reviewed, assessed, and concluded that all contracts underwritten by the Group transfer significant insurance risk. The Group issues general insurance products to individuals and businesses. These products offer protection of policyholder's assets and indemnification of other parties that may have suffered damage or loss due to the actions of the policyholder.

(ii) Combination of insurance contracts and consideration of the separation of insurance contracts into components

Determining whether it is necessary to treat a set or series of insurance contracts as a single contract or multiple contracts involves significant judgement and careful consideration. In assessing whether a set or series of insurance contracts achieve, or are designed to achieve, an overall commercial effect, the Group determines whether the contractual rights and obligations are different when looked at together compared to when looked at individually and whether the Group is unable to measure one contract without considering the other.

In general, the legal form of the contract will be considered a single contract in substance, unless facts and circumstances indicate that this does not reflect the substance of its contractual rights and obligations. All relevant facts and circumstances will be considered in determining whether this presumption should be overridden.

Overriding the 'single contract' unit of account presumption involves significant judgement and is not an accounting policy choice. In determining whether a legal contract does not reflect its substance such that separate insurance elements are required to be recognised, the Group considers the interdependency between the different risks covered, the ability of all components to lapse independently of each other and the ability to price and sell the components separately.

(iii) Separation of non-insurance components from insurance contracts

The Group assesses its insurance contracts issued and reinsurance contracts held to determine whether they contain distinct components which must be accounted for under another IFRS instead of under IFRS 17. After separating any distinct components, the Group applies IFRS 17 to all remaining components of the host insurance contract. Currently, the Group's products do not include any distinct components that require separation.

(iv) Determination of contract boundary

The assessment of the contract boundary, which defines which future cash flows are included in the measurement of a contract, requires judgement and consideration of the Group's substantive rights and obligations under the contract and in terms of legislative requirements and business practices.

Cash flows are considered to be outside of the contract boundary if the Group has the practical ability to reprice existing contracts to reflect their reassessed risks and if the contract's pricing for coverage up to the date of reassessment considers only the risks till that next reassessment date. The Group applies its judgement in assessing whether it has the practical ability to set a price that fully reflects all the risks in the contract or portfolio. In doing so, the Group disregards restrictions that have no commercial substance. The Group also applies judgement to decide whether commercial considerations in setting the contract boundary are relevant.

(v) Level of aggregation

The Group defines portfolios based on aggregating insurance contracts subject to similar risks and which are managed together. Contracts within a product line are expected to be in the same portfolio as they have similar risks and are managed together.

The Group identifies portfolios of insurance contracts issued based on the way the business is managed at the level of key decision makers and the way in which performance is assessed and reported at the same level. Where sets of contracts within the portfolio have materially dissimilar risks, further disaggregation of portfolios may be required. The concept of managed together is reflected through management and oversight of the Group's business which is also reflective of the nature of policy types and claims benefits of underlying products to which the reinsurance contracts held apply.

The assessment of which risks are similar and how contracts are managed requires the exercise of judgement and also takes into consideration information provided to key management decision makers and regulators. The following portfolios have been determined in considering the level of aggregation for insurance contracts issued and reinsurance contracts held:

- Property and Engineering
- Liability and Motor
- Medical
- Term Life

(vi) Fulfilment Cash Flows

Fulfilment cash flows comprise:

- estimates of future cash flows;
- an adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows; and
- a risk adjustment for non-financial risks.

Cash flows within the boundary of a contract relate directly to the fulfilment of the contract, including those for which the Group has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts.

The Group's objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the full range of possible outcomes in estimating the ultimate claims liability.

(vii) Estimates of Future Cash Flows

The Group applies the PAA to simplify the measurement of insurance contracts. When measuring LfRC the PAA is broadly similar to the Group's previous accounting treatment under IFRS 4. However, when measuring the LIC, the Group now discounts the expected value of future cash flows related to claims and other insurance expenses and includes an explicit risk adjustment for non-financial risk.

In estimating future cash flows, the Group incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims experience, updated to reflect current expectations of future events.

(viii) Liability for Incurred Claims

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, including the following:

- Chain Ladder method based on paid and incurred claims;
- Bornhuetter-Ferguson method (“BF”) based on paid and incurred claims; and
- Expected Loss Ratio method (“ELR”)

The main assumption underlying these techniques is that the Group’s past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types.

(ix) Insurance Acquisition Cash Flows

Insurance acquisition cash flows arise from the activities of selling, underwriting, and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads.

Cash flows attributable to acquisition and other fulfilment activities are allocated to groups of contracts using methods that are systematic and rational and are consistently applied to all costs that have similar characteristics. The Group generally allocates insurance acquisition cash flows to groups of contracts based on the total premiums for each group or on the basis of headcount if deemed applicable for relevant fulfilment activities. Other costs which are not directly attributable to insurance services are recognised in the statement of comprehensive income as they are incurred.

(x) Onerous Groups

The Group assumes no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. If at inception, or subsequently, facts and circumstances indicate that a group of contracts is onerous the Group determines the loss component to be added to the LfRc. The loss component is the excess of the amount of the present value of fulfilment cash flows over the LfRC of the relevant group. The loss component is released to insurance service expenses in the statement of comprehensive income on a systematic basis over the coverage period of the group. A loss recovery component is recognised at inception, or subsequently, reflecting expected reinsurance recoveries on the onerous underlying contracts.

(xi) Discount Rates

The LIC is calculated by discounting expected future cash flows at a risk-free rate, plus an illiquidity premium where applicable. The method of determining the discount rates applied is based on the bottom-up approach. The premise of this approach is that the Group estimates the discount rate as a point on a liquid risk-free rate curve for the same currency and duration as the cash flows of insurance contract with a premium for the illiquidity of the insurance contract to be explicitly added to the risk-free rate.

As a result, cash flows are discounted using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity of the insurance contracts. The Group generally determines risk-free rates by reference to the yields of the Central Bank treasury bills which are in the currency of the insurance contract liabilities. To reflect the liquidity characteristics of the insurance contracts, the risk-free yield curves are adjusted by an illiquidity premium. The illiquidity premium is determined by reference to observable market rates.

The yield curves described above are based on nominal discount rates which incorporate the impact of general inflation. This delivers consistency between the basis of determining expected cash flows, which include the effect of inflation, and the discount rates applied to the respective cash flows.

(xii) Risk Adjustment for Non-Financial Risk

The risk adjustment for non-financial risk measures the compensation that the Group would require to make the Group indifferent between:

- Fulfilling a liability that has a range of possible outcomes arising from non-financial risk; and
- Fulfilling a liability that will generate fixed cash flows with the same expected present value as the insurance contracts.

The risks covered by the risk adjustment for non-financial risk are insurance risk and other non-financial risks such as lapse risk and expense risk. Risks that are not considered to be related to the fulfilment of insurance obligations will be excluded in determining the risk adjustment for non-financial risks. To determine the risk adjustments for non-financial risk for reinsurance contracts, the Group applies these techniques both gross and net of reinsurance and derives the amount of risk being transferred to the reinsurer as the difference between the two results.

The Group has estimated the risk adjustment using a confidence level at the 75th percentile. That is, the Group has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 75th percentile confidence level less the mean of an estimated probability distribution of the future cash flows. The Group has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.

The risk adjustment is set at an individual Group level and incorporates the diversification benefits across the Group's entire book of business / classes of business. The Group level risk adjustment is then allocated across portfolios and other groupings of business in a systematic and rational way.

(xiii) Assessment of directly attributable cashflows

The Group applies judgment in assessing whether cashflows are directly attributable to a specific portfolio of insurance contracts. Insurance acquisition cash flows are included in the measurement of a group of insurance contracts only if they are directly attributable to either the individual contracts in a group, or to the group itself, or the portfolio of insurance contracts to which the group belongs. When estimating fulfilment cash flows, the Group also allocates fixed and variable overheads directly attributable to the fulfilment of insurance contracts.

(xiv) Assessment of significance of modification

The Group applies its judgement to assess whether amendments to a contract result in a modification which meets the criteria for derecognition. If the derecognition criteria is met, the Group derecognises the original contract and recognises the modified contract as a new contract.

(xvi) Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (see financial assets sections of note 3). The group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

5. New standards, interpretations, and amendments issued

In the current year, the Group has applied the following new and amended standards and interpretations that are mandatorily effective for an accounting period that begins on or after 1 January 2024:

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current.
- Amendments to IAS 1: Non-current Liabilities with Covenants.
- Amendments to IAS 7: Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures titled Supplier Finance Arrangements.
- Amendments to IFRS 16: Leases - Lease Liability in a Sale and Leaseback.

The adopted amendments to standards have not materially impacted disclosures or reported amounts in these financial statements.

As of the date of the authorisation of these financial statements, the Group has not adopted the following new and amended standards and interpretations that have been issued but are not yet effective:

Amendments to IAS 21: Lack of Exchangeability
Amendments to IFRS 9 and IFRS 7: Classification and Measurement of Financial Instruments
IFRS 18: Presentation and Disclosures in Financial Statement

The directors anticipate that the application of these amendments may have an impact on the Group's financial statements in future periods but cannot be reasonably estimated at this time.

6. Material accounting policies

Accounting policies and disclosures
Except for the changes described in note 5 above, the Group has consistently applied the accounting policies to all periods presented in the financial statements.

(a) Basis of consolidation

The consolidated financial statements for the year ended 31 December 2024 comprise those of the Company and its subsidiary companies (together referred to as the 'Group'). These entities are controlled by the Group. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

6. Material accounting policies (continued)

a) Basis of consolidation (continued)

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

i. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group re-assesses whether it has control if there are changes to one or more of the elements of control. This includes circumstances in which protective rights held (e.g. those resulting from a lending relationship) become substantive and lead to the Group having power over an investee. The financial statements of subsidiaries are included in the financial statements from the date on which control commences up until the date on which control ceases.

Changes in the holding company's ownership interest in a subsidiary company that do not result in the holding company losing control of the subsidiary are equity transactions (i.e. transactions with owners in their capacity as owners) and accordingly reflected directly in the equity of the group.

The financial statements for the subsidiaries CIG, TISA bank, TPL and TIL have been consolidated based on 31 December 2024 results.

Investment in subsidiaries

Investments in subsidiaries are recognised at cost, minus any impairment, in the Society's separate financial statements.

6. Material accounting policies (continued)

(a) Basis of consolidation (continued)

Transactions eliminated on consolidation

Inter-group transactions, balances and any unrealised income and expenses are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related minority interest and other components of equity. Any resulting gain or loss is recognised in the statement of profit and loss and comprehensive income. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(b) Revenue recognition

Revenue recognised as follows:

i. Interest income

Interest income and expense are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or financial liability (or where appropriate, a shorter period) to the carrying amount of the financial asset or liability.

When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument but not future credit losses. The calculation of the effective interest rate includes transaction costs and fees paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Interest income and expense presented in the Statement of Profit or Loss and Other Comprehensive Income using the effective interest method includes interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis.

ii. Fees and commission

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or financial liability are included in the measurement of the effective interest rate.

Other fees and commission income – including account servicing fees and sales commission are recognised as the related services are performed. Other fees and commission expense relate to transaction and service fees, which are expensed as the services are received.

iii.Underwriting income and provisions

a. Earned and unearned premiums

The figure for earned premiums is arrived at by computing the actual earned portion for each policy written in the year using the 365 days method. Premium is treated as earned from the date of attachment of risk. The provision for unearned premiums represents the proportion of premiums written in the current year relating to insurance cover provided in a subsequent year.

6. Material accounting policies (continued)

b. Outstanding claims

The provision for outstanding claims is established by reviewing known claims on a case-by-case basis, taking account of current compensation levels and settlement costs. The provision covers the estimated cost of settling all such claims outstanding on 31 December 2024.

Provision is also made for the estimated number of claims incurred but not reported at reporting date. The estimate is made based upon an analysis of past claims experience, modified where appropriate for anticipated changes in claims settlement patterns and actuarial review.

iv. Premium revenue

Premium revenue comprise amounts charged to policy owners and includes applicable levies and charges, but excludes tax collected on behalf of third parties such as goods and services tax. Premiums are recognised as revenue in accordance with the pattern of underlying risk exposure from the date of attachment over the period of the insurance policy, which is usually one year. The provision for unearned premiums represents the proportion of premiums written in the current year relating to insurance cover provided in subsequent years.

v. Change in fair value of financial assets

Changes in the fair value of financial assets comprises gains less losses related to trading assets and liabilities and includes all realised and unrealised fair value changes.

vi. Dividend income

Dividend income is recognised when the right to receive income is established, usually this is the ex-dividend date for equity securities.

(c) Foreign currency translation

i. Transaction and balances

Foreign currency transactions are translated into the functional currency (note 3) using the exchange rates at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/(losses).

Non-monetary items that are measured at a fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities that are carried forward at a fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

ii. Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

6. Material accounting policies (continued)

(c) Foreign currency translation (continued)

ii. Group companies (continued)

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless there is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, or as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(d) Insurance contracts and reinsurance contracts held

i. Classification
Contracts under which the Group accepts significant insurance risk are classified as insurance contracts. Contracts held by the Group under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts held. Insurance and reinsurance contracts held also expose the Group to financial risk.

Insurance contracts may be issued, and reinsurance contracts may be initiated by the Group, or they may be acquired in a business combination or in a transfer of contracts that do not form a business. All references in these accounting policies to ‘insurance contracts’ and ‘reinsurance contracts held’ include contracts issued, initiated, or acquired by the Group, unless otherwise stated.

The Group issues general insurance products to individuals and businesses. The Group’s products offered include property and engineering, marine, motor, and liability products including workers compensation and personal accident. These products offer protection of policyholder’s assets and indemnification of other parties that may have suffered damage or loss due to the actions of the policyholder.

The Group does not issue any contracts with direct participating features.

ii. Separating components from insurance contracts issued and reinsurance contracts held
The Group assesses its insurance contracts issued, and reinsurance contracts held to determine whether they contain distinct components which must be accounted for under another IFRS instead of under IFRS 17. After separating any distinct components, the Group applies IFRS 17 to all remaining components of the host insurance contract.

Once the consideration of distinct components has been determined, the Group assesses whether the contract should be separated into several insurance components that, in substance, should be treated as separate contracts. To determine whether a single legal contract does not reflect the substance of the transaction, and its insurance components recognized and measured separately instead, the Group considers whether there is an interdependency between the different risks covered, whether components can lapse independently of each other and whether the components can be priced and sold separately.

6. Material accounting policies (continued)

(d) Insurance contracts and reinsurance contracts held (continued)

Some reinsurance contracts held contain profit commission arrangements. Under these arrangements, there is a minimum guaranteed amount that the policyholder will always receive, either in the form of profit commission, or as claims recoveries, or another contractual payment, irrespective of the insured event happening. The minimum guaranteed amounts have been assessed to be highly interrelated with the insurance component of the reinsurance contacts held and are, therefore, non-distinct investment components which are not accounted for separately. Receipts and payments of these investment components are recognized on the balance sheet.

iii. Aggregation and recognition of insurance contracts issued, and reinsurance contracts held

Insurance Contracts
Insurance contracts are aggregated into groups of insurance contracts for measurement purposes. Groups of insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks, and which are managed together, and dividing each portfolio into annual cohorts in line with financial reporting periods. Each annual cohort is divided into two groups based on the profitability of contracts:

- onerous contracts; and
- any remaining contracts

The identification of the above two groups is based on the Group's assessment that there are no contracts in issue which the Group does not consider having a significant possibility of not becoming onerous in the future. The profitability of groups of contracts is assessed by actuarial valuation models that take into consideration existing and new business. The Group considers facts and circumstances to identify whether a group of contracts are onerous based on management reporting and actuarial frameworks, specifically the following:

- Management reporting which indicates loss ratios and combined ratios.
- Annual business planning and forecasting processes to determine any loss-making contracts.
- Actuarial performance monitoring and measurement tools, including actuarial reserving outcomes and valuation outputs

An insurance contract issued by the Group is recognized from the earliest of:

- the date the Group is exposed to risk which is ordinarily the beginning of the coverage period (i.e., the period during which the Group provides services in respect of any premiums within the contract boundary of the contract);
- the date the first premium payment from the policyholder becomes due or, if there is no contractual due date, when it is received from the policyholder; and
- when facts and circumstances indicate the contract is onerous.

Identification of onerous contracts is based primarily on available management information and reserving information which is prepared on an accident year basis.

6. Material accounting policies (continued)

(d) Insurance contracts and reinsurance contracts held (continued)

Reinsurance contracts held

The Group divides portfolios of reinsurance contracts held applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition. A group of reinsurance contracts is recognized on the following date:

- Reinsurance contracts held initiated by the Group that provide proportionate coverage: the date on which any underlying insurance contract is initially recognized. This applies to the group's quota share reinsurance contracts held.
- Other reinsurance contracts held initiated by the Group: the beginning of the coverage period of the group of reinsurance contracts. This applies to the Group's excess of loss reinsurance contracts held.

Where the Group recognizes an onerous group of underlying insurance contracts on an earlier date and the related reinsurance contract was entered into before that earlier date, then the group of reinsurance contracts held is recognized on that earlier date.

iv. Insurance acquisition cash flows

Insurance acquisition cash flows arise from the costs of selling, underwriting, and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs.

Insurance acquisition cash flows are allocated to groups of insurance contracts using a systematic and rational method considering, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort.

v. Contract boundaries

The measurement of a group of contracts includes all the future cash flows within the boundary of each contract in the group, determined as:

Insurance contracts

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay premiums or has a substantive obligation to provide services (including insurance coverage).

A substantive obligation to provide services ends when:

- the Group has the practical ability to reassess the risks of the policy holder and can set a price or level of benefits that fully reflects those reassessed risks; or
- the Group has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the premiums up to the reassessment date does not consider risks that relate to periods after the reassessment date.

When assessing the existence of a 'practical ability to reassess the risks' and 'set a price or level of benefits that fully reflects those risks,' consideration is required of all the risks that would be considered when underwriting equivalent contracts on the renewal date for the remaining coverage. The Group considers key features, including cancellation terms, contract wording, including the ability to reprice risks, which may affect the contract boundary assessment.

Certain terms allow the Group the practical ability to cancel or reprice insurance contracts issued and allow the policyholder to cancel the contract. The contract terms are considered by the Group in determining the contract boundary.

6. Material accounting policies (continued)

(d) Insurance contracts and reinsurance contracts held (continued)

Reinsurance contracts held

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

A substantive right to receive services from the reinsurer ends when the Group is no longer compelled to pay amounts to the reinsurer and if the reinsurer:

- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage.

The contract boundary is reassessed at each reporting date to include the effect of changes in circumstances on the Group's substantive rights and obligations and, therefore, may change over time. The Group reassesses the contract boundary for all changes which directly impact the Group's substantive rights and obligations.

vi. Measurement

The Group uses the Premium Allocation Approach (PAA) to simplify the measurement of groups of contracts when the following criteria are met at inception:

- Insurance Contracts: The coverage period of each contract in the group is one year or less, or, where the coverage period of a group of contracts is longer than one year, the Group reasonably expects that the measurement of the Liability for Remaining Coverage (LfRC) for the group containing those contracts under the PAA does not differ materially from the measurement that would be recognized by applying the General Measurement Model (GMM). In assessing materiality, the Group has also considered qualitative factors as part of the measurement model determination.

- Risk-attaching reinsurance contracts held: The Group expects that the resulting measurement of the Asset for Remaining Coverage (AfRC) under the PAA would not differ materially from the result of applying the GMM in terms of IFRS 17. When comparing the different possible measurements, the Group considers the impact of the different release patterns of the AfRC to profit or loss and the impact of the time value of money. If significant variability is expected in the fulfilment cash flows during the period before a claim is incurred, then this criterion is not met.

Insurance contracts

On initial recognition of each group of contracts, the carrying amount of the LfRC is measured as the premiums received on initial recognition less any insurance acquisition cash flows allocated to the group at that date.

Subsequently, the carrying amount of the LfRC is increased by any premiums received and the amortization of insurance acquisition cash flows recognized as expenses and decreased by the amount recognized as insurance revenue for services provided and any additional insurance acquisition cash flows allocated after initial recognition.

6. Material accounting policies (continued)

(d) Insurance contracts and reinsurance contracts held (continued)

On initial recognition of each group of contracts, the Group expects that the time between providing each part of the services, and the related premium due date is no more than a year. Accordingly, the Group will not adjust the LfRC to reflect the time value of money and the effect of financial risk.

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Group recognizes a loss within insurance services expenses in the statement of comprehensive income and increases the LfRC to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage exceed the carrying amount of the LfRC coverage. Measurement of the loss component arising from the identification of onerous contracts is based on the underwriting year calculation for the annual cohort which is indicated to be loss making.

The Group recognizes the LIC of a group of insurance contracts at the discounted amount of the fulfilment cash flows relating to claims incurred but not yet settled and other expenses. The change in the LIC because of changes in discount rates is recognized within insurance finance income and expenses in the statement of comprehensive income.

The Group will recognize the loss arising from onerous contracts as part of the insurance service expense in the Statement of Comprehensive Income. If there are no changes in expectations in subsequent periods, the release of the loss component is recognized as an adjustment to insurance service expenses in the statement of comprehensive income in line with the pattern of earned premium. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

Reinsurance Contracts Held
The Group applies the same accounting policies to measure a group of reinsurance contracts held, adapted where necessary to reflect features that differ from those of insurance contracts. On initial recognition, the measurement of the reinsurance contract held includes all expected cash flows within the boundary of the reinsurance contract, including those cash flows related to future underlying insurance contracts that have

not yet been issued by the Group, but are expected to be issued during the coverage period of the reinsurance contract held. The estimates of the present value of future cash flows of the reinsurance contracts held will reflect the risk of non-performance by the reinsurer and the risk adjustment for reinsurance contracts held is measured and recognized separately from insurance contracts issued.

Where the Group recognizes a loss on initial recognition of an onerous group of underlying insurance contracts, or when further onerous underlying insurance contracts are added to a group, the Group establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the expected recovery of the losses.

A loss-recovery component is subsequently reduced to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the Group expects to recover from the group of reinsurance contracts held.

Recoverability measurement
At each reporting date, if facts and circumstances indicate that an asset for insurance acquisition cash flows may be impaired, then the Group:

a. recognises an impairment loss in profit or loss so that the carrying amount of the asset does not exceed the expected net cash inflow for the related group; and

6. Material accounting policies (continued)

(d) Insurance contracts and reinsurance contracts held (continued)

b. if the asset relates to future renewals, recognises an impairment loss in profit or loss to the extent that it expects those insurance acquisition cash flows to exceed the net cash inflow for the expected renewals and this excess has not already been recognised as an impairment loss under (a).

vii. Derecognition and contract modifications

The Group derecognizes insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled, or expired); or
- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Group derecognizes the initial contract and recognizes the modified contract as a new contract.

When a modification is not treated as a derecognition, the Group recognizes amounts paid or received for the modification with the contract as an adjustment to the relevant LfRC.

viii. Presentation

The Group has presented separately, in the Statement of Financial Position, the carrying number of portfolios of insurance contracts issued that are assets, portfolios of insurance contracts issued that are liabilities, portfolios of reinsurance contracts held that are assets and portfolios of reinsurance contracts held that are liabilities. Any assets for insurance acquisition cash flows recognized before the corresponding insurance contracts are included in the carrying amount of the related groups of insurance contracts are allocated to the carrying amount of the portfolios of insurance contracts that they relate to. The Group disaggregates the total amount recognized in the statement of comprehensive income into an insurance service result, comprising insurance revenue and insurance service expense, and insurance finance income or expenses.

The Group does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the insurance service result. The Group separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

Insurance revenue

The insurance revenue for the period is the amount of expected premium receipts (excluding any investment component) allocated to the period. The Group allocates the expected premium receipts to each period of insurance contract services based on the passage of time. Where the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation of insurance revenue is made based on the expected timing of incurred insurance service expenses. The Group changes the basis of allocation between the two methods above as necessary if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate.

For the periods presented, all insurance revenue has been recognized based on the passage of time.

Insurance service expenses

Insurance service expenses arising from insurance contracts are recognized in the statement of comprehensive income generally as they are incurred and comprise the following items:

- Incurred claims and other directly attributable insurance service expenses.
- Insurance acquisition cash flows which the Group amortizes on a straight-line basis over the coverage period of the group of contracts.
- Losses on onerous contracts and reversals of such losses.
- Adjustments to the LIC that do not arise from the effects of the time value of money, financial risk, and changes therein.

6. Material accounting policies (continued)

(d) Insurance contracts and reinsurance contracts held (continued)

ix. Income or expenses from reinsurance contracts held

The Group presents income or expenses from a group of reinsurance contracts held and reinsurance finance income or expenses in the statement of comprehensive income for the period separately. Income or expenses from reinsurance contracts held are made up of amounts recovered from reinsurers and reinsurance expenses.

Reinsurance expenses reflect the allocation of reinsurance premiums paid or payable for receiving services in the period.

The Group treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held. The Group will exclude non-distinct investment component amounts from amounts recovered from reinsurers and reinsurance expenses.

Insurance finance income and expenses
Insurance finance income and expenses comprise the change in the carrying number of groups of insurance contracts issued and reinsurance contracts held arising from:

- the effect of the time value of money and changes in the time value of money; and
- the effect of financial risk and changes in financial risk.

For all insurance contracts issued and reinsurance contracts held, the Group presents insurance finance income or expenses in Profit and Loss.

(e) Leases

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

Group acting as a lessee
At commencement or on modification of a contract that contains a lease component, the Group allocates consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of branches and office premises, the Group has elected not to separate non - lease components and accounts for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, adjusted for certain re-measurements of the lease liability.

The lease liability is measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise of the following:

6. Material accounting policies (continued)

(e) Leases (continued)

- Fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

Lease liability is remeasured when there is a change in future lease payments from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension, or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in the profit or loss if the carrying amount of the right-of-use of asset has been reduced to zero.

Group acting as a lessee (continued)
The Group presents right-of-use assets in Property and Equipment and lease liabilities as a separate liability account on the Balance Sheet.

Group acting as a lessor
At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone selling prices. When the Group acts as a lessor, it determines at lease inception whether the lease is a finance lease or operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying assets. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for a major part of the economic life of the asset.

The Group applies the de-recognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investments in the lease.

(f) Tax exemption

Under the *Income Tax Act 1959 as amended*, the Society is exempt from Income Tax (Section 40A) whilst the subsidiaries TISA Bank, TPL, TIL and CIG are subject to income tax.

Income tax
Income tax expenses comprise of current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous year.

Deferred tax
Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purpose. Deferred tax is not recognised for the following temporary differences: the initial recognition of assists or liabilities in the transaction that is not business combination and that affects neither accounting nor taxable profit or loss and differences relating to investments in subsidiaries to the extent that is probable that they will not reverse in the near future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rate that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

6. Material accounting policies (continued)

(f) Tax exemption (continued)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income tax levied by the same tax authority on the same taxable entity or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be released simultaneously.

(g) Financial instruments

i. Recognition and initial measurement

The Group initially recognises loans and advances and deposits on the date on which they are originated. All other financial instruments including regular way purchases and sales of financial assets are recognised on the trade date which is the date on which the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at Fair Value through Profit or Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by any impairment losses. Interest income and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.

6. Material accounting policies (continued)

(g) Financial instruments (continued)

ii. Classification and subsequent measurement

Debt investments at FVOCI
These assets are subsequently measured at fair value. Interest income calculated using the effective interest method and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI
These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

iii.De-recognition
Financial Assets are derecognised from the Statements of financial position when:

- The contractual rights to cash flows have expired, or
- The consolidated entity has transferred the financial asset such that it has transferred substantially all the risks and rewards of ownership of the financial asset.

The Company derecognises a financial liability when it is extinguished i.e. its contractual obligations are discharged or cancelled or expired.

iv. Offsetting financial instruments
Financial assets and liabilities are offset, and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

v. Amortised cost measurement
The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognised and the maturity amount minus any reduction for impairment.

vi. Fair value measurement
The Group recognizes transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

Financial instruments
The Group recognises loss allowances for expected credit losses ('ECL') on financial assets measured at amortised cost and loan commitments issued. No impairment loss is recognised on equity investments. The

Group measures loss allowances at an amount equal to lifetime ECL, which are measured as 12-month ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30

6. Material accounting policies (continued)

(g) Financial instruments (continued)

days past due. The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

vii. Identification and measurement of impairment

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

vii. Identification and measurement of impairment (continued)

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Expected credit loss impairment model

The Group's allowance for credit loss calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The expected credit loss impairment model reflects the present value of all cash shortfalls related to default events either

- over the following twelve months or
- over the expected life of a financial instrument depending on credit deterioration from inception. The allowance for credit losses reflects an unbiased, probability-weighted outcome which considers multiple scenarios based on reasonable and supportable forecasts.

The impairment model measures credit loss allowances using a three-stage approach based on the extent of credit deterioration since origination.

Stage 1 - a 12-month ECL applies to all financial assets that have not experienced a significant increase in credit risk ('SICR') since origination and are not credit impaired. The ECL will be computed using a 12- month probability of default ('PD') that represents the PD occurring over the next 12 months. For those assets with a remaining maturity of less than 12 months, a PD is used that corresponds to remaining maturity.

Stage 2 - When a financial asset experiences a SICR subsequent to origination but is not credit impaired, it is considered to be in Stage 2. This requires computation of an ECL based on lifetime PD that represents the probability of default occurring over the remaining estimated life of the financial asset.

Credit loss allowances are higher in this stage because of an increase in risk and impact of a longer time horizon being considered compared to 12 months in Stage 1.

Stage 3 - Financial assets that have objective evidence of impairment will be included in this stage. Similar to Stage 2, the allowance for credit losses will continue to capture the lifetime expected credit losses.

Measurement of ECLs - ECLs are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows; and
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive.

6. Material accounting policies (continued)

(g) Financial instruments (continued)

The probability of default (PD), exposure at default (EAD) and loss given default (LGD) inputs used to estimate expected credit losses are modelled based on macroeconomic variables that are closely related with credit losses in the relevant portfolio. Details of key statistical parameters/inputs are as follows:

Probability of Default (PD) - is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the remaining estimated life if the facility has not been previously derecognised and is still in the portfolio.

Exposure at Default (EAD) - is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities and accrued interest from missed payments.

Loss Given Default (LGD) - is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

Forward- looking information
The estimation of expected credit losses for each stage and the assessment of significant increases in credit risk consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information may require significant judgement.

Macroeconomic factors
The recovery of the Group's loan book is predominantly payroll deduction and recovery through savings offsets if loans go into arrears. For the purpose of the IFRS 9 model assumptions the following macro-economic activities that affect payroll deductions and therefore loan book recovery and quality are:

- fiscal deficit and its ability to pay its employees
- investment in public sector especially education
- salary budgets which include salary adjustments
- government sector employment growth
- inflation
- teacher annual auto-suspension exercise

6. Material accounting policies (continued)
(g) Financial instruments (continued)

Multiple forward - looking scenarios
The Group determines its allowance for credit losses using three probability-weighted forward-looking scenarios. The Group considers both internal and external sources of information and data in order to achieve unbiased projections and forecasts.

The weightings assigned to each economic scenario are as follows: -

	Probability of default weighting		
	Base case	Upturn	Downturn
Society	70%	10%	20%
Subsidiary	70%	10%	20%

The 'base case' represents the most likely outcome. The upturn scenario represents a more optimistic outcome while the downturn represents a more pessimistic outcome. The Group has identified and documented key drivers of credit risk and credit losses for each portfolio or financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables, credit risk and credit losses.

Assessment of significant increase in credit risk
At each reporting date, the Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition. The assessment considers borrower-specific quantitative and qualitative information and the impact of forward-looking macroeconomic factors.

Write-off
The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

viii. Reversal of impairment and write-offs
The Group recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised.

(h) Cash and cash equivalents
Cash and cash equivalents include cash on hand, cash at bank, and other short-term highly liquid investments with initial maturities of less than three months.

Cash and cash equivalents are carried at amortised cost in the Statements of Financial Position.

(i) Loans and advances
Loans and advances are non-derivative financial assets with fixed or determinable repayment terms that are not quoted in an active market and that the Group does not intend to sell immediately or in the near term.

Loans and advances are initially recognised at fair value plus incremental direct transaction costs and subsequently measured at their amortised cost using the effective interest method.

(j) Investment securities

i. *Classification*
The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss);
- those to measure at amortised cost.

6. Material accounting policies (continued)

(j) Investment securities (continued)

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flow.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

ii. Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Group commits to purchase or sell the assets. Financial assets are derecognised when the rights to receive the cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risk and rewards of ownership.

iii. Measurement

On initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), the transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses), and impairment expenses are presented as a separate line item in the statement of profit or loss.

- **FVPL:** Assets that do not meet the criteria for amortised costs or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent

reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

6. Material accounting policies (continued)

(j) Investment securities (continued)

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the state of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

iv. Impairment

The Group assesses on a forward-looking basis the expected losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(k) Property and equipment

i. Recognition and measurement:

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses except land and buildings which are required to be revalued every three years based on the Group's policy. After recognition as an asset, an item of land and building for which fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and impairment losses.

Revaluation changes shall be accounted for as follows:

- if an asset's carrying amount increased, it shall be recognised in other comprehensive income and accumulated in equity under the heading of asset revaluation reserve. The increase shall be recognised in profit or loss to the extent that it requires a revaluation decrease of the same asset previously recognised in profit or loss.
- if an asset's carrying amount decreased as a result of a revaluation, the decrease shall be recognised in profit and loss, or the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the asset revaluation reserve in respect of that asset. The decrease is recognised in other comprehensive income and reduces the amount of accumulated equity under the heading of asset revaluation reserve.

ii. Subsequent costs:

Subsequent expenditure is capitalized only when it is probable that the future economic benefits of the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

iii. Depreciation:

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is recognised in the profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

Classes of assets	Useful lives
Motor vehicles	5 years
Office equipment	5-10 years
Furniture and fittings	5-10 years
Property (excluding land)	20-33 years
Right of Use of Asset	1-5 years
Other equipment	5-10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

6. Material accounting policies (continued)

(l) Investment properties

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in the profit & loss.

Cost includes expenditure that is attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to brining the investment property to a working condition for their intended use and capitalised borrowing costs.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. The property is fair valued at the date of transfer to investment property.

(m) Software

Software acquired by the Group is measured at cost less accumulated amortisation and any accumulated impairment losses. Expenditure on internally developed software is recognised as an asset when the Group is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software and are amortised over its useful life.

Internally developed software is stated at capitalised cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Software is amortised on a straight-line basis in profit or loss over its estimated useful life from the date on which it is available for use. The estimated useful life of software for the current and comparative periods is 3-5 years. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(n) Software-as-a-Service (Saas) Arrangements

SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. As such the Group does not receive a software intangible asset at the contract commencement date.

The following outlines the accounting treatment of costs incurred in relation to Saas arrangements adopted by the Group.

Recognise as an operating expense over the term of service contract

- Fee for use of application software
- Customisation costs

Recognise as an operating expense as the service is received

- Configuration costs
- Data conversion and migration costs
- Testing costs
- Training costs

(o) Intangible assets acquired separately

Intangible assets with infinite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in the estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

6. Material accounting policies (continued)

(p) Impairment of non-financial assets
At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment properties and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing assets are grouped together into the smallest group of assets that generates cash inflows from a continuing use that is largely independent of the cash inflows of other assets or CGUs.

The 'recoverable amount' of an asset or CGU is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in the profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(q) Deposits
Deposits are initially measured at fair value minus incremental direct transaction costs and subsequently measured at their amortised cost using the effective interest method.

(r) Provisions
A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

(s) Employee benefits

i. Defined contribution plans:
Obligations for contributions to defined contribution plans are expensed as the related service is provided and recognised as personnel expenses in profit or loss. This benefit is earned as part of salaries and wages.

ii. Other long-term employee benefits:
The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise.

iii. Termination benefits:
Termination benefits are expensed as at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs from a restructuring. If benefits are not expected to be wholly settled within 12 months of the reporting date, then they are discounted.

iv. Short term employee benefits
Short term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(t) Reserves
The Group maintains the following reserves:

- Asset Revaluation Reserve records any revaluation in property and equipment accounted for under the revaluation model over the initial cost of acquiring the item.
- General Reserve Fund is a statutory reserve that was required under the now repealed Savings & Loan Societies (Amendment) Act 1995, which required the Society to maintain a fund equal to 10% of total liabilities as a buffer against any financial risks and exposures. The Society was required to transfer 20% of its net earnings or profit (before declaring additional interest to the members or

dividends) to this reserve until it reached 10% of total liabilities. The new *Savings and Loan Societies Act 2015* does not indicate a similar requirement therefore no transfer has been made since 2019. See Note 27.

- The Additional Interest Reserve is established by the Board to distribute additional interest to members of the Society. The amount of the distribution is dependent on distributable profits earned by the Society, whether any amount is declared to be paid is wholly subject to the Board's discretion. This reserve is replenished from distributable profits earned by the Society. When the Board resolves to replenish the Additional Interest Reserve, amounts are transferred from retained earnings to the Additional Interest Reserve.

7. Insurance contracts issued, and reinsurance contracts held

The table below sets out the carrying amounts of groups of insurance and reinsurance contract assets and liabilities at the end of reporting date

	Group	
	2024	**2023**
	K	**K**
Insurance Contracts		
Insurance contracts assets	-	-
Insurance contract liabilities	(273,855,044)	(58,512,339)
Net Insurance contract assets/(liabilities)	**(273,855,044)**	**(58,512,339)**
Reinsurance Contracts		
Reinsurance contracts assets	138,930,144	-
Reinsurance contract liabilities	-	(6,956,501)
Net Reinsurance contract assets/(liabilities)	**138,930,144**	**(6,956,501)**

a) Movements in insurance and reinsurance contract held balances

The following reconciliations show how the carrying amounts of insurance and reinsurance contracts held measured under PAA changed during the year as a result of cash flows and amounts recognised in the statement of comprehensive income. The Group presents a roll-forward table that separately analyses movements in the liabilities for remaining coverage and movements in the liabilities for incurred claims and reconciles these movements to the line items in the statement of comprehensive income.

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7. Insurance contracts issued and reinsurance contracts held (continued)

a) Movements in insurance and reinsurance contract held balances (continued)

Insurance Contracts: Analysis by liabilities for remaining coverage and liabilities for incurred claims 2024

	Liability for remaining coverage			Liability for incurred claims			
	Excluding loss component	**Loss component**	**Total**	**Estimated PV of future cash flows**	**Risk Adjustment**	**Total**	**Insurance contract liability (asset) total**
Net insurance contract liabilities – 1 January	**14,051,590**	**98,477**	**14,150,067**	**39,641,206**	**4,721,066**	**44,362,272**	**58,512,339**
Changes in the statement of comprehensive income							
Insurance Revenue	(162,303,765)		(162,303,765)				(162,303,765)
Insurance service expenses:							
Incurred claims and other expenses	-	(29,800,340)	(29,800,340)	288,149,945	2,912,000	291,061,945	261,261,606
Amortisation of insurance acquisition cash flows	22,365,492		22,365,492				22,365,492
Changes that relate to past service				(15,857,094)		(15,857,094)	(15,857,094)
Losses on onerous contracts and reversals of those losses		34,419,507	34,419,507				34,419,507
Insurance service result	**(139,938,273)**	**4,619,167**	**(135,319,106)**	**272,292,851**	**2,912,000**	**275,204,851**	**139,885,745**
Finance income/expenses from insurance contracts				(3,060,728)		(3,060,728)	(3,060,728)
Amounts recognised in profit or loss & OCI	**(139,938,273)**	**4,619,167**	**(135,319,106)**	**269,232,123**	**2,912,000**	**272,144,123**	**136,825,017**
Premiums received (including premium refunds)	185,094,459		185,094,459				185,094,459
Insurance acquisition cash flows	(25,990,457)		(25,990,457)				(25,990,457)
Claims and other expenses paid			-	(80,586,315)		(80,586,315)	(80,586,315)
Total cash flows	**159,104,002**	**-**	**159,104,002**	**(80,586,315)**	**-**	**(80,586,315)**	**78,517,688**
Net insurance contract liabilities – 31 December	**33,217,320**	**4,717,644**	**37,934,963**	**228,287,014**	**7,633,066**	**235,920,080**	**273,855,044**

7. Insurance contracts issued and reinsurance contracts held (continued)

a) Movements in insurance and reinsurance contract held balances (continued)

Insurance Contracts: Analysis by liabilities for remaining coverage and liabilities for incurred claims 2023

Liability for incurred claims

	Excluding loss component	Loss component	Total	Estimated PV of future cash flows	Risk Adjustment	Total	Insurance contract liability/ (asset) total
Net insurance contract liabilities – 1 January	23,836,089	55,829	23,891,918	41,298,426	1,523,658	42,822,084	66,714,002
Changes in the statement of comprehensive income							
Insurance Revenue	(136,030,577)	-	(136,030,577)	-		-	(136,030,577)
Insurance service expenses:							
Incurred claims and other expenses	-		-	68,159,556	3,197,408	71,356,964	71,356,964
Amortisation of insurance acquisition cash flows	2,264,406	-	2,264,406	-		-	2,264,406
Changes that relate to past service	-	-	-	-		-	-
Losses on onerous contracts and reversals of those losses	-	42,648	42,648	-		-	42,648
Insurance service result	**(133,766,171)**	**42,648**	**(133,723,523)**	**68,159,556**	**3,197,408**	**71,356,964**	**(62,366,559)**
Finance income/expenses from insurance contracts	-	-	-	-		-	-
Effect of movement in exchange rates	-	-	-	-		-	-
Amounts recognised in profit or loss & OCI	**(133,766,171)**	**42,648**	**(133,723,523)**	**68,159,556**	**3,197,408**	**71,356,964**	**(62,366,559)**
Premiums received (including premium refunds)	147,991,666	-	147,991,666	-		-	147,991,666
Insurance acquisition cash flows	(24,009,994)	-	(24,009,994)	-		-	(24,009,994)
Claims and other expenses paid	-	-	-	(69,816,776)		(69,816,776)	(69,816,776)
Total cash flows	**123,981,672**	**-**	**123,981,672**	**(69,816,776)**	**-**	**(69,816,776)**	**54,164,896**
Net insurance contract liabilities – 31 December	**14,051,590**	**98,477**	**14,150,067**	**39,641,206**	**4,721,066**	**44,362,272**	**58,512,339**

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FOR THE YEAR 31 DECEMBER 2024

7. Insurance contracts issued and reinsurance contracts held (continued)

a) Movements in insurance and reinsurance contract held balances (continued)

Reinsurance Contracts: Analysis by liabilities for remaining coverage and liabilities for incurred claims 2024

	Asset for remaining coverage			Amounts recoverable on incurred claims			Reinsurance contract assets/ (liabilities)Total
	Excluding loss component	Loss recovery component	Total	Estimated PV of future cash flows	Risk Adjustment	Total	
Net reinsurance contract assets – 1 January	**(32,819,602)**		**(32,819,602)**	**25,863,101**		**25,863,101**	**(6,956,501)**
Changes in the statement of comprehensive income							
Allocation of reinsurance premium paid	(35,067,326)		(35,067,326)				(35,067,326)
Amounts recoverable from reinsurers:							
Recoveries of incurred claims and other insurance service expenses				151,044,115		151,044,115	151,044,115
Net income (expense) from reinsurance contracts held	**(35,067,326)**	**-**	**(35,067,326)**	**151,044,115**	**-**	**151,044,115**	**115,976,789**
Finance income/expenses from reinsurance contracts held				(3,962,510)		(3,962,510)	(3,962,510)
Amounts recognised in profit or loss	**(35,067,326)**	**-**	**(35,067,326)**	**147,081,605**	**-**	**147,081,605**	**112,014,279**
Premiums paid	40,251,767		40,251,767				40,251,767
Amounts recovered				(6,379,401)		(6,379,401)	(6,379,401)
Total cash flows	**40,251,767**	**-**	**40,251,767**	**(6,379,401)**	**-**	**(6,379,401)**	**33,872,366**
Net reinsurance contract liabilities – 31 December	**(27,635,161)**	**-**	**(27,635,161)**	**166,565,305**	**-**	**166,565,305**	**138,930,144**

7. Insurance contracts issued and reinsurance contracts held (continued)

a) Movements in insurance and reinsurance contract held balances (continued)

Reinsurance Contracts: Analysis by liabilities for remaining coverage and liabilities for incurred claims 2023

	Asset for remaining coverage			Amounts recoverable on incurred claims			
	Excluding loss component	Loss recovery component	Total	Estimated PV of future cash flows	Risk Adjustment	Total	Reinsurance contract assets (liabilities) Total
Net reinsurance contract assets – 1 January	**(17,714,411)**	**-**	**(17,714,411)**	**25,224,992**		**25,224,992**	**7,510,581**
Changes in the statement of comprehensive income							
Allocation of reinsurance premium paid	(35,017,283)	-	(35,017,283)	-		-	(35,017,283)
Amounts recoverable from reinsurers:							
Recoveries of incurred claims and other insurance service expenses	-	-	-	6,819,638		6,819,638	6,819,638
Net income (expense) from reinsurance contracts held	**(35,017,283)**	**-**	**(35,017,283)**	**6,819,638**	**-**	**6,819,638**	**(28,197,645)**
Amounts recognised in profit or loss	**(35,017,283)**	**-**	**(35,017,283)**	**6,819,638**	**-**	**6,819,638**	**(28,197,645)**
Premiums paid	19,912,092	-	19,912,092	-		-	19,912,092
Amounts recovered	-	-	-	(6,181,529)		(6,181,529)	(6,181,529)
Total cash flows	**19,912,092**	**-**	**19,912,092**	**(6,181,529)**		**(6,181,529)**	**13,730,563**
Net reinsurance contract asset – 31 December	**(32,819,602)**	**-**	**(32,819,602)**	**25,863,101**	**-**	**25,863,101**	**(6,956,501)**

Notes to the Financial Statements

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7. Insurance contracts issued and reinsurance contracts held (continued)

b) Claims development

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date. As required by IFRS 17, in setting claims provisions, the Group gives consideration to the probability and magnitude of future experience being more adverse than assumed which is reflected in the risk adjustment. In general, the uncertainty associated with the ultimate cost of settling claims is greatest when the claim is at an early stage of development. As claims develop, the ultimate cost of claims becomes more certain.

Net undiscounted LIC for 2024 – PGK'000

	Accident Year								
	2017	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**Total**
Ultimate Claims Incurred									
At end of accident year	-	-	19,969	43,664	38,638	41,213	52,903	85,104	
One year later	-	17,050	24,217	41,218	37,674	41,058	72,168	-	
Two years later	14,657	16,512	28,832	40,327	33,378	41,735	-	-	
Three years later	14,805	16,883	31,037	39,065	35,168	-	-	-	
Four years later	14,815	19,165	30,797	47,231	-	-	-	-	
Five years later	15,109	18,941	31,885	-	-	-	-	-	
Six years later	15,059	19,757	-	-	-	-	-	-	
Seven year later	15,904	-	-	-	-	-	-	-	
	15,904	19,757	31,885	47,231	35,168	41,735	72,168	85,104	348,952
Cumulative Claims Payment to date	15,886	19,561	31,876	46,887	34,512	40,492	68,183	39,096	296,494
Cumulative Liability	18	195	9	344	656	1,243	3,984	54,863	61,312
Cumulative Liability prior to AY 2018									744
Case Reserves prior to AY 2018									80
Best Estimate of Liabilities for Incurred Claims									62,136
Claim Handling Expenses									1,242
Diversified Risk Adjustment									7,652
Net Undiscounted Claims Estimate									**71,030**
Effect of discounting									(1,675)
Net liabilities for incurred claims									**69,355**

7. Insurance contracts issued and reinsurance contracts held (continued)

c) Information of the actuarial report with respect to policy liabilities

The actuarial valuation was performed by Jeremy Peter Wall (FIAA) from JPWALL Consulting Partners (International) Limited and based on the financial data of the Group as at 31 December 2024 and finalised in March 2025.

Sensitivity analysis

Sensitivity analysis of liabilities was conducted to test on the impact on the Group's liability for incurred claims and remaining coverage from changing key assumptions. The analysis below was carried out by changing one variable with all other variables remaining constant. The tables presented below show the details of the scenarios tested and the sensitivity of general insurance liabilities on gross and net of reinsurance bases corresponding to particular change on assumption used in estimation process.

Test	Variable	Change in variable	Basis	Example
1.	ULR for the latest two years	Increase 5% Decrease 5%	Additive	A 5% increase in ULR is defined as changing the ULR from a base of 50% to 55%
2.	LDF for the 1st and 2nd Development Years	Increase 5% Decrease 5%	Multiplicative	A 5% increase in LDF is defined as changing the LDF from a base of 1.0 to 1.05
3.	CHE	Increase 1% Decrease 1%	Additive	A 1% increase in CHE is defined as changing the CHE from a base of 5% to 6%

Total Net of Reinsurance Business (K'000)

	Profit (loss) / Equity				
		Gross		Net	
	Sensitivity %	2024 PGK (000)	2023 PGK (000)	2024 PGK (000)	2023 PGK (000)
	5	(21,723)	(15,512)	(18,936)	(14,109)
Ultimate Loss Ratio	-5	14,523	15,271	13,237	14,050
	5	(10,662)	(9,504)	(9,737)	(9,039)
Loss Development Factor	-5	7,200	8,988	6,989	5,855
	1	(665)	(270)	(665)	(270)
Claims Handling Expenses	-1	660	270	660	270

8. Net interest income

8.1. Interest income and similar income

	Group		Society	
	2024	2023	2024	2023
	K	K	K	K
Loans	99,815,876	95,778,817	80,862,494	75,132,913
IBDs and debt securities	3,364,088	4,265,574	2,131,098	3,061,423
	103,179,964	**100,044,391**	**82,993,592**	**78,194,336**

The effective interest rates on Society loans ranges from 21.6% to 30% whilst the interest rates on IBDs and debt securities are fully disclosed in Note 12.

8.2. Interest expense

	Group		Society	
	2024	2023	2024	2023
	K	K	K	K
Members and customers' savings	(12,804,343)	(12,041,553)	(8,376,017)	(8,209,820)
Interest expense on lease liability	(2,886,341)	(1,506,999)	(1,769,141)	(449,881)
Total interest expense before interest distribution from additional interest reserves	(15,690,684)	(13,548,552)	(10,145,158)	(8,659,701)
Additional interest distribution made from additional interest reserves	(24,292,506)	(30,221,879)	(24,292,506)	(30,221,879)
Total interest	**(39,983,190)**	**(43,770,431)**	**(34,437,664)**	**(38,881,580)**
Total interest credited and distributed to members	(37,096,849)	(42,263,432)	(32,668,523)	(38,597,896)

Interest expense on member savings is accrued and credited to member accounts at the end of each month. The total monthly interest charges credited to member accounts during the year amounted to Society: K8,376,017 (2023: K8,209,820) and Group: K12,804,343 (2023: K12,041,553). An additional interest expense of 7% on members General Savings of K24,539,913 will be credited to members' savings in TISA Bank out of the additional interest reserve (refer Note 28).

8.3. Other income

	Group		Society	
	2024	2023	2024	2023
	K	K	K	K
Loan processing and account administration fees	5,505,314	3,627,796	3,760,929	3,008,179
Tisa and LPI insurance commission, and other income	1,365,910	5,874,628	6,508,153	7,415,472
Total other income	**6,871,224**	**9,502,424**	**10,269,082**	**10,423,651**

*LPI: Lender-Placed Insurance

9. Impairment losses on loans

	Group		Society	
	2024	2023	2024	2023
	K	K	K	K
Impairment on loans to members and customers at amortised cost (Note 13)	(29,654,329)	(21,627,074)	(18,771,953)	(8,912,004)
	(29,654,329)	**(21,627,074)**	**(18,771,953)**	**(8,912,004)**

10. Operating expense

	Group		Society	
	2024	2023	2024	2023
	K	K	K	K
Labour charges	40,446,361	36,908,271	32,547,910	25,031,122
General and administrative expenses	32,051,022	19,312,180	12,445,435	6,371,885
Depreciation and amortisation	8,251,828	8,559,137	5,442,699	5,821,900
Advertising and promotion	3,418,687	4,910,790	2,578,035	1,665,157
Consulting	2,731,929	4,235,261	2,693,357	1,892,132
Data processing expenses	2,722,874	2,203,518	2,673,281	2,129,060
Travel, airfare and accommodation	2,404,209	1,935,882	1,898,070	1,109,950
Board fees and allowances	2,319,655	1,608,140	699,824	485,681
Repair and maintenance	2,163,676	1,802,224	521,209	431,760
Electricity	1,886,504	2,130,207	737,606	654,890
Insurance	1,398,452	1,881,980	703,135	912,102
Security costs	1,120,335	1,079,761	828,102	616,173
Rates and taxes	1,025,440	463,889	225,666	34,272
Other expenses	4,384,237	3,406,024	2,947,351	2,411,702
Total operating expenses	**106,325,209**	**90,447,264**	**66,941,680**	**49,577,786**

11. Changes in fair value of financial assets

	Group		Society	
	2024	2023	2024	2023
	K	K	K	K
Bank of South Pacific	8,995,468	1,623,263	7,801,727	1,623,263
Credit Corporation (PNG) Limited	47,376,130	8,688,822	40,547,838	8,688,822
Other investments	3,598,187	715,455	-	-
	59,969,785	**11,027,540**	**48,349,565**	**10,312,085**

Surplus for the year was arrived at after charging (crediting) the above items to the Statement of Profit or Loss and Other Comprehensive Income.

12. Cash and Cash equivalents and Interest-bearing deposits (IBD)

	2024	2023	2024	2023
	K	K	K	K
Cash and cash equivalents				
Cash on hand and at bank	166,382,404	118,549,451	20,740,066	10,213,209
IBDs below 3 months	31,650,517	70,791,509	30,464,773	60,066,299
Total cash and cash equivalents	**198,032,921**	**189,340,960**	**51,204,839**	**70,279,508**
IBDs above 3 months	**18,968,248**	**19,899,565**	**-**	**-**

IBDs earn an interest ranging from 2% to 6% per annum. Investments in short-term government treasury bills have been disclosed in Note 15.d.

The Society does not have a credit facility with any bank. It operates several accounts with BSP Financial Group Limited with the main operating account used for general administration and loan payments to members.

13. Net loans to members and customers

The effective interest rate charged by the Society on loans to members was 21.6% to 30% per annum. These loans are repayable over various periods, as pre-approved by the Board, but not exceeding 5 years.

TISA Bank's effective interest rate charged to customers vary from 6% to 43.5% per annum depending on the loan type. These loans are repayable over various periods. Interest receivable on loans is capitalized to the loan balance.

Loans and provisioning	**Group**		**Society**	
	2024	**2023**	**2024**	**2023**
	K	**K**	**K**	**K**
Loans receivables from members and customers				
Loan Receivable – current	38,184,652	26,354,621	21,723,206	2,678,299
Loan Receivable - noncurrent	368,927,764	370,914,732	303,194,531	334,839,260
Total Loan Receivable	**407,112,416**	**397,269,352**	**324,917,737**	**337,517,559**
ECL allowance for impairment losses	(63,148,593)	(37,774,367)	(39,633,696)	(21,195,003)
Net loans to member and customers	**343,963,823**	**359,494,985**	**285,284,041**	**316,322,556**
Allowance for impairment losses				
Opening balance	37,774,367	16,239,768	21,195,003	12,282,999
Increase in provisions	29,654,329	21,627,074	18,771,953	8,912,004
Bad debts recovered/ (written off)	(4,280,103)	(92,475)	(333,260)	-
Closing balance	**63,148,593**	**37,774,367**	**39,633,696**	**21,195,003**

14. Rental and other receivables

	Group		**Society**	
	2024	**2023**	**2024**	**2023**
	K	**K**	**K**	**K**
Rental and other receivables				
Rental debtors and bonds	11,532,882	3,760,882	3,321,445	3,174,244
Less: Allowance for doubtful debts	(439,623)	(439,623)	(34,589)	(34,589)
Net rental debtors	**11,093,259**	**3,321,259**	**3,286,856**	**3,139,655**
Other debtors *	9,039,609	17,102,066	156,367,259	183,570,284
Net other debtors	**9,039,609**	**17,102,066**	**156,347,172**	**183,570,284**
Prepayments	7,482,919	2,318,264	3,601,512	2,143,738
Subtotal prepayments, interest, and member receivables	**7,482,919**	**2,318,264**	**3,601,512**	**2,143,738**
Total rental and other receivables	**27,615,787**	**22,741,589**	**163,255,627**	**188,853,677**

* Other debtors of Society comprised of intercompany receivable from TPL and TIL to the parent TISA. The receivable balance as of 31 December 2024 for TPL is K142,211,012 (2023: K129,240,876), TIL is K6,743,795 (2023: K9,080,932) and other sundry debtors is K7,412,452 (2023: K7,769,651).

15. Other financial assets

Other financial assets				
Quoted shares (note 15.a)	226,398,729	158,039,766	181,439,830	133,090,265
Unquoted shares (note 15.b)	873,300	33,300	-	-
Government debt securities (note 15.d)	61,073,641	83,225,155	27,134,121	29,970,613
Total other financial assets	**288,345,670**	**241,298,221**	**208,573,951**	**163,060,878**

15.a Quoted shares

Quoted shares are financial assets classified as Fair Value through Profit and Loss with any changes in the fair value of the assets recorded in the Statement of Profit or Loss and Other Comprehensive Income.

	Group		Society	
	2024 K	2023 K	2024 K	2023 K
BSP Financial Group Limited				
Opening balance, 1 January	35,648,059	72,370,845	17,239,299	63,687,859
Acquired (Disposed) during the year	8,046,398	(39,908,559)	-	(48,071,823)
Fair value gain from change in net market value	17,150,488	3,185,773	7,801,727	1,623,263
Valuation 2024	**60,844,945**	**35,648,059**	**25,041,026**	**17,239,299**
Credit Corporation (PNG) Limited				
Opening balance, 1 January	117,956,966	109,104,644	115,850,966	107,162,144
Acquired (Disposed) during the year	-	-	-	-
Fair value gain from change in net market value	41,276,838	8,852,322	40,547,838	8,688,822
Valuation 2024	**159,233,804**	**117,956,966**	**156,398,804**	**115,850,966**
City Pharmacy Limited				
Opening balance, 1 January	510,000	592,500	-	-
Fair value (loss) from change in net market value	(75,000)	(82,500)	-	-
Valuation 2024	**435,000**	**510,000**	**-**	**-**
Kina Asset Management Limited				
Opening balance, 1 January	1,803,611	1,588,214	-	-
Acquired during the year through dividend re-investment plan	-	200,616	-	-
Fair value gain from change in net market value	1,341,465	14,781	-	-
Valuation 2024	**3,145,076**	**1,803,611**	**-**	**-**
Kina Securities Limited				
Opening balance, 1 January	1,875,000	2,062,500	-	-
Fair value gain from change in net market value	525,000	(187,500)	-	-
Valuation 2024	**2,400,000**	**1,875,000**	**-**	**-**
Fiji TY Ltd				
Opening balance, 1 January	446,049	1,238,941	-	-
Fair value (loss) from change in net market value	(106,145)	(792,892)	-	-
Valuation 2024	**339,904**	**446,049**	**-**	**-**
Total quoted shares	**226,398,729**	**158,239,685**	**181,439,830**	**133,090,265**

15.b Unquoted shares

As of 31 December 2024, the Society's interest holding in Credit & Data Bureau Limited (CDB) is 6.66%, the shares are classified as unquoted equity investments held at cost.

	Group		Society	
	2024	2023	2024	2023
Unquoted shares:				
Credit & Data Bureau Limited	33,300	33,300	-	-
PNG Air (erstwhile Airlines PNG)	840,000	-	-	-
	873,300	**33,300**	-	-

During the year, a total of K36,630 (2023: K33,300) dividend was received from Credit & Data Bureau Limited.

15.c Investment in subsidiaries

The Society holds controlling stakes in subsidiaries as follows: -

TISA Group	Nature of Business	2024	2023	2024 % Holding	2023 % Holding
TISA Group Limited	Holding	-	-	100%	100%
TISA Bank	Financial Services	166,700,001	166,700,001	100%	100%
TISA Property Limited	Financial Services	65,525,803	65,525,803	100%	100%
TISA Investments Limited	Financial Services	10,665,176	10,665,176	100%	100%
Capital Insurance Group Limited	Insurance	-	-	56.12%	56.12%
		242,890,980	**242,890,980**		

*The Investment in CIG is held by TISA Investments Limited. The non-controlling interest, 43.88% is determined to be K22,576,922 as at 31 December 2024 (2023: K32,028,732). The balance is comprised of:

	Group	
Reconciliation of non-controlling interest at consolidated level	**2024**	**2023**
Opening non-controlling interest	32,091,083	27,554,104
Share of non-controlling interest	(9,769,490)	4,536,979
Non-controlling interest at the end of the year	**22,321,613**	**32,091,083**

15.d Government debt securities

Investments in Government securities are classified as other financial assets and are accounted for at amortized cost method using the effective interest method.

	Group		Society	
	2024 K	2023 K	2024 K	2023 K
Government debt securities				
Treasury and central bank bill – amortised cost	53,924,120	69,246,862	19,984,600	15,992,320
Inscribed stock – face value on maturity	7,000,000	14,000,000	7,000,000	14,000,000
Net (discount)/premium on Inscribed Stock	149,521	(21,707)	149,521	(21,707)
Total government debt securities	**61,073,641**	**83,225,155**	**27,134,121**	**29,970,613**

Investments in Government Inscribed Stock bear interest varying between 9.5% - 10.5% per annum (2023: 9.5% - 10.5% per annum). Also included in Government debt securities investments are treasury and central bank bills that have maturities of no more than 7 days from the balance date and provide a return of 2% per annum (2023: 2% per annum).

16. Investment properties

Properties	Group			
	Fair Value 31-Dec-23	Additions/ (Disposal) Transfer	Gain/ (loss)	Fair Value 31-Dec-24
	K	K	K	K
Tisa Haus, Waigani (Note 17)	31,197,000	(31,197,000)	-	-
Tisa Haus, Lae	6,500,000	-	(2,212,000)	4,288,000
Tisa Haus, Madang	2,240,000	-	(173,000)	2,067,000
Kouaka Place, Gordons	4,300,000	-	3,546,000	7,846,000
Land adjacent to NDB, Waigani	21,000,000	-	1,050,000	22,050,000
Land adjacent to TISA, Waigani (Note 18)	13,409,000	124,201,813	(12,610,813)	125,000,000
Alotau Lot 5, Section 10, Alotau	8,340,000	-	556,174	8,896,174
4 Unit Flat (Lae)	1,600,000	(1,543,888)	(56,112)	-
	88,586,000	**91,460,925**	**(9,899,750)**	**170,147,174**

The Group engaged LJ Hooker independent and accredited valuation firm to conduct the valuation of its investment properties at fair value in the financial year. The valuation was performed in accordance with the International Valuation Standards and acceptable methods for financial reporting under IFRS. The valuation methodology used to vast majority of the assets was the income approach (capitalization) method, summation (cost) approach and comparable sale of similar commercial properties. Where applicable a combination of this accepted methods was used to determine its fair value.

Information about how the fair values of the Company's investment properties is determined (the valuation method and inputs used) is detailed as follows:

Direct capitalisation is a fair valuation model, which considers the annual gross income of the properties adjusted for vacancies and expenses. The net operating income is divided by a capitalisation rate. The capitalisation rate is derived from comparable market transactions and adjusted for certain property specific characteristics such as the physical deterioration of the property and its location (prime or secondary). Key unobservable input includes the capitalisation rates and market lease rates. The market approach relies on prices and other relevant information from market transactions involving similar assets (comparable) however certain limitations such as comparable sales data and lack of updated evidence required a combination of approaches. The summation (cost) approach
provides a value indication that is the sum of the estimated land value, plus the depreciated cost of the building and other improvements.

The fair value measurement for investment properties have been categorised at Level 3 for fair value as the inputs to the valuation techniques made references to significant unobservable inputs such as risk adjusted capitalization rates, sales rates per square meter and market renal rates.

The income and direct expenses derived from and incurred in relation to the investment property are as follows: -

	Group		Society	
	2024	2023	2024	2023
	K	K	K	K
Rental income and other property related income	5,653,553	8,502,736	-	-
Operating expenses	(2,089,046)	(3,054,430)	-	-
Profit from investment properties	3,564,507	5,448,306	-	-

Notes to the Financial Statements

FOR THE YEAR 31 DECEMBER 2024

17. Property and equipment

	Group						
	ROU - Asset K	Land & buildings K	Furniture & fittings K	Office equipment K	Motor vehicles K	Others K	Total K
Cost or valuation							
Balance at 1 January 2024	**18,916,616**	**29,060,400**	**8,602,717**	**7,809,997**	**6,760,700**	**1,320,608**	**72,471,038**
Remeasurement	273,242	-	-	-	-	-	273,242
Additions	11,977,423	-	2,255,667	3,911,801	3,494,758	11,796,967	33,436,617
Disposals/Adjustments	3,621,148	31,197,000	3,886,261	(128,464)	(434,978)	(5,287,451)	32,853,512
Balance at 31 December 2024	**34,788,428**	**60,257,400**	**14,744,645**	**11,593,334**	**9,820,480**	**7,830,124**	**139,034,411**
Accumulated depreciation and impairment losses							
Balance at 1 January 2024	**12,691,013**	**1,986,254**	**3,467,233**	**5,080,356**	**4,636,044**	**1,134,945**	**28,995,846**
Depreciation for the year	3,156,171	235,764	698,168	1,161,162	655,885	1,256,973	7,164,123
Disposals/Adjustments	806,718	(608,429)	570,959	(186,484)	(163,066)	(6,664)	413,034
Balance at 31 December 2024	**16,653,902**	**1,613,589**	**4,736,360**	**6,055,034**	**5,128,863**	**2,385,254**	**36,573,003**
Carrying amounts at 31 December 2024	**18,134,526**	**58,643,811**	**10,008,285**	**5,538,300**	**4,691,617**	**5,444,867**	**102,461,408**

17. Property and equipment (continued)

	Group						
	ROU – Asset	Land & buildings	Furniture & fittings	Office equipment	Motor vehicles	Others	Total
	K	K	K	K	K	K	K
Cost or valuation							
Balance at 1 January 2023	**21,041,736**	**27,372,375**	**5,569,157**	**7,806,864**	**5,361,853**	**1,863,780**	**69,015,765**
Revaluation*	-	(502,593)	-	-	-	-	(502,593)
Additions	210,317	2,204,104	3,033,560	3,133	1,398,847	-	6,849,961
Disposals/Adjustments	(2,335,436)	(13,486)	-	-	-	(543,172)	(2,892,094)
Balance at 31 December 2023	**18,916,617**	**29,060,400**	**8,602,717**	**7,809,997**	**6,760,700**	**1,320,608**	**72,471,038**
Accumulated depreciation and impairment losses							
Balance at 1 January 2023	**9,298,451**	**1,299,236**	**1,765,321**	**3,943,274**	**2,438,883**	**1,479,452**	**20,224,617**
Depreciation for the year	4,069,776	451,256	513,481	866,845	557,054	1,438,037	7,896,449
Disposals/Adjustments	(677,214)	235,762	1,188,431	270,237	1,640,108	(1,782,544)	874,780
Balance at 31 December 2023	**12,691,013**	**1,986,254**	**3,467,233**	**5,080,356**	**4,636,045**	**1,134,945**	**28,995,846**
Carrying amounts at 31 December 2023	**6,225,603**	**27,074,146**	**5,135,484**	**2,729,641**	**2,124,655**	**185,663**	**43,475,193**

*Revaluation gains and losses for land and buildings resulted in a net decrease of K502,593. A loss of K502,593 was recognised in other comprehensive income.

Notes to the Financial Statements

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	Society						
	ROU – Asset	Land & buildings	Furniture & fittings	Office equipment	Motor vehicles	Others	Total
	K	K	K	K	K	K	K
Cost or valuation							
At 1 January 2024	**14,223,973**	**8,262,400**	**3,962,968**	**6,674,829**	**3,663,278**	**1,830,807**	**38,618,255**
Additions	2,047,560	-	21,899	2,670,498	2,516,295	55,270	7,311,522
Disposals/Adjustments	-	-	-	-	-	-	-
At 31 December 2024	**16,271,533**	**8,262,400**	**3,984,867**	**9,345,327**	**6,179,573**	**1,886,077**	**45,929,777**
Accumulated depreciation and impairment losses							
At 1 January 2024	**9,943,099**	**1,377,825**	**1,693,340**	**4,311,687**	**2,465,615**	**1,084,600**	**20,876,166**
Depreciation for the year	1,990,507	235,764	377,051	1,015,812	516,042	665,435	4,800,611
Disposals/Adjustments	(957,602)	-	-	-	-	98	(957,504)
At 31 December 2024	**10,976,004**	**1,613,589**	**2,070,391**	**5,327,499**	**2,981,657**	**1,750,133**	**24,719,273**
Carrying amounts at 31 December 2024	**5,295,529**	**6,648,811**	**1,914,476**	**4,017,829**	**3,197,916**	**135,944**	**21,210,504**

17. Property and equipment (continued)

	Society						
	ROU – Asset	Land & buildings	Furniture & fittings	Office equipment	Motor vehicles	Others	Total
	K	K	K	K	K	K	K
Cost or valuation							
At 1 January 2023	**15,195,567**	**9,300,473**	**3,962,968**	**6,674,829**	**3,663,278**	**1,830,807**	**40,627,922**
Revaluation	-	(1,024,587)	-	-	-	-	(1,024,587)
Additions	180,119	-	-	-	-	-	180,119
Disposals/Adjustments	(1,151,713)	(13,486)	-	-	-	-	(1,165,199)
At 31 December 2023	**14,223,973**	**8,262,400**	**3,962,968**	**6,674,829**	**3,663,278**	**1,830,807**	**38,618,255**
Accumulated depreciation and impairment losses							
At 1 January 2023	**7,859,084**	**1,142,062**	**1,319,606**	**3,514,896**	**2,050,825**	**919,855**	**16,806,328**
Depreciation for the year	3,235,729	235,763	373,734	778,321	414,790	164,745	5,203,083
Adjustments/Adjustments	(1,151,714)	-	-	18,470	-	-	(1,133,244)
Disposals		-	-	-	-	-	-
At 31 December 2023	**9,943,099**	**1,377,825**	**1,693,340**	**4,311,687**	**2,465,615**	**1,084,601**	**20,876,167**
Carrying amounts at 31 December 2023	**4,280,874**	**6,884,575**	**2,269,628**	**2,363,142**	**1,197,664**	**746,206**	**17,742,089**

Land and buildings are measured at fair value, being the amounts for which the property could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition. The carrying amounts are based on an independent revaluation undertaken by The Northern Property Valuers and LJ Hooker as the fair value assessment is undertaken every three years as per the Group's policy.

18. Work in progress

	Group		Society	
	2024	2023	2024	2023
	K	K	K	K
Work in Progress				
Opening balance, 1 January	159,348,730	140,347,319	12,224,297	12,343,370
Additions during the year	36,535,373	50,521,660	15,180,700	24,421,154
Reclassification and transfers during the year	(156,734,735)	(31,520,249)	(9,604,777)	(24,540,227)
Closing balance, 31 December	**39,149,368**	**159,348,730**	**17,800,219**	**12,224,297**

Capital work in progress ('WIP') relates to major refurbishment and construction work on the Group's land and building assets and investment properties. Transfer mainly relates to commissioning of TISA Rua building and TISA Bank Oracle Flexcube (CBS).

19. Intangibles

	Group		Society	
	2024	2023	2024	2023
Cost	K	K	K	K
Opening balance, 1 January	2,843,218	2,804,320	2,556,822	3,175,643
Additions/(transfers)	33,557,738	1,237,204	149,984	-
Amortisation for the year	(1,094,370)	(1,198,306)	(616,173)	(618,821)
Closing balance, 31 December	**35,306,586**	**2,843,218**	**2,090,633**	**2,556,822**

The recorded intangibles relate to commissioning of TISA Bank Oracle Flexcube (CBS) during the year.

20. Savings and deposits

	Group		Society	
	2024	2023	2024	2023
	K	K	K	K
Members' and customers' savings				
Members' and customers' savings pre-additional interest	453,029,003	449,141,456	369,964,817	381,306,689
Total members' and customers' savings	**453,029,003**	**449,141,456**	**369,964,817**	**381,306,689**

Included in members' and customers' savings balance is K66,217 (2023: K66,217) being subscription monies received from members for member shares, which is refundable to members upon them ceasing membership.

21. Creditors and accruals

	Group		Society	
	2024	2023	2024	2023
	K	K	K	K
Intercompany – TISA Bank *	-	-	17,082,741	81,671,117
Rental bonds	211,181	296,747	211,181	211,181
Group tax	743,495	468,309	770,941	421,005
Accrued expenses	18,413,464	14,917,528	5,089,668	2,363,103
Sundry creditors	32,274,389	4,554,524	14,682,499	2,506,117
Total creditors and accruals	**51,642,529**	**20,237,108**	**37,837,030**	**87,172,523**

* The Society balance of K17,082,741 is made up of payables to subsidiary company TISA bank. The payables relate to issued shares of K166,771,000 by TISA bank to Tisa in the 2021 financial year.

22. Lease liability

i.) Maturity analysis of lease liabilities

	Group		Society	
	2024	2023	2024	2023
Maturity analysis - Contractual discounted cash flow	K	K	K	K
Less than one year	3,850,427	5,647,158	4,360,055	3,905,826
Between one and five years	14,537,748	1,592,788	651,502	577,819
Total discounted lease liabilities	**18,388,175**	**7,239,946**	**5,011,557**	**4,483,645**

ii.) Amount recognised in profit or loss

Interest on lease liabilities	2,886,341	1,506,999	1,769,141	449,881
	2,886,341	**1,506,999**	**1,769,141**	**449,881**

iii.) Amount recognised in Statement of Cash Flows

Total cash outflows for leases	(3,273,470)	(4,866,439)	527,912	(3,964,251)
	(3,273,470)	**(4,866,439)**	**527,912**	**(3,964,251)**

iv.) Lease liabilities

Opening balance, 1 January	7,239,946	10,862,317	4,483,645	8,384,077
Additions	14,421,699	942,830	-	63,819
Capital repayments	(3,273,470)	(4,565,201)	527,912	(3,964,251)
Closing balance 31 December	**18,388,175**	**7,239,946**	**5,011,557**	**4,483,645**

Leased asset includes buildings and furniture.

23. Employee provisions

	Group		Society	
	2024	2023	2024	2023
	K	K	K	K
Annual leave	3,119,824	2,476,310	1,879,554	1,424,470
Long service leave	4,917,472	4,691,104	3,714,150	3,540,677
Total employee provisions	**8,037,296**	**7,167,414**	**5,593,704**	**4,965,147**

24. Income tax

	Group	
	2024	2023
24.1 Income tax (benefit)/expense	K	K
Current tax	(2,781,293)	8,863,541
Adjustments in respect of previous	1,416,947	181,539
period Deferred tax	(5,979,281)	(6,673,668)
Income tax (benefit)/expense	**(7,343,627)**	**2,371,412**

Deferred tax balance	Asset	Liability	Net
	K	K	
Opening balance	11,570,623	(5,169,914)	6,400,709
Movement for the year	5,208,629	770,651	5,979,281
Deferred tax asset	**16,779,253**	**(4,399,263)**	**12,379,990**

As at 31 December 2023	Asset	Liability	Net
	K	K	
Opening balance	3,495,141	(3,768,100)	(272,959)
Movement for the year	8,075,482	(1,401,814)	6,673,668
Deferred tax asset	**11,570,623**	**(5,169,914)**	**6,400,709**

* Non-taxable items are in relation to tax exempt activities of the Society under Section 40A of the *Income Tax Act 1959 as amended.*

25. Member shares

TISA is a limited liability company registered under the *Companies Act 1997 (amended 2022)*. As a licensed savings and loans society under the *Savings and Loan Societies Act 2015*, the shares of TISA are mutually held by its members, each of whom are mutual shareholders.

Each member pays a nominal amount for its member share.

26. Asset revaluation reserve

	Group		Society	
	2024	2023	2024	2023
Asset revaluation reserve reconciliation	K	K	K	K
Opening balance at 1 January	5,100,974	5,603,567	4,578,980	5,603,567
Change in fair value of land and buildings	-	(502,593)	-	(1,024,587)
Reserve balance at 31 December	**5,100,974**	**5,100,974**	**4,578,980**	**4,578,980**

27. General reserve

General reserve reconciliation	Group		Society	
	2024	2023	2024	2023
	K	K	K	K
Opening balance at 1 January	33,534,306	33,534,306	33,534,306	33,534,306
Transfer	-	-	-	-
Reserve balance at 31 December	**33,534,306**	**33,534,306**	**33,534,306**	**33,534,306**

This is a statutory reserve that was required under the now repealed *Savings and Loan Societies (Amendment) Act 1995*, which required the Society to maintain a fund equal to 10% of total liabilities as a buffer against any financial risks and exposures. The Society was required to transfer 20% of its net earnings or profit (before declaring additional interest to the members or dividends) to this reserve until it reached 10% of total liabilities. The new *Savings and Loan Societies Act 2015* does not indicate a similar requirement therefore no transfer has been made since 2019. The Society will maintain this reserve until a decision is reached by the Board to transfer the balance to an appropriate account.

28. Additional interest reserve

	Group		Society	
	2024	2023	2024	2023
Additional interest reserve reconciliation	K	K	K	K
Opening balance at 1 January	83,042,612	73,153,385	83,042,612	73,153,385
Transfer from retained earnings	30,829,379	40,111,106	30,829,379	40,111,106
Additional interest paid	(24,292,507)	(30,221,879)	(24,292,507)	(30,221,879)
Reserve balance at 31 December	**89,579,484**	**83,042,612**	**89,579,484**	**83,042,612**

The Board has proposed to declare an additional interest of 7% (2023: 7%) of members' general savings balance as at 31 December 2024, which will be credited to the members' transaction accounts. This amounts to K24,539,913 (2023: K24,292,505).

29. Financial instruments and risk management

The Group's activities expose it to a variety of financial risks, including the effects of changes in market prices and interest rates. The Group monitors these financial risks and seeks to minimize the potential adverse effects on the financial performance of the Group. The Group does not use any derivative financial instruments to hedge these exposures.

Financial risk factors
Risk management is carried out by executive management under policies approved by the individual Group entities' Board of Directors. TISA caters for the funding of its members and invests to cater for this. The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

29.1 Credit risk

Credit risk relates to potential loss of principal and interest, disruption of cash flows and increased collection costs stemming from a borrower's failure to repay a loan. The Society manages this risk carefully by applying a strict set of criteria to financing and investments, confining its dealings to institutions of high creditworthiness and ensuring exposures to counterparties are appropriately secured. As unsecured lending grows with the introduction of other new products to the core service become the main source of income, the Society is prepared to accept a moderate level of exposure in this area.

Deposits are only made with banks known to have sound financial standing. Loans and advances are made after appropriate credit and security checks, and they are monitored and reviewed.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Group		Society	
	2024	2023	2024	2023
Assets bearing credit risk	K	K	K	K
Cash and cash equivalents	198,032,921	189,340,960	51,204,839	70,279,508
Interest bearing deposits	18,968,248	19,899,565	-	-
Rental and other receivables	27,615,787	22,741,589	163,255,627	188,853,677
Insurance contract Assets	-	-	-	-
Reinsurance contract assets	138,930,144	-	-	-
Government debt securities	61,073,641	83,225,155	27,134,121	29,970,613
Net Loans to members and customers	343,963,823	359,494,985	285,284,041	316,322,556
Total assets	**788,584,564**	**674,702,254**	**526,878,628**	**605,426,354**

Loans to members and customers:
The Society's policy requires all loans to be either fully or partially secured by members' savings. In cases where loans are partially secured, additional security may be deemed necessary in accordance with the Rules of the Society.

As at 31 December 2024, the subsidiary, TISA bank, unsecured loans totalled to K69,441,189 (2023: K44,022,861).

	Group		Society	
	2024	2023	2024	2023
Member and customer loans	**K**	**K**	**K**	**K**
Loans backed by deposits and collaterals	229,270,402	302,051,725	216,516,912	286,322,792
Loans without deposit backing	177,842,014	95,217,627	108,400,825	51,194,767
Total assets	**407,112,416**	**397,269,352**	**324,917,737**	**337,517,559**

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets.

	Group		Society	
	2024	2023	2024	2023
	K	K	K	K
Stage 1 - 12-month ECL	327,539,597	328,239,985	272,428,638	291,941,177
Stage 2 - Life time ECL	17,991,280	20,590,426	12,234,341	14,812,655
Stage 3 - Life time ECL	61,581,539	48,438,941	40,254,758	30,763,728
Gross carrying amount	407,112,416	397,269,352	324,917,737	337,517,559
Allowance for credit loss	(63,148,593)	(37,774,367)	(39,633,696)	(21,195,003)
Net carrying amount	**343,963,823**	**359,494,985**	**285,284,041**	**316,322,557**

The following table shows reconciliations from opening to the closing balances of the allowance for credit loss.

2024	Group			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance as at 1 January 2024	4,689,372	2,603,898	30,481,098	37,774,367
Transfer to Stage 1	1,281,884	(20,517)	(1,261,366)	-
Transfer to Stage 2	(178,499)	212,218	(33,718)	-
Transfer to Stage 3	(392,553)	(335,727)	728,280	-
Net remeasurements	**710,831**	**(144,026)**	**(566,805)**	**-**
ECL charge for the year	3,529,019	1,790,101	24,335,209	29,654,329
Write offs and transfers from savings	-	-	(4,372,579)	(4,372,579)
Balance as at 31 December 2024	**8,929,222**	**4,249,973**	**49,969,399**	**63,148,593**

2023	Group			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance as at 1 January 2023	2,843,889	1,658,856	11,737,024	16,239,768
Transfer to Stage 1	2,663,443	(2,340,991)	(322,452)	-
Transfer to Stage 2	(241,811)	841,680	(599,869)	-
Transfer to Stage 3	(378,321)	(1,177,899)	1,556,219	-
Net remeasurements	**2,043,311**	**(2,677,210)**	**633,898**	**-**
ECL charge for the year	(197,828)	3,622,251	18,202,651	21,627,074
Write offs and transfers from savings	-	-	(92,475)	(92,475)
Balance as at 31 December 2023	**4,689,371**	**2,603,898**	**30,481,098**	**37,774,367**

2024	Society			
	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2024	3,136,518	1,790,907	16,267,579	21,195,004
Transfer to Stage 1	856,480	-	(856,480)	-
Transfer to Stage 2	-	99,801	(99,801)	-
Transfer to Stage 3	-	-	-	-
Net remeasurements	**856,480**	**99,801**	**(956,281)**	**-**
ECL charge for the year	1,954,964	978,904	15,838,085	18,771,953
Write offs and transfers from savings	-		(333,261)	(333,261)
Balance as at 31 December 2024	**5,947,962**	**2,869,612**	**30,816,123**	**39,633,696**

2023	Society			
	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2023	1,979,497	978,675	9,324,827	12,282,999
Transfer to Stage 1	2,580,668	(2,305,311)	(275,357)	-
Transfer to Stage 2	(207,079)	646,189	(439,110)	-
Transfer to Stage 3	(301,939)	(594,073)	896,012	-
Net remeasurements	**(2,071,651)**	**(2,253,196)**	**181,545**	**-**
ECL charge for the year	(914,630)	3,065,427	6,761,207	8,912,004
Write offs and transfers from savings	-	-	-	-
Balance as at 31 December 2023	**3,136,518**	**1,790,907**	**16,267,579**	**21,195,003**

29.2 Liquidity risk

Liquidity risk relates to the Group having the potential of not meeting short term financial demands due to inability to convert securities or physical assets to cash without a loss of capital and/or income in the process. The Group can only accept a minimum level or risk which jeopardizes its short-term funding requirements.

The Group is restricted by the exchange controls of BPNG in terms of offshore investments has imposed limits on amounts that can be invested offshore). As PNG's capital market is not mature, the majority of the Group's local investments do not have any significant sizeable trading activities. These investments include PNG Government and quasi government securities which are held to maturity and there is very little opportunity for the Group to dispose or trade these investments.

The Group maintains a mix of investments on call and with a spread of maturity terms from on call to 6 months. This ensures the Group maintains liquid capability and limits its exposure to interest rate risks due to market fluctuations.

The table below summaries the maturity profile of the Group’s financial liabilities as at 31 December 2024 and 31 December 2023 based on contractual repayment obligations.

29. Financial instruments and risk management (continued)

29.2 Liquidity risk (continued)

29.2 Liquidity risk — Group

	Total	At Call	0-3 months	3 mnths-1 Years	1-5 Years	More than 5 years	Weighted Average Rate
2024	**K**	**K**	**K**	**K**	**K**	**K**	**%**
Liabilities							
Savings and deposits	453,029,003	57,678,085	83,925,944	36,533,265	274,891,711	-	4.30%
Insurance contract liabilities	273,855,044	-	-	273,855,044	-	-	nil
Creditors and accruals	51,642,530	8,371,569	-	43,270,961	-	-	nil
Lease liabilities	18,388,175	-	-	3,850,427	14,537,748	-	nil
Total undiscounted cash outflows	**796,914,752**	**66,049,654**	**83,925,944**	**357,509,697**	**289,429,459**	**-**	

	Total	At Call	0-3 months	3 mnths-1 Years	1-5 Years	More than 5 years	Weighted Average Rate
2023	**K**	**K**	**K**	**K**	**K**	**K**	**%**
Liabilities							
Savings and deposits	449,141,456		7,008,997	36,533,265	405,599,194	-	4.30%
Insurance contract liabilities	58,512,339	-	-	58,512,339	-	-	nil
Creditors and accruals	20,237,108	-	-	20,237,108	-	-	nil
Lease liabilities	7,239,946	-	-	5,647,158	1,592,788	-	nil
Reinsurance contract liabilities	6,956,501	-	-	6,956,501	-	-	nil
Total undiscounted cash outflows	**542,087,350**	**-**	**7,008,997**	**127,886,371**	**407,191,982**	**-**	

29.2 Liquidity risk — Society

	Total	At Call	0-3 months	3 mnths-1 Years	1-5 Years	More than 5 years	Weighted Average Rate
2024	**K**	**K**	**K**	**K**	**K**	**K**	**%**
Liabilities							
Savings and deposits	369,964,817	48,507,623	48,759,324	14,175,703	258,522,167	-	4.30%
Creditors and accruals	37,837,032	-	-	37,837,032	-	-	nil
Lease liabilities	5,011,557	-	-	4,360,055	651,502	-	nil
Total undiscounted cash outflows	**437,353,317**	**48,507,623**	**48,759,324**	**80,912,701**	**259,173,669**	**-**	

	Total	At Call	0-3 months	3 mnths-1 Years	1-5 Years	More than 5 years	Weighted Average Rate
2023	**K**	**K**	**K**	**K**	**K**	**K**	**%**
Liabilities							
Savings and deposits	381,306,689	24,767,984	-	48,978,987	307,559,718	-	4.30%
Creditors and accruals	87,172,523	-	-	87,172,523	-	-	nil
Lease liabilities	4,483,645	-	-	3,905,826	577,819	-	nil
Total undiscounted cash outflows	**472,962,857**	**24,767,984**	**24,292,505**	**140,057,336**	**308,137,537**	**-**	

29. Financial instruments and risk management (continued)

29.3 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

At reporting date, the interest rate profile of the Society's interest-bearing financial instruments was:

	Group		Society	
	2024	2023	2024	2023
Financial assets	K	K	K	K
Treasury bills	53,924,120	69,246,862	15,992,320	15,992,320
Interest bearing deposits	18,968,248	19,899,565	-	-
Government inscribed stock	7,000,000	14,000,000	7,000,000	14,000,000
Loans to members	343,963,823	359,494,985	285,284,041	316,322,556
Total interest-bearing assets	**423,856,191**	**462,641,412**	**312,268,641**	**346,314,876**

The above instruments are all held to maturity and are revalued on an amortized cost basis and consequently there is no interest rate risk associated with these instruments.

	Group		Society	
	2024	2023	2024	2023
Financial liabilities	K	K	K	K
Member savings	453,029,003	449,141,456	369,964,817	381,306,689
Total interest-bearing liabilities	**453,029,003**	**449,141,456**	**369,964,817**	**381,306,689**

Member Savings earn fixed interest at 2% to 6% per annum depending on the savings type. Directors evaluate the financial performance of the Society at the end of the year and declare bonus (additional) interest to members. Consequently, the interest paid to members are not directly affected by the movement of general market interest rates.

29.4 Other market price risk

Other market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than the interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

As the Society's financial instruments are carried at fair value with changes recognized in the statement of comprehensive income, changes in market conditions affecting fair value will be recognized.

a.)Sensitivity analysis:

With all other variables held constant, the Society's exposure to share price risk is measured by sensitivity analysis. The following table demonstrates the effect on profit of a 5% change in fair value on financial instruments measured at fair value:

	Group		Society	
	2024	2023	2024	2023
i.) Financial instruments	K	K	K	K
+ 5% change in fair value	1,458,641	902,950	2,884,809	1,749,590
- 5% change in fair value	(1,458,641)	902,950	(2,884,809)	(1,749,590)

The following table demonstrates the effect on profit of a change in capitalisation rates, rentals, and sales price of the Society's Investment properties:

	Group Effect on Profit or Loss Increase/(Decrease)		Society Effect on Profit or Loss Increase/(Decrease)	
	2024	2023	2024	2023
	K	K	K	K
Increase of 1% in capitalisation rates	(5,973,673)	(4,981,765)	-	-
10% increase in rentals	931,893	473,973	-	-
10% increase in sales prices and/or replacement costs	17,014,717	4,925,421	-	-

A decrease in any of the above unobservable inputs would have the opposite but similar effect to profit or loss.

29.5 Foreign exchange risk

The Group is exposed to foreign exchange risks arising from commercial transactions and from recognising assets, liabilities, and investments in overseas operations of one of the group's subsidiaries, CIG. The Group is exposed to both transaction and translation risk. The former is the risk that a Group's cash flows and realised profits may be impacted by movements in foreign exchange rates. The latter arises from translating the financial statements of a foreign into the Group's presentational currency.

29.6 Fair value of financial instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

- Cash, deposits, investments, and loans to members - the carrying amount of these is equivalent to their fair value;
- Member deposits are recognized at inception at fair value and subsequently at amortized cost.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments and investment assets by valuation techniques:

- Level 1: derived from quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: derived from inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: derived from valuation techniques that include inputs for the assets or liability that are not based on observable market data (unobservable inputs).

The table below demonstrates the Group's fair value hierarchy for financial instruments and investment assets measured at fair value:

	Group					
	2024			2023		
	K	K	K	K	K	K
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Quoted shares (Note 15.a)	227,238,729	-	-	158,039,766	-	-
Unquoted shares (Note 15.b)	-	-	873,300	-	33,000	-
Government debt securities (note 15.d)	-	14,000,000	-	-	14,000,000	-
Total	**227,238,729**	**14,000,000**	**873,300**	**158,039,766**	**14,033,000**	**-**

	Society					
		2024			2023	
	K	K	K	K	K	K
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Quoted shares (Note 15.a)	181,439,830	-	-	133,090,265	-	-
Unquoted shares (Note 15.b)	-	-	-	-	-	-
Government debt securities (note 15.d)	-	14,000,000	-	-	14,000,000	-
Total	**181,439,830**	**14,000,000**	**-**	**133,090,265**	**14,000,000**	**-**

There has been no observed movement in the fair value hierarchy within the group of assets. The sensitivity analysis for Investment Properties is disclosed in Note 29.4 Other Market Price Risk

29.7 Capital risk management

The Company is required to comply with various prudential standards issued by the Bank of Papua New Guinea (BPNG), the official authority for the prudential supervision of banks and similar institutions in Papua New Guinea. One of the most critical prudential standards is the capital adequacy requirement. All banks and financial institutions are required to maintain at least the minimum acceptable measure of capital to risk-weighted assets to absorb potential losses. BPNG follows the prudential guidelines set by the Bank of International Settlements under the terms of the Basel Accord. The BPNG revised prudential standard 1/2003, Capital Adequacy, prescribes ranges of overall capital ratios to measure whether the financial institution is under, adequately or well capitalised and also applies the leverage ratio capital.

As at 31 December 2024, the Company's total adequacy ratio and leverage capital ratio satisfied the capital adequacy criteria for "well capitalised". The minimum capital adequacy requirements set out under the standard are: Tier 1 8%, total risk-based capital ratio 12% and the leverage ratio 6%. The measure of capital used for the purpose of the prudential supervision is referred to as base capital. Total base capital varies from the balance of capital shown on the Statement of Financial Position and is made up of Tier 1 capital (core) and tier 2 capital (supplementary). Tier 1 is obtained by deducting from equity capital and audited retained earnings (or losses), intangibles assets including deferred tax assets. Tier 2 capital cannot exceed the amount of tier 1 capital and can include subordinated loan capital, specified asset revaluation reserves, un-audited profits (or losses) and a small percentage of general loan loss provisions. The leverage capital ratio is calculated as Tier 1 capital divided by total assets on the balance sheet.

Risk weighted assets are derived from on-balance sheet and off-balance sheet assets. On balance sheet assets are weighted for credit risk applying weightings (0%, 20%, 50% and 100%) according to risk classification criteria set by the BPNG. Off-balance sheet exposures are risk weighted in the same manner after converting them to on-balance sheet credit equivalents using BPNG specified credit conversion factors.

The capital of the Society is represented by the net assets available to pay benefits to its members. The amount of net assets available to pay benefits to its members can change significantly as the Society receives contributions and pays benefits to members on a daily basis. The Society's objective when managing capital is to safeguard the Society's ability to continue as a going concern in order to provide returns and benefits to its members and to maintain a strong capital base to support the development of the investment activities of the Society.

In order to maintain or adjust the capital structure, the Society's policy is to monitor the level of monthly contributions income and benefits payable relative to the assets it expects to be able to liquidate and adjust the amount for investments and interest credited to the members account at the end of each reporting period. The Board members and executive management monitor capital on the basis of the value of net assets available to pay benefits.

29.8 Insurance and financial risk

The principal risk the Group faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

Underwriting risk comprises insurance risk, policyholder behaviour risk and expense risk.

- Insurance risk: the risk transferred from the policyholder to the Group, other than financial risk. Insurance risk arises from the inherent uncertainty about the occurrence, amount or timing of claims.
- Policyholder behaviour risk: the risk that a policyholder will cancel a contract (i.e. lapse or persistency risk) earlier or later than the Group had expected in pricing the contract.
- Expense risk: the risk of unexpected increases in the administrative costs associated with the servicing of a contract (rather than in the costs associated with insured events).

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

A key component of the management of underwriting risk is a disciplined underwriting strategy that is focused on writing quality business. Product pricing is intended to incorporate appropriate premiums for each type of assumed risk. The underwriting strategy includes underwriting limits of the Group's total exposure to specific risks, together with limits on geographic and industry exposures.

Contracts are renewable annually. The ability to reprice contracts on renewal in response to changes in policyholder risk profiles, claims experience and market considerations is a significant mitigant to pricing risk. Contracts may also contain other features that constrain underwriting risk – e.g. the use of deductibles and limits of liability (subject to local regulatory and legislative requirements).

The Group also mitigates these risks by purchasing excess of loss reinsurance programs against large individual claims and catastrophe losses to reduce the overall exposure for certain classes of business. Retention limits for the excess of loss reinsurance vary by product line.

Although the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance arrangements. The Group's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract.

The Group purchases reinsurance as part of its mitigation programme. Reinsurance ceded is placed on both a proportional and non-proportional basis. The majority of proportional reinsurance is quota-share reinsurance which is taken out to reduce the overall exposure of the Group to certain classes of business. Non- proportional reinsurance is primarily excess-of-loss reinsurance designed to mitigate the Group's net exposure to catastrophe losses. Retention limits for the excess of loss reinsurance vary by product line.

Concentrations of underwriting risk

The Group monitors insurance risk in terms of IFRS 17 portfolios. An analysis of the Group's insurance and risk concentrations per class of business and by region is provided in the following tables. The amounts in the table represent gross carrying amounts.

Directors' Report
Statement by Directors
Independent Auditor's Report
Statement of Profit or Loss and other Comprehensive Income
Statement of Financial Position
Statement of Changes in Equity
Statement of Cash Flows
Notes to the Financial Statements

2024

	Insurance Portfolios					
	Property	Liability & Motor	Medical	Life	Total Insurance Revenue	%
PNG	34,242,545	19,461,414	35,169,379	6,828,239	95,701,577	59%
Fiji	18,291,701	15,849,084	6,026,603	69,803	40,237,191	25%
Solomon Islands	3,505,460	4,600,284	3,990,299	-	12,096,043	8%
Vanuatu	3,341,020	7,876,898	357,502	4,606	11,580,026	7%
Tonga	1,473,666	723,943	266,276	225,043	2,688,928	2%
Total	**60,854,392**	**48,511,623**	**45,810,060**	**7,127,691**	**162,303,765**	100%

2023

	Insurance Portfolios					
	Property	Liability & Motor	Medical	Life	Total Insurance Revenue	%
PNG	29,546,462	20,015,142	35,864,088	7,969,619	93,395,311	69%
Fiji	11,538,011	10,935,314	4,661,962	298,080	27,433,367	20%
Solomon Islands	2,939,212	3,945,572	3,021,175	8,074	9,914,033	7%
Vanuatu	730,465	2,422,837	297,861	5,612	3,456,775	3%
Tonga	1,056,760	511,446	147,609	115,276	1,831,091	1%
Total	45,810,910	37,830,311	43,992,695	8,396,661	136,030,577	100%

The Group monitors reinsurance risk by individual reinsurers.

The Directors do not believe that there are significant concentrations of insurance or reinsurance risks.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance arrangements. The Group's placement of reinsurance is diversified such that it is neither dependant on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract.

Capital risk

Capital risk is the risk that the Group has insufficient capital resources to meet the minimum regulatory requirements in all jurisdictions' where regulated activities are undertaken, to support its credit rating and to support its growth and strategic options.

The local regulators in each jurisdiction set the capital requirements for the reporting entities.

The Board is responsible for ensuring the effective management of capital risk throughout the Group. Specific levels of authority and responsibility in relation to capital risk management have been assigned to the appropriate committees. Capital risk is measured and monitored using limits set in relation to capital and leverage, all of which are calculated in accordance with relevant regulatory requirements.

The Group's capital plans are developed with the objective of maintaining capital that is adequate in quantity and quality to support the Group's risk profile, regulatory and business needs. As a result, the Group holds a diversified capital base that provides strong loss absorbing capacity and optimised returns. Capital forecasts are continually monitored against relevant internal target capital ratios to ensure they remain appropriate and consider risks to the plan including possible future regulatory changes.

The Group and its individually regulated operations have complied with all externally imposed capital requirements and internal assessment of capital.

30. Employees

The number of people employed by the Society as at 31 December 2024 is 399 (2023: 335).
The number of people employed by the Group as at 31 December 2024 is 651 (2023: 524).

31. Retirement benefits

The group total contribution remitted to a superannuation fund was K2,080,092 (2023: K1,768,555). The Society contributed a total of K1,832,312 to Nambawan Super Limited (NSL) (2023: K1,567,455). The subsidiary, TISA bank contributed a total of K247,780 (2023: K201,100) to National Superannuation Fund. The employer contribution rate is 12%.

32. Related parties

Member and client loans that are made to staff and directors are in accordance with the Group's policies. The total value of these loans at 31 December 2024 is K9,299,938 (2023: K10,563,967). The interest rate, security and repayment terms on these loans are in arm's length basis and consistent with the normal terms extended to members who are neither directors nor staff.

As disclosed in Note 15.c, TISA owns 100% of the share capital in subsidiary TISA bank. The intercompany balance totalled K17,082,741 (2023: K48,465,980).

The balance of K17,082,741 (2023: K48,465,980) is made up of receivables from parent company. The receivables largely relate to shares issued in the prior year. The intercompany receivable is interest free and is expected to be settled in full by year 2025 through a board approved intercompany debt settlement plan.

	Year 2024	**Year 2023**
Expense Recharge	4,971,544	8,394,779
Payments relating to Core Banking system and Capital WIP	26,411,695	20,232,682
Total	**31,383,239**	**28,627,461**

Between TISA and the other subsidiaries within the group, below are the intercompany balances:
-Intercompany receivable from TPL of K142,211,012 (2023: K129,240,876).
-Intercompany receivable from TIL of K6,743,795 (2023: K9,080,932).

The loans are unsecured, interest-free and repayable on demand.

The Directors of the Group had an aggregate savings balance of K406,349 (2023: K895,249), and aggregate loan balance of K2,676,701 (2023: K2,855,151). The directors are subject to the normal lending policy requirements of the Group. Total savings by directors and staff amounted to K2,135,696 (2023: K2,317,781).

32.1 Key management personnel remuneration above K100,000 per annum

The number of employees or former employees, not being directors of the company, whose total remuneration and the value of other benefits received, exceeded K100,000, falls within each relevant K50,000 band of income as follows:

	Group		Society	
	2024	**2023**	**2024**	**2023**
	No.	**No.**	**No.**	**No.**
K100,000 – K149,999	2	5	-	-
K150,000 – K199,999	2	5	1	2
K200,000 – K249,999	-	1	-	1
K250,000 – K299,999	2	1	2	1
K300,000 – K349,999	2	4	-	2
K350,000 – K399,999	1	1	1	-
K400,000 – K449,999	1	-	1	-
K450,000 – K499,999	3	1	1	1
K500,000 – K549,999	1	2	-	1
K550,000 – K999,999	7	3	3	2
K1,000,000 and above	3	3	1	1
	24	26	10	11

The specified executives of the Society during the year were:

- Mr Michael Koisen, OBE ML - Group Chief Executive Officer
- Mr Kumaresh Chithravelu - Group Chief Finance Officer
- Mr Luke Kaul - Group Chief Operating Officer
- Mr Nitesh Mailvarpu - Group Head of Financial Control
- Mr Samit Kumar Bhatnagar - Chief Information Officer
- Mr John Simango - Chief Executive Officer TISA Foundation
- Ms Aileen Watangia - Head of Information Technology
- Mr Philip Hehonah - Head of Legal and Company Secretary
- Ms Jennifer Galindo - Head of Audit and Advisory
- Ms Georgina Ahwong - Head of E-Channels
- Ms Anna Leidimo - Head of Human Resource
- Mr Geoffery Ochiong - Head of Applications
- Ms Albertha Lavi - Head of Product Management

The specified Directors of TISA during the year were:

- Mr. Gabriel Tai (Chairman)
- Dr. Peter Mason
- Mr. Michael Koisen, OBE ML
- Mr. Simon Woolcott
- Ms. Lucy Sabo-Kelis
- Mr. Stephen Woodhouse
- Mr. Con Nikolaou

32.2 Key management personnel remuneration

Specified executives and directors' remuneration in aggregate:

	Primary			Post-employment			Equity	Other	
	Salary & fees	Bonus	Non-monetary	Superannuation	Prescribed benefits	Other	Options	Benefits	Total
	K	K	K	K	K	K	K	K	K
Specific executives									
2024	6,701,690		-	416,285	98,113	-	-	-	7,216,088
2023	4,617,789	-	-	409,595	1,143,068	-	-	-	6,170,452
Specified Directors									
2024	687,841	-	-	-	-	-	-	-	687,841
2023	622,898	-	-	-	-	-	-	42,898	712,193

33. Segment information

The Group operates in one segment and in different geographical locations within and outside PNG. The subsidiary, CIG has operations in Solomon Islands, Fiji, Vanuatu, and Tonga.

34. Contingencies and capital commitments

The Group has received a number of claims arising in the ordinary course of business. The Group has disclaimed liability and is defending the action. The estimated contingent liability is not deemed material for the purposes of the financial statements. The Group and Society does not have any contingent liabilities as at 31 December 2024 and 2023.

35. Subsequent events

The Directors of the Group are of the opinion that there has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction, or event of material and unusual nature other than the matter stated above, that are likely to significantly affect the operations or state of affairs of the Group in the subsequent financial years.

36. Business combination

Acquisition of Tower Vanuatu

On 30 August 2024, a subsidiary (CIG Group) acquired 100% of the shares of Tower Insurance Vanuatu Limited (TIVL), a non-listed Vanuatu-based general insurance business, thereby obtaining control. The acquisition was made to enhance the Group's position in the insurance market in Vanuatu. TIVL is a significant business in Vanuatu, which is one of the Group's targeted markets.

Assets acquired and liabilities assumed

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

36. Business combination (continued)

	Amounts in PGK'000
Fair value of consideration transferred	
Amount settled in cash	4,425
Other forms of consideration – Receivable from Tower NZ	1,482
Total	**5,907**
Recognised amounts of identifiable net assets	
Cash and cash equivalents	5,071
Other receivables	4,460
Reinsurance contract assets	2,604
Right of use assets	62
Property, plant and equipment	22
Customer relationships	1,281
Total assets	**13,500**
Other payables	860
Employee benefit provisions	179
Insurance liabilities	4,099
Lease liabilities	60
Total liabilities	**5,198**
Net assets acquired	**8,301**
Gain on bargain purchase	**2,394**
Consideration transferred settled in cash	(4,425)
Cash and cash equivalents acquired	5,071
Net cash flow on acquisition	**646**

Consideration transferred.
The acquisition of Tower Insurance Vanuatu Ltd was finalised with a cash payment of PGK4,424,779 while the remaining consideration was via settlement of pre-existing balances owed to CIG by the acquiree in respect of reinsurance recoveries.

Gain on bargain purchase
A gain on bargain purchase was recognised from this acquisition amounting to PGK2,394,000 calculated as the excess of the fair value of the identifiable net assets acquired over purchase consideration.

Acquisition date
Acquisition was finalised on 30 August 2024 after relevant approvals from regulatory authorities in Fiji, Vanuatu and Papua New Guinea.

Acquisition-related costs
CIG incurred costs of PGK425,000 for financial advisory and legal fees related to the acquisition. These costs were recognized under "Other expenses" in the consolidated statement of comprehensive income for the year ended 31 December 2024.

37. Vanuatu Earthquake – December 2024

On 17 December 2024, a severe earthquake occurred near Port Vila, the capital of Vanuatu (the "event"). The event occurred before the CIG Group's financial year-end of 31 December 2024 (the "reporting date") and resulted in significant disruption to key infrastructure and properties in the Efate Island CBD area. This event has had a material impact on the Group's insurance operations and has introduced significant estimation uncertainty to the year-end valuation of insurance liabilities and reinsurance assets.

Due to citywide lockdowns, movement restrictions, and policyholders being away on holiday, no claims had been reported by the reporting date. The CIG Group initially estimated Incurred But Not Reported (IBNR) claims using:

- Catastrophe modelling based on seismic and exposure data available at the time
- Historical loss development patterns from comparable events; and
- Reinsurance recoveries based on contract terms.

Following the reporting date, new information has emerged, necessitating a reassessment of claim liabilities. The CIG Group has applied significant judgement in selecting key assumptions, including the establishment of a catastrophic IBNR provision not originally factored into the base actuarial valuation. The updated estimate incorporates the following critical assumptions and information:

- Claim Notification Surge: A sharp rise in claim notifications beginning mid-January 2025, escalating further in February 2025, suggesting higher-than-expected claim severity.
- Government Damage Assessment: Rapid assessment reports from the government confirm significant damage, though primarily concentrated in the Efate Island CBD.
- External Loss Evaluations: Preliminary findings from appointed engineers and loss adjusters inform the updated liability estimates.
- Claims Handling Expenses: Increased operational costs due to higher claim volumes, including additional staffing, loss adjuster fees, and administrative outlays to manage the surge in claims.
- Inflation-Adjusted Repair Costs: Repair costs reflect post-disaster market inflation, accounting for price surges in materials and labour.
- Economic Loss Estimates: Public reports indicate total economic losses could reach approximately PGK 820 million. However, due to low insurance penetration in Vanuatu, reliable data on insured losses remains unavailable.
- Claim Settlement Trends: Policyholders show moderate interest in rebuilding, with a preference for cash settlements where possible.
- Reinsurance Recoveries: Recoverability from reinsurers has been confirmed, providing assurance on reinsurance support.

In line with IAS 10, this post-balance sheet information has been treated as an adjusting event, and the year-end reserves have been updated accordingly. The CIG Group increased its Liability for Incurred Claims (LIC) by PGK 180.0 million gross (PGK 36.7 million net of reinsurance), which was added to the IBNR for Commercial Fire, House, and Motor classes.

Affected Lines of Business and Contracts

The event primarily impacted contracts under the following lines of business:

- Fire and Property (Household and Commercial)
- Motor Vehicle

These contracts fall under the general Insurance segment and are classified as short-duration contracts under IFRS 17.

Financial Impact

As at 31 December 2024, the CIG Group has recognised the following financial statement impacts:

	(PGK '000)
Statement of comprehensive income	
Insurance Service Expenses	(188,000)
Net expenses from reinsurance contracts held	151,305
Insurance service result	(36,695)
Income tax	11,009
Loss for the year	**(25,686)**
Statement of financial position	
Reinsurance contract assets held	151,305
Insurance contract liabilities	(188,000)
Current tax asset	11,009
Net liabilities	**(25,686)**
Statement of cash flows	
Payments of claims	-
Reinsurance recoveries	-
Net cash from operating activities	-

The CIG Group's reinsurance treaty includes a catastrophe cover with a limit of PGK 180 million. As of the date of this report, this limit has been fully exhausted, with a shortfall of PGK 8 million on estimated recoveries. However, the catastrophe cover has been fully reinstated until the end of the treaty period on 31 October 2025. While the exhaustion of this reinsurance protection presents a financial impact, the Group has assessed that it does not cast significant doubt on the going concern status of the Group.

Additionally, the CIG Group is proactively considering Adverse Development Cover ("ADC") reinsurance options as a risk mitigation measure.

Sensitivity Analysis

The estimation of IBNR and incurred but not enough reported ("IBNER") claims is inherently subject to a high degree of uncertainty, as claims often take years to be fully reported and settled. The Group has developed the estimate based on claims reported up to the date of this report, adjusted for potential adverse and mitigatory factors. This assessment incorporates both quantitative and qualitative information available at the date of this report.

Due to the inherent uncertainty of claim development in catastrophe events, the following sensitivity analysis demonstrates the potential impact on profit before tax from variations in key assumptions:

Scenario	**Estimated Impact (PGK million) Profit /(loss)**
+5% increase in estimated ultimate claims	(9.4)
+5% increase claims handling expenses	(0.2)
-5% decrease in estimated ultimate claims	9.4
-5% decrease claims handling expenses	0.2

The CIG Group is closely monitoring claims development and will reassess its provisioning methodology as trends emerge. Claim settlement activity is expected to peak in Q2 2025, with most claims expected to be settled by year-end. An experienced contractor and dedicated internal team have been appointed to expedite the process.

38. Restatement

In 2023, CIG adopted IFRS 17 *Insurance Contracts*, and applied the full retrospective approach. In the current year, it was noted that the 2023 CIG audited numbers had not been correctly brought forward to the consolidated financial statements, including the 2022 comparative amounts.
This has resulted in a material reclassification error within the following elements of the financial statements:

a. Statement of Financial Position
b. Statement of Profit or Loss and Other Comprehensive Income
c. Statement of Changes in Equity
d. Statement of Cash Flows.

In addition to the above, there has been a correction of the classification of certain balances between assets/ liabilities and equity. The impact of this correction resulted in a decrease in net assets and correspondingly an increase in equity.

The error has been corrected by restating each of the affected financial statement line items for the prior periods, as follows:

Impact on equity (increase/(decrease) in equity)

	31 December 2023	1 January 2023
Insurance contract assets	(40,605,801)	(36,817,855)
Rental and other receivable	(1,611,743)	2,541
Reinsurance contract assets	(4,927,847)	1,292,426
Property and equipment	-	(1,106,204)
Intangible assets	1,265,981	1,106,204
Deferred tax assets	-	(1,748,102)
Current tax assets	1,161,794	-
Total assets	**(44,717,463)**	**(37,270,989)**
Savings and deposits	(24,292,505)	(30,221,879)
Insurance contract liabilities	(19,583,646)	(21,928,588)
Creditors and accruals	2,723,828	4,758,409
Lease liabilities	879,011	-
Reinsurance contract liabilities	(24,107,379)	(19,721,054)
Deferred tax liabilities	-	272,959
Total liabilities	**(64,380,691)**	**(66,840,153)**
Net impact on equity	**19,663,228**	**29,659,164**

Impact on statement of profit or loss (increase/(decrease) in profit)

	31 December 2023
Insurance revenue	(25,318,678)
Insurance service expense	27,220,030
Insurance service result from reinsurance contract held	(7,330,257)
Other income	(1,201,429)
Other operating expenses	6,630,334
Net impact on profit for the year	**-**

Impact on statement of cash flows (inflow/(outflow))

	31 December 2023
Premiums received	(9,569,643)
Commission payments	(24,009,994)
Claims paid	48,372,091
Outward reinsurance paid	8,234,255
Attributable expenses	(4,441,914)
Reinsurance recoveries	6,181,529
Reinsurance expense	(20,874,912)
Reinsurance commission	962,820
Net savings deposited/(withdrawn)	24,292,506
Payments to employees and suppliers	(4,854,232)
Net cash flow from/ (used in) operating activities	**24,292,506**
Additional interest payment	**(24,292,506)**
Net cash flow used in operating activities	**(24,292,506)**
Net impact on cash flows	**-**

39. Events after the reporting period

The management has proposed to declare additional interest payment of K24,539,913 for the financial year ended 31 December 2024. This additional interest payable will be recognized in the Statement of Financial Position only when the Board approval is obtained. This is expected to be credited to members transaction accounts in June 2025 upon approval of the Board of Directors.

Except for the matter above, the Directors are of the opinion that there has not arisen, in the interval between the end of the financial year and the date of this report, any other item, transaction or event of a material and unusual nature likely to affect significantly the operations of the Group, the results of the operations, or the state of affairs of the Group, in subsequent financial years.

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