



Annual Report 2025

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TISA

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Welcome to TISA Group

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

Performance Snapshot

NET ASSETS & EQUITY

K616.9m

▲ 5% from 2024



TOTAL CONSOLIDATED ASSETS

K1.47b

▲ 6% from 2024



NET LOAN PORTFOLIO

K338.7m

▼ 2% from 2024



SAVINGS & DEPOSITS

K621.3m

▲ 37% from 2024



TOTAL INCOME

K260.7m

▲ 72% from 2024



TOTAL EXPENSES

K201.6m

▲ 48% from 2024



Strengthening Foundations, Expanding Possibilities

In 2025, TISA Group continued to reinforce its position as a trusted, homegrown financial institution proudly born in Papua New Guinea and deeply committed to the people it serves.

Built on a legacy of trust and community focus, the Group remains anchored in strong governance, prudent risk management, and a clear long-term vision to deliver sustainable growth.

At the heart of TISA's journey is the continued strength and growth of its Savings & Loan Society, which remains a cornerstone of the Group's identity. The Society has played a pivotal role in advancing financial inclusion across Papua New Guinea, empowering individuals and communities with accessible savings and lending solutions. Its member-first philosophy reflects TISA's enduring commitment to improving financial wellbeing and supporting livelihoods across the nation.

Throughout the year, TISA Group focused on strengthening its operational foundations - enhancing systems, building capabilities, and investing in people to ensure resilience in a dynamic environment. At the same time, the Group expanded its horizons by embracing innovation, exploring new market opportunities, and delivering customer-centric financial solutions tailored to the evolving needs of Papua New Guinea.

"Expanding Possibilities" reflects TISA's ambition to go beyond traditional banking creating pathways for individuals, businesses, and communities to grow and prosper. By leveraging its strong local heritage and deep understanding of the PNG market, TISA Group continues to play a meaningful role in national development while fostering inclusive economic progress.

As the Group looks ahead, it remains committed to honoring its roots while embracing the future - strengthening its foundations, expanding its reach, and delivering lasting value to its members, customers, and the people of Papua New Guinea.



Chairman's Report



The year 2025 will be remembered as a pivotal moment in the evolution of the TISA Group—a year in which we not only strengthened our foundations but boldly expanded the horizon of what is possible.

We are transitioning from a legacy institution into a modern, integrated financial services group, driven by innovation, guided by purpose, and anchored in values that have stood the test of time.

Leadership Transition

During the year, the Board and the wider TISA family acknowledged a significant leadership transition with the retirement of our long-serving Chairman, Mr. Gabriel Tai on 30 June 2025. Mr. Tai's tenure of over 20 years has been marked by steadfast leadership, vision, and an unwavering commitment to the growth and transformation of TISA.

On behalf of the Board, Management, and members, I extend our deepest appreciation to Mr. Tai for his invaluable contribution. His legacy is firmly embedded in the strong institutional foundations we continue to build upon today.

Strengthening Our Foundations

In 2025, we made deliberate and transformative investments in the core of our business—our systems, our people, and our culture.

A key milestone was the successful migration of our core enterprise system (Tech1) from an on-premise environment to the cloud-based CI_LIVE platform. This transformation has significantly enhanced our operational efficiency and introduced new capabilities across leave management, payroll processing, and supply chain management. It represents a critical step toward building a more agile and resilient organisation.

Equally important has been our Change Management Program, which has re-anchored the organisation in its core values and aligned our people with the TISA DNA. In a time of rapid transformation, culture is our greatest stabiliser—and our greatest differentiator.

Expanding Possibilities Through Innovation

Innovation continues to be central to our growth strategy, particularly within our banking operations. As 2025 represents the first full year of operations for TISA Bank, we are encouraged by the progress made in establishing a modern, customer-centric banking platform.

Key digital advancements during the year included the rollout of:

- First voice-enabled banking service in Papua New Guinea and the Pacific region
- Enhanced internet banking capabilities
- The Yumi Pei Wallet, expanding financial inclusion and accessibility
- WhatsApp banking services for improved customer engagement
- Seamless online account opening processes

These initiatives demonstrate our commitment to leveraging technology to deliver convenient, accessible, and inclusive financial services to our customers across Papua New Guinea.

In 2025, we made deliberate and transformative investments in the core of our business—our systems, our people, and our culture.

One Brand, One Vision

The TISA Group increased its equity stake in Capital Insurance Group Limited (now TISA Insurance Group Limited) from 56% to 75%, positioning it as the majority and controlling shareholder. Our insurance arm also reached a significant milestone with the rebranding of Capital Insurance Group to TISA Insurance Group. This transition reflects a unified brand identity across the Group and reinforces our commitment to delivering integrated financial solutions under the trusted TISA name.

Strategic Progress and Transformation

The Group has continued to advance key strategic initiatives aimed at unlocking long-term value.

The Demutualisation Project progressed during the year, with specialist consultants engaged to guide the process. This initiative remains a critical step in enhancing our capital structure, governance framework, and growth.

At the same time, the establishment and operationalisation of TISA Bank marks a generational shift in our journey—one that positions us to compete, innovate, and lead within Papua New Guinea's financial sector.

As part of our broader growth and investment strategy, the Group also took a strategic step in expanding its portfolio through an equity investment in PNG Air Limited, acquiring a 0.58% stake. This investment reflects our confidence in the long-term prospects of key national industries and underscores our commitment to participating in Papua New Guinea's economic development beyond the financial services sector.

Looking Ahead

As we look to the future, TISA Group remains committed to building on its strong foundations while embracing new opportunities for growth and innovation.

Our priorities will include:

- Deepening our digital capabilities and customer experience
- Strengthening risk management and governance frameworks

Financial Performance

The Group delivered a strong financial performance in 2025, reflecting the positive impact of our strategic initiatives and operational discipline.

- Net Profit After Tax increased significantly to K55.9 million, compared to K22.7 million in 2024.
- Total Assets grew to K1.47 billion, demonstrating continued balance sheet strength.
- Savings and Deposits rose markedly to K621.3 million, highlighting growing member confidence.
- Net Asset Position strengthened to K616.9 million, supporting future growth and stability.

The Society also recorded robust results, with Net Profit After Tax of K97.2 million and continued growth in net assets to K645.2 million.

While the Group experienced a marginal contraction in the net loan portfolio, this reflects prudent portfolio management and a deliberate focus on asset quality and risk management.

Overall, these results position the Group on a strong financial footing as we continue to expand our operations and invest in future opportunities.

- Advancing the demutualisation agenda
- Expanding our product and service offerings across banking and insurance

We are confident that these efforts will enable us to deliver sustained value to our members, customers, and stakeholders.

Appreciation

I extend my sincere appreciation to my fellow Directors, Management, and staff for their commitment during this period of transformation. I also thank our members, customers, regulators, and partners for their continued trust.

The journey ahead will require discipline, innovation, and courage. But we move forward with confidence—because our foundations are strong, our purpose is clear, and our possibilities are expanding.



Peter Mason
Chairman of the Board

Group CEO's Report

Dear Shareholders and Valued Members,

Financial Year 2025 marked the first full year of TISA's evolution following the acquisition of its commercial banking license.

The Group successfully balanced the high costs associated with institutional transformation against record-breaking revenue generation. The focus shifted from stabilizing a Savings and Loan Society to scaling a competitive, fully fledged commercial bank while maintaining the Group's core identity as a member-owned institution.

Financial Performance Analysis

Revenue and Profitability

The Group achieved a total income of **K260.7 million**, a **72% increase** year-on-year.

- **Insurance Synergy:** Insurance revenue contributed significantly (**K223 million**), validating the strategic acquisition of Capital Insurance Group as a diversified revenue stream.
- **Net Profit:** Group profit after tax rose to **K55.9 million** (up from K22.7M in 2024). This was achieved despite an increase in operating expenses (**K177.6 million**), which were driven by investments in human capital and banking infrastructure.

Asset Quality and Capital Position

The Group's balance sheet remains exceptionally liquid and low-risk:

- **Total Assets:** Increased to **K1.47 billion**.
- **Investment Profile:** A large portion of assets (**K509.7 million**) is held in high dividend yielding quoted shares and low-risk Government Securities, providing a stable foundation for future lending expansion
- **Loan Book Growth:** Net loans reached **K338.7 million**, reflecting a cautious but steady approach to credit expansion in the commercial sector.



- **Capital Adequacy:** With equity of **K616.9 million**, the Group maintains a Capital Adequacy Ratio far exceeding regulatory minimums, providing significant "dry powder" for expansion.

Strategic Pillar Progress: "Strengthening Foundations"

Institutional Modernization

To support commercial banking, the Group modernized its core infrastructure:

- **Technology:** Migration to advanced core banking systems to support high-volume transaction processing and mobile banking.
- **Governance:** Strengthening the Board and Executive leadership team to meet the stringent regulatory requirements of the Bank of Papua New Guinea.
- **Risk Management:** Reduction in impairment losses on financial assets (from K29.7 Million to **K24 Million**), reflecting improved credit vetting and recovery processes.

Member Value Delivery

The Group's unique value proposition remains its commitment to the Teachers Savings and Loan Society members:

- **Bonus Interest:** A payout of **K21.3 million** was distributed for FYE 2025.
- **Reserves:** Maintained an Additional Interest Reserve of **K86.3 million** to ensure long-term stability in member returns.

At the heart of TISA is our commitment to our members. Our strength as a Group is directly shared with those who support us.

Strategic Pillar Progress: “Expanding Possibilities”

Financial Inclusion & Reach

TISA Group is leveraging its 17-province footprint to capture the “unbanked” market:

- **Agency Banking:** Expanding beyond traditional branches into agency networks to reach rural communities.
- **Digital Accessibility:** Implementing USSD and mobile wallet solutions to allow banking access on basic mobile devices, bypassing the need for high-speed internet infrastructure.

Inclusive Green Finance (IGF)

As a pioneer in PNG, the Group has integrated ESG principles into its core strategy:

- **Green Products:** Developing specialized loan products for climate-resilient agriculture and sustainable energy in partnership with the GGGI.
- **Social Impact:** Focus on the informal economy, providing credit to those historically excluded from the formal GDP.

Future Outlook and 2026 Priorities

As we move into the next phase of our strategy, the focus shifts toward **scaling and optimization**:

1. **Scaling the Loan Book:** Utilizing the K1.47 billion asset base to aggressively but safely grow the commercial lending portfolio, focusing on Corporates, SMEs and housing.
2. **Digital Innovation:** Furthering the use of AI for credit scoring and staff appraisals to drive efficiency and reduce bias.
3. **Regional Integration:** Exploring synergies between the banking and insurance arms to offer bundled products (bancassurance) that provide holistic financial protection for customers.
4. **Capturing Informal Capital:** Targeting the estimated K15 billion currently outside the formal banking system through aggressive financial literacy and outreach programs.



Conclusion

The 2025 results prove that a values-based, member-owned model can successfully transition into a high-performing commercial powerhouse. TISA Group enters 2026 with its strongest-ever foundation, ready to extend the possibilities of wealth creation for all Papua New Guineans.

I thank the TISA Group Board for its counsel and guidance, my executive leadership team and all TISA Group Staff across Papua New Guinea. I also sincerely thank our members and shareholders for your trust and support, that has been the most significant critical success factor for TISA and its group of companies.

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

Executive Management



**Michael Koisen,
OBE ML**
Group Chief
Executive Officer



**Samit Kumar
Bhatnagar**
Chief Information
Officer



**Kumaresh
Chithravelu**
Group Chief
Finance Officer



Luke Kaul
Group Chief
Operating Officer



Philip Hehonah
Chief of Legal &
Company Secretary



John Simango
Chief Executive
Officer TISA
Foundation

Senior Management



**Nitesh K
Mailvarpu**
Group Head of
Financial Control



Isaac Obiero
Head of Financial
Planning & Analysis



**Semisi
Biunaiwai**
Head of Human
Resource



Jennifer Galindo
Head of Audit &
Advisory



**Geoffrey
Ochieng**
Head of
Applications



**Aileen
Watangia**
Head of
Information
Technology

People & Culture

In 2025, the People & Culture function played a critical role in supporting the Bank's strategic transformation by strengthening workforce capability, enabling organisational change, and supporting regulatory and operational readiness.

Total employee headcount increased from **521 as at 1 January 2025 to 629 as at 31 December 2025**, representing a **21% increase** over the year. This growth reflects targeted investment in critical capabilities required to support business expansion, enhanced risk and compliance obligations, and improved customer service delivery.

Staff turnover for the year was **14%**, with **83 employee exits recorded**, remaining within acceptable levels for an organisation undergoing significant transformation.

Change, Culture & Engagement

People & Culture supported the Bank's transformation agenda through the rollout of key change and culture initiatives, including:

- Values reinforcement and behavioural alignment programs
- Buddy and mentorship initiatives
- Wellness initiatives
- A redesigned performance management framework
- Reward and recognition programs

These initiatives were designed to strengthen accountability, embed desired behaviours, and support employee engagement during a period of significant organisational change.

Workforce Capability & Talent Management

During the year, **220 roles were filled**, with recruitment focused on priority areas including retail banking, risk and compliance, information security, and customer experience.

Internal mobility remained an important component of the Bank's talent strategy, with **38 roles (17%) filled through internal movements and promotions**, supporting career development, succession planning, and retention of institutional knowledge. **External hires accounted for 182 roles (83%)**, addressing immediate specialist and regulatory capability requirements.

The Bank continued to invest in early career and capability-building initiatives, alongside targeted training

programs covering technical, compliance, and behavioural skills to support performance, regulatory compliance, and cultural alignment.

Diversity & Inclusion

The Bank remains committed to fostering an inclusive and diverse workplace.

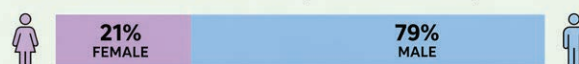
STAFF DEMOGRAPHICS (All Staff)



COMPOSITION:



SENIOR LEADERSHIP (C-Suite and Heads)



Across all leadership roles (C-Suite, Heads, Managers, Supervisors, and Team Leaders), **39% of roles were held by women**. Notably, **55% of internal movements and promotions in 2025 were awarded to female employees**, reinforcing equitable access to development and advancement opportunities.

Looking Ahead

In 2026, the People & Culture function will continue to support the Bank's evolution as a fully operational commercial bank by prioritising leadership development, workforce planning, employee engagement, and data-driven people analytics. These priorities will underpin a resilient, capable, and future-ready workforce aligned with the Bank's strategic objectives

Strategic Reports

Financial Literacy Initiatives

TISA remains deeply committed to advancing financial literacy as a cornerstone of its financial inclusion agenda. The group recognises that true financial empowerment extends beyond access to banking services and requires building the knowledge and confidence of individuals, families, and businesses to make informed financial decisions.

During 2025, TISA continued to invest in financial education through structured community outreach programmes, equipping customers with practical skills in budgeting, savings, responsible borrowing, and long-term financial planning. These initiatives have been instrumental in supporting thousands of Papua New Guineans to better manage their finances and participate more effectively in the formal economy.

The group further strengthened its impact by leveraging partnerships, industry platforms, and community engagements to promote awareness on sustainable investment practices and financial resilience. Through its involvement in national forums and business events, the group has contributed to fostering a broader culture of financial awareness and responsible financial behaviour.

Aligned with its purpose-driven philosophy, the group also integrates financial literacy into its bank with its digital banking initiatives, ensuring customers are equipped to safely and confidently adopt digital financial services. This approach supports greater accessibility, particularly for underserved and rural communities, bridging the gap between financial inclusion and financial capability.

Through these sustained efforts, TISA continues to empower individuals and communities, reinforcing its commitment to building a financially literate, inclusive, and economically resilient Papua New Guinea.





Corporate Governance Statement for the Year Ended 31st December 2025

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 in financial note 1 (*Directors*). 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 Simon Woolcott as Chairman and Con Nikolaou and 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 2025, 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 the 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.

Ernst & Young (EY) was appointed last year as auditor of the Company and its subsidiaries for the financial year ended 31 December 2025.

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 to 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 to 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 2025 include strategic risk, credit risk, liquidity risk, interest rate risk, market risk, operational risk, and compliance risk.

The Board and management realizes 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

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 requires that Directors and employees at all times act with the highest integrity and 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* (Key management personnel remuneration) of the audited financial statement as at 31st December 2025.

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 communications 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 2025, the Society engaged O'Brien's Lawyers and Allens to assist with outsourced legal matters.

**Teachers Savings &
Loan Society Limited
and its Subsidiaries
Financial Statements
For the Year Ended
31 December 2025**



TISA

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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 2025. 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 2025, the Society has recorded a total comprehensive income after taxation of K95,853,956 (2024: K62,193,386). For the year ended 31 December 2025, the Group's total comprehensive income after taxation is K55,942,361 (2024: K21,971,048).

Payments to TISA Members

Additional interest of K21,280,476 will be declared and credited to the members transaction accounts (S10 accounts) for the year ended 31 December 2025 (2024: K24,539,913).

During the year, K7,708,150 (2024: K8,376,017) 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 2025 and to the date of this report were:

Mr. Gabriel Tai (Chairman ceased 30 June 2025)	Director
Dr. Peter Mason (appointed Chairman 30 June 2025)	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	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*.

Auditor

Ernst & Young (EY) was appointed as auditor for the year ended 31 December 2025 (2024: EY). 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 (2024: Nil).

Signed at Port Moresby, NCD this 30 day of March 2026.

Signed in accordance with a resolution of the Directors.



Mr. Peter Mason
Director



Mr. Michael O Koisen, OBE ML
Director



Gabriel Tai

Chairman
(Chairman ceased 30 June 2025)



Dr. Peter Mason

Director
(Appointed Chairman 30 June 2025)



**Michael O. Koisen,
OBE ML**

Director



Stephen Woodhouse

Director



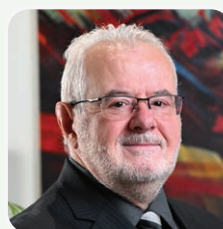
Lucy Sabo-Kelis

Director



Simon Woolcott

Director



Con Nikolaou

Director

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 2025.
- 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 2025.
- 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 2025.
- 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 2025.
- 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 March 2026.

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



Mr Peter Mason
Director



Mr. Michael O Koisen, OBE ML
Director

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 (the Company) and its Subsidiary Companies (collectively the "Group"), which comprises:

- a) The Group consolidated and Company statements of financial position as at 31 December 2025,
- 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 Company and Group is in accordance with the *Companies Act 1997*, including:

- a) giving a true and fair view of the Company and Group's financial position as at 31 December 2025 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 Company and 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.

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.



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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 Company and 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 Company and 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 and the Group 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 Company and 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 Company and 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



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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 Company and 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 Company and 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

Ernst & Young

M Savage

Matthew Savage
Partner

Registered under the Accountants Act 1996
Port Moresby this 30th day of March 2026

Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	Group 2025 K	Group 2024 K	Society 2025 K	Society 2024 K
Interest and similar income	8.1	95,236,824	103,179,964	55,033,601	82,993,592
Interest expense	8.2	(15,913,959)	(15,690,684)	(8,010,181)	(10,145,158)
Net interest income		79,322,865	87,489,280	47,023,420	72,848,434
Insurance revenue	7.a	223,015,078	162,303,765	-	-
Insurance service expenses	7.a	(168,834,908)	(302,189,510)	-	-
Insurance service result from issued insurance contracts		54,180,170	(139,885,745)	-	-
Insurance service result from reinsurance contract held	7.a	(32,326,046)	115,976,789	-	-
Rental and other related income	16	8,568,637	11,407,976	-	-
Dividend income		20,426,778	18,706,409	16,112,474	16,439,938
Change in fair value of financial assets	11	127,242,353	59,969,785	117,647,477	48,349,565
Change in fair value of investment properties	16	(4,469,859)	(9,204,831)	-	-
Other income	8.3	7,766,957	6,871,224	8,642,268	10,269,082
Total other income		159,534,866	87,750,563	142,402,219	75,058,585
Total income		260,711,855	151,330,887	189,425,638	147,907,019
Impairment losses on loans	9	(23,975,523)	(29,654,329)	(5,873,274)	(18,771,953)
Operating expenses	10	(177,645,595)	(106,325,209)	(86,312,027)	(66,941,680)
Total expenses		(201,621,118)	(135,979,538)	(92,185,301)	(85,713,633)
Profit from operation		59,090,737	15,351,349	97,240,337	62,193,386
Income tax benefit/ (expense)	24.1	(3,148,565)	7,343,627	-	-
Profit for the year after taxation		55,942,171	22,694,976	97,240,337	62,193,386
Other comprehensive (loss)/income					
Foreign currency translation reserve		1,386,571	(723,928)	-	-
Asset revaluations gains/(losses)	17	(1,386,381)	-	(1,386,381)	-
Total comprehensive income for the year after taxation		55,942,361	21,971,048	95,853,956	62,193,386
Profit for the year attributable to:					
- Members of TISA		58,322,184	32,146,786	97,240,337	62,193,386
- Non-controlling interests		(2,380,013)	(9,451,810)	-	-
		55,942,171	22,694,976	97,240,337	62,193,386
Total comprehensive income attributable to:					
- Members of TISA		57,975,732	31,740,518	95,853,956	62,193,386
- Non-controlling interests	15.c	(2,033,371)	(9,769,470)	-	-
		55,942,361	21,971,048	95,853,956	62,193,386

The notes on pages 31 to 74 are an integral part of these financial statements.

Statement of Financial Position

AS AT 31 DECEMBER 2025

Assets

	Note	Group 2025 K	Group 2024 K	Society 2025 K	Society 2024 K
Cash and cash equivalents	12	192,778,833	198,032,921	86,056,236	51,204,839
Interest bearing deposits	12	27,181,607	18,968,248	-	-
Net loans to members and customers	13	338,686,789	343,963,823	149,209,512	285,284,041
Rental and other receivables	14	28,820,937	27,615,787	170,941,720	163,255,627
Reinsurance contract assets	7.a	-	138,930,144	-	-
Other financial assets	15	509,665,620	288,345,670	306,338,431	208,573,951
Investment in subsidiaries	15.c	-	-	276,637,640	242,890,980
Investment properties	16	168,579,129	170,147,174	-	-
Property and equipment	17	124,186,385	102,461,408	22,377,863	21,210,504
Capital work in progress	18	17,761,707	39,149,368	1,347,860	17,800,219
Intangibles	19	28,713,684	35,306,586	1,446,129	2,090,633
Current tax assets	24	6,077,190	15,021,227	-	-
Deferred tax assets	24	25,081,093	12,379,985	-	-
Total assets		1,467,532,974	1,390,322,341	1,014,355,391	992,310,794

Liabilities

	Note	Group 2025 K	Group 2024 K	Society 2025 K	Society 2024 K
Savings and deposits	20	621,277,509	453,029,003	322,624,678	369,964,817
Insurance contract liabilities	7.a	138,604,097	273,855,044	-	-
Creditors and accruals	21	47,352,720	51,642,530	33,770,828	37,837,032
Lease liabilities	22	12,046,874	18,388,175	3,659,435	5,011,557
Employee provisions	23	14,174,374	8,037,296	9,082,721	5,593,704
Reinsurance contract liabilities	7.a	17,145,848	-	-	-
Total liabilities		850,601,422	804,952,048	369,137,662	418,407,110
Net assets		616,931,552	585,370,293	645,217,729	573,903,684

Equity

	Note	Group 2025 K	Group 2024 K	Society 2025 K	Society 2024 K
Members capital	25	66,217	66,217	66,217	66,217
Asset revaluation reserve	26	3,714,593	5,100,974	3,192,599	4,578,980
General reserve	27	33,534,306	33,534,306	33,534,306	33,534,306
Currency translation reserve		687,217	(352,711)	-	-
Additional interest reserve	28	86,320,048	89,579,484	86,320,048	89,579,484
Other reserve	29	(1,832,515)	-	-	-
Retained earnings		472,320,929	435,120,410	522,104,558	446,144,697
Equity attributable to TISA members		594,810,795	563,048,680	645,217,728	573,903,684
Non-controlling interest	15.c	22,120,757	22,321,613	-	-
Total equity		616,931,552	585,370,293	645,217,728	573,903,684

The notes on pages 31 to 74 are an integral part of these financial statements.

Statement of Changes of Equity

FOR THE YEAR ENDED 31 DECEMBER 2025

Group

	Note	Members Capital K	Asset Revaluation Reserve K	General Reserve Fund K	Foreign Currency Translation Reserve K	Additional Interest Reserve K	Other Reserve K	Retained Earnings K	Total Equity Attributable to Members of the Parent K	Non- Controlling Interest K	Total K
As at 1 January 2024		66,217	5,100,974	33,534,306	53,557	83,042,612	-	434,193,519	555,991,185	32,091,083	588,082,268
Profit for the year after taxation		-	-	-	-	-	-	32,146,786	32,146,786	(9,451,810)	22,694,976
Other comprehensive (loss)/income		-	-	-	(406,268)	-	-	-	(406,268)	(317,660)	(723,928)
Total comprehensive income		-	-	-	(406,268)	-	-	32,146,786	31,740,518	(9,769,470)	21,971,048
Additional interest paid	28	-	-	-	-	(24,292,507)	-	-	(24,292,507)	-	(24,292,507)
Transfer to additional interest reserve	28	-	-	-	-	30,829,379	-	(30,829,379)	-	-	-
Other adjustment		-	-	-	-	-	-	(390,516)	(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	563,048,680	22,321,613	585,370,293
As at 1 January 2025		66,217	5,100,974	33,534,306	(352,711)	89,579,484	-	435,120,410	563,048,680	22,321,613	585,370,293
Profit for the year after taxation		-	-	-	-	-	-	58,322,184	58,322,184	(2,380,013)	55,942,171
Other comprehensive (loss)/income		-	(1,386,381)	-	1,039,928	-	-	-	(346,453)	346,642	189
Total comprehensive income		-	(1,386,381)	1,039,928	-	-	58,322,184	57,975,732	(2,033,371)	55,942,360	
Additional investment in subsidiary		-	-	-	-	-	(1,832,515)	-	(1,832,515)	1,832,515	-
Additional interest paid		-	-	-	-	(24,539,912)	-	-	(24,539,912)	-	(24,539,912)
Transfer to additional interest reserve		-	-	-	-	21,280,476	-	(21,280,476)	-	-	-
Other adjustments		-	-	-	-	-	-	158,811	158,811	-	158,811
As at 31 December 2025		66,217	3,714,593	33,534,306	687,217	86,320,048	(1,832,515)	472,320,929	594,810,795	22,120,757	616,931,552

The notes on pages 31 to 74 are an integral part of these financial statements.

Statement of Changes of Equity

FOR THE YEAR ENDED 31 DECEMBER 2025

Society

	Note	Share Capital K	Asset revaluation reserve K	General reserve K	Additional interest reserve K	Retained earnings K	Total equity K
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 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
As at 1 January 2025		66,217	4,578,980	33,534,306	89,579,484	446,144,697	573,903,684
Profit for the year after taxation		-	-	-	-	97,240,337	97,240,337
Other comprehensive (loss)/income		-	(1,386,381)	-	-	-	(1,386,381)
Total comprehensive income		-	(1,386,381)	-	-	97,240,337	95,853,956
Additional interest paid	28	-	-	-	(24,539,912)	-	(24,539,912)
Transfer to additional interest reserve	28	-	-	-	21,280,476	(21,280,476)	-
As at 31 December 2025		66,217	3,192,599	33,534,306	86,320,048	522,104,558	645,217,728

The notes on pages 31 to 74 are an integral part of these financial statements.

Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	Group 2025 K	Group 2024 K	Society 2025 K	Society 2024 K
Cash flows from operating activities					
Premiums received		229,456,606	185,094,459	-	-
Commission payments		(31,670,956)	(25,990,457)	-	-
Claims paid		(285,582,466)	(66,083,055)	-	-
Attributable expenses		(15,652,107)	(14,503,260)	-	-
Reinsurance recoveries		166,123,788	6,379,401	-	-
Reinsurance expense		(42,373,842)	(40,521,767)	-	-
Reinsurance commission		-	-	-	-
Net rental and other income		9,568,637	6,533,777	956,175	35,867,132
Interest received on loans		92,899,905	98,813,020	53,008,853	80,862,494
Interest received on IBDs and debt securities		2,336,918	3,364,088	2,024,748	2,131,098
Dividends received		20,426,778	18,706,409	16,112,474	16,439,938
Net loans to members		(24,258,100)	(34,361,905)	130,201,255	12,266,562
Net savings deposited/(withdrawn)		143,956,000	4,157,547	(47,340,139)	(35,860,712)
Interest paid		(16,748,429)	(15,690,684)	(8,010,181)	(10,145,158)
Payments to employees and suppliers		(40,068,041)	(47,399,441)	(56,312,398)	(85,687,074)
Income taxes paid		(6,328,686)	(9,749,015)	-	-
Net cash flow from operating activities		203,477,513	68,749,117	90,640,786	15,874,280
Cash flows from investing activities					
Net proceeds/(purchase) of interest-bearing deposits		(8,213,359)	931,317	-	-
Net sale/(Purchase) of Government Securities		(92,702,193)	22,151,514	19,882,998	(2,836,492)
Net cash on other financial assets	15	(1,000,000)	(9,229,178)	-	5,672,984
Acquisition of CIG subsidiary net of cash		-	646,000	-	-
Capital infusion to subsidiary		-	-	(34,746,660)	-
Payments for investment property, property, and equipment		(76,276,047)	(46,990,834)	(14,152,481)	(14,020,847)
Net cash flow used investing activities		(178,191,599)	(32,491,181)	(29,016,143)	(11,184,355)
Cash flows from financing activities					
Lease payments	22	(6,000,090)	(3,273,470)	(2,233,335)	527,912
Additional Interest payment		(24,539,912)	(24,292,506)	(24,539,912)	(24,292,506)
Net cash flow used in financing activities		(30,540,002)	(27,565,976)	(26,773,247)	(23,292,506)
Net change in cash and cash equivalents		(5,254,088)	8,691,961	34,851,397	(19,074,669)
Cash and cash equivalents at the beginning of the year		198,032,921	189,340,960	51,204,839	70,279,508
Cash and cash equivalents at the end of the year	12	192,778,833	198,032,921	86,056,236	51,204,839

The notes on pages 31 to 74 are an integral part of these financial statements.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2025

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 2025 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 March 2026.

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 present 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 and more than 12 months after the reporting date 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 22 Lease Liability
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.

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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.

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(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 apply 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. The actuary has used the Treasury Bill and Bond Top Rates as published by the Bank of Papua New Guinea with an adjustment for an Illiquidity Premium (ILP) of 0.35% (2024: 0.35%).

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.

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(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.

(xvii) Recognition of Deferred Tax Assets on Tax Losses

The recognition of deferred tax assets in respect of carried forward tax losses requires significant judgement and estimation. In applying the requirements of IAS 12 Income Taxes, management has assessed whether it is probable that sufficient future taxable profits will be available to utilize the tax losses.

At the reporting date, the Group has recognized deferred tax assets on a portion of its tax losses. The recognized amount reflects the level of taxable profits that management considers probable based on current forecasts, while the remaining losses have not been recognized due to uncertainty regarding their recoverability.

This assessment involves the use of estimates and assumptions, including:

- Forecast taxable profits based on Board-approved business plans;
- The expected timing and sustainability of future profitability;
- The continuation of recent improvements in operating performance;
- The generation of income from diversified and sustainable revenue streams; and
- The availability and feasibility of tax planning strategies to support utilization of losses.

Management has also considered the impact of external factors, including changes in the regulatory and tax environment, and has ensured that assumptions used are consistent with other areas of the financial statements.

There is inherent uncertainty in forecasting future taxable profits, particularly over longer forecast periods. Accordingly, the actual utilization of tax losses may differ from current expectations. Management has performed sensitivity analysis on key assumptions and determined that the recognized portion of the deferred tax asset remains appropriate under reasonably possible changes in those assumptions.

If future taxable profits are lower than currently forecast, this could result in a reduction in the carrying amount of the deferred tax asset. Conversely, if future taxable profits exceed current expectations, additional deferred tax assets may be recognized in future periods.

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 2025:

- Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments

On 30 May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

- Clarifications of the requirements for recognition and derecognition of financial assets and liabilities
- A clarification that a financial liability is derecognised on the 'settlement date' and introduce an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date

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- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed
- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI)

The Amendments are effective for annual periods starting on or after 1 January 2026. With respect to the amendments on the derecognition of financial liabilities that are settled through an electronic payment system, the Group has performed an assessment of all material electronic payment systems used in the various jurisdictions it operates.

Most of the electronic settlement systems used by the Group result in real-time settlement. There is a limited number of electronic settlement systems used by the Group that do not result in real-time settlement. For those, the Group has been derecognising the financial liability, and the associated cash, at the time of submitting the payment instructions. In line with the amendments, the Group will change this current practice to derecognising the financial liability and the associated cash when the payment has reached the beneficiary, which is when the obligation is discharged. However, given the limited number of such electronic settlement systems used by the Group, and the low value of payments involved, the amendments are not expected to have a material impact.

The Group has determined that it will not apply the accounting policy option to derecognise financial liabilities before the settlement date. Moreover, the Group has also reviewed its other payment systems (such as cheques, credit cards, debit cards) and concluded that the recognition and derecognition policies are already in line with the amendments.

In addition, the Group has assessed the impact of the Amendments on its financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features, as well as on non-recourse financing and contractually linked instruments. Based on the assessments performed, the amendments in these areas are not expected to have a material impact on the financial statements.

- IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. There are specific presentation requirements and options for entities that have specified main business activities (either providing finance to customers or investing in specific type of assets, or both).

The standard requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and it also includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

The Group is currently working to identify the impacts the standard will have on the primary financial statements and notes to the financial statements. The Group considers its main business activities to include the provision of financing to customers and investing in financial assets. In accordance with IFRS 18, some of the income and expenses related to those activities are classified in the operating category, as an exception to the general requirements that would otherwise have resulted in their classification in the investing or financing categories. The initial expected material impacts of IFRS 18 on the Group's financial statements are, as follows:

- Income and expenses from the following will be classified in the operating category within the statement of profit or loss: (a) cash and cash equivalents; (b) liabilities from transactions that involve only the raising of finance; (c) generally, assets invested in as part of the Group's main business activity of investing in financial assets that generate a return individually and largely independently of the Group's other resources
- Foreign exchange differences will be classified in the same category as the related income and expense giving rise to the foreign exchange difference, with some exceptions.
- Gains and losses on hedging instruments, including those not designated as such, but used to manage exposure to identified risks, will be classified in the same category as the income and expenses relating to the risk being covered, with some exceptions.
- For the statement of cash flows, the 'operating profit' subtotal will be used as the starting point for determining cash flows from operating activities. Furthermore, the classification of the total cash flows from all dividends received, all interest paid and all interest received will each, respectively, be classified in a single category in the statement of cash flows following the classification of the related income and expenses in the statement of profit or loss.
- New disclosures will be added for: (a) management-defined performance measures; (b) specified expenses by nature if expenses are presented by function in the operating category of the statement of profit or loss;
- A reconciliation for each line item in the statement of profit or loss between the restated amounts presented applying IFRS 18, and the amounts previously presented applying IAS 1

The adoption of these amendments to standards has not had any material impact on the disclosures or on the amounts reported in these financial statements.

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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 2025 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.

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 2025 results.

Investment in subsidiaries

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

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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. 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. iv. 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:

- 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.

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(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.

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 contracts 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: ² 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.

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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.

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

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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.

On initial recognition of each group of contracts, the carrying amount of the LfRC is measured as the premiums received on initial recognition. 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.

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, less any insurance acquisition cash flows allocated to the group at that date.

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.

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.

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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.

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.

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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:

- 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. 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 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 assets 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.

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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.

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.

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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 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.

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.

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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.

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

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.

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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.

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

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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.

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.

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(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, and any other costs directly attributable to bringing 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.

(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.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2025

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.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2025

7. Insurance contracts issued, and reinsurance contracts held

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

	Group	
	2025 K	2024 K
Insurance Contracts		
Insurance contracts assets	-	-
Insurance contract liabilities	(138,610,355)	(273,855,044)
Net Insurance contract assets/(liabilities)	(138,610,355)	(273,855,044)
Reinsurance Contracts		
Reinsurance contracts assets	-	138,930,144
Reinsurance contract liabilities	(17,145,848)	-
Net Reinsurance contract assets/(liabilities)	(17,145,848)	138,930,144

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.

Insurance Contracts: Analysis by liabilities for remaining coverage and liabilities for incurred claims 2025

	Liability for remaining coverage			Liability for incurred claims			Insurance contract liability (asset)	
	Excluding loss component	Loss component	Total	Estimated PV of future cash flows	Risk Adjustment	Total	Total	Total
Net insurance contract liabilities – 1 January	33,217,320	4,717,644	37,934,964	228,287,014	7,633,066	235,920,080	-	273,855,045
Changes in the statement of comprehensive income								
Insurance Revenue	(223,015,078)	-	(223,015,078)	-	-	-	-	(223,015,078)
Insurance service expenses:								
Incurred claims and other expenses	-	-	-	111,756,273	4,238,827	115,995,100	-	115,995,100
Amortisation of insurance acquisition cash flows	29,951,395	-	29,951,395	-	-	-	-	29,951,395
Changes that relate to past service	-	-	-	26,166,280	-	26,166,280	-	26,166,280
Losses on onerous contracts and reversals of those losses	-	(890,479)	(890,479)	-	-	-	-	(890,479)
Insurance service result	(193,063,683)	(890,479)	(193,954,162)	137,922,553	4,238,827	142,161,380	-	(51,792,782)
Finance income/expenses from insurance contracts	-	-	-	3,437,301	-	3,437,301	-	3,437,301
Amounts recognised in profit or loss & OCI	(193,063,683)	(890,479)	(193,954,162)	141,359,854	4,238,827	145,598,681	-	(48,355,481)
Premiums received (including premium refunds)	229,939,682	-	229,939,682	-	-	-	-	229,939,682
Insurance acquisition cash flows	(31,670,956)	-	(31,670,956)	-	-	-	-	(31,670,956)
Claims and other expenses paid	-	-	-	(285,164,193)	-	(285,164,193)	-	(285,164,193)
Total cash flows	198,268,726	-	198,268,726	(285,164,193)	-	(285,164,193)	-	(86,895,467)
Net insurance contract liabilities – 31 December	38,422,363	3,827,165	42,249,529	84,482,675	11,871,893	96,354,568	-	138,604,097

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

	Liability for remaining coverage			Liability for incurred claims			Insurance contract liability (asset)	
	Excluding loss component	Loss component	Total	Estimated PV of future cash flows	Risk Adjustment	Total	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

Reinsurance Contracts: Analysis by liabilities for remaining coverage and liabilities for incurred claims 2025

	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	Total	
Net reinsurance contract assets – 1 January	(27,635,161)	-	(27,635,161)	166,565,305	-	166,565,305	138,930,144	
Changes in the statement of comprehensive income								
Allocation of reinsurance premium paid	(42,485,637)	-	(42,485,637)	-	-	-	(42,485,637)	
Amounts recoverable from reinsurers:								
Recoveries of incurred claims and other insurance service expenses	-	-	-	5,118,206	748,383	5,866,589	5,866,589	
Net income (expense) from reinsurance contracts held	(42,485,637)	-	(42,485,637)	5,118,206	748,383	5,866,589	(36,619,048)	
Finance income/expenses from reinsurance contracts held	-	-	-	4,293,002	-	4,293,002	4,293,002	
Amounts recognised in profit or loss	(42,485,637)	-	(42,485,637)	9,411,208	748,383	10,159,591	(32,326,046)	
Premiums paid	42,373,842	-	42,373,842	-	-	-	42,373,842	
Amounts recovered	-	-	-	(166,123,788)	-	(166,123,788)	(166,123,788)	
Total cash flows	42,373,842	-	42,373,842	(166,123,788)	-	(166,123,788)	(123,749,946)	
Net reinsurance contract liabilities – 31 December	(27,746,956)	-	(27,746,956)	9,852,725	748,383	10,601,108	(17,145,848)	

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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 asset – 31 December	(27,635,161)	-	(27,635,161)	166,565,305	-	166,565,305	138,930,144

b) Claims development

The following tables show the estimates of net 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 considers 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 2025 – PGK'000	2021	2022	2023	2024	2025	Total
Ultimate Claims Incurred						
At end of accident year	39,767	42,594	54,222	89,772	93,688	-
One year later	39,272	42,837	77,011	159,177	-	-
Two years later	34,910	43,875	75,830	-	-	-
Three years later	40,092	44,766	-	-	-	-
Four years later	37,558	-	-	-	-	-
	37,558	44,766	75,830	159,177	93,688	411,019
Cumulative Claims						
Payment to date	36,748	43,822	74,426	122,423	52,514	329,934
Cumulative Liability	809	944	1,403	36,755	41,174	81,085
Cumulative Liability prior to AY 2021						1,301
Case Reserves prior to AY 2021						588
Best Estimate of Liabilities for Incurred Claims						82,974
Claim Handling Expenses						1,689
Diversified Risk Adjustment						11,972
Net undiscounted claims estimate						96,635
Effect of discounting						(10,882)
Net liabilities for incurred claims						85,753

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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 2025 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

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)

	Sensitivity %	Profit (loss) / Equity			
		Gross 2025 PGK (000)	Gross 2024 PGK (000)	Net 2025 PGK (000)	Net 2024 PGK (000)
Ultimate Loss Ratio	5	(2,757,290)	(21,723)	(1,961,179)	(18,936)
	-5	2,267,949	14,523	1,942,230	13,237
Loss Development Factor	5	(15,642,078)	(10,662)	(7,270,828)	(9,737)
	-5	3,397,548	7,200	46,139	6,989
Claims Handling Expenses	1	(257,689)	(665)	(257,684)	(665)
	-1	257,689	660	257,684	660

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8. Net interest income

8.1. Interest income and similar income

	Group 2025 K	Group 2024 K	Society 2025 K	Society 2024 K
Loans	92,899,905	99,815,876	53,008,853	80,862,494
IBDs and debt securities	2,919,244	3,364,088	2,024,748	2,131,098
	95,819,149	103,179,964	55,033,601	82,993,592

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 2025 K	Group 2024 K	Society 2025 K	Society 2024 K
Members and customers' savings	(14,872,765)	(12,804,343)	(7,708,150)	(8,376,017)
Interest expense lease liability (Note 22)	(1,041,194)	(2,886,341)	(302,031)	(1,769,141)
Total interest expense before interest distribution from additional interest reserves	(15,913,959)	(15,690,684)	(8,010,181)	(10,145,158)
Additional interest distribution made from additional interest reserves	(24,539,912)	(24,292,506)	(24,539,912)	(24,292,506)
Total interest	(40,453,871)	(39,983,190)	(32,550,093)	(34,437,664)
Total interest credited and distributed to members	(39,412,677)	(37,096,849)	(32,248,062)	(32,668,523)

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: K7,708,150 (2024: K8,376,017) and Group: K15,455,090 (2024: K12,804,343). An additional interest expense of 7% on members General Savings of K21,280,476 (2024: K24,539,913) will credited to members' savings in TISA Bank out of the additional interest reserve (refer Note 28). This has been proposed to be paid, however, has not been approved for distribution as at 31 December 2025.

8.3. Other income

	Group 2025 K	Group 2024 K	Society 2025 K	Society 2024 K
Loan processing and account administration fees	6,875,493	5,505,314	2,712,246	3,760,929
Tisa and LPI insurance commission, and other income	891,464	1,365,910	5,930,022	6,508,153
Total other income	7,766,957	6,871,224	8,642,268	10,269,082

*LPI: Lender – placed Insurance

9. Impairment losses on loans

	Group 2025 K	Group 2024 K	Society 2025 K	Society 2024 K
Impairment on loans to members and customers at amortised cost (Note 13)	(23,975,523)	(29,654,329)	(5,873,274)	(18,771,953)
	(23,975,523)	(29,654,329)	(5,873,274)	(18,771,953)

Notes to the Financial Statements

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10. Operating expenses

	Group 2025 K	Group 2024 K	Society 2025 K	Society 2024 K
Labour charges	68,946,769	40,446,361	44,096,198	32,547,910
General and administrative expenses	46,143,044	32,051,022	20,742,233	12,445,435
Depreciation and amortisation	18,351,577	8,251,828	6,423,285	5,442,699
Advertising and promotion	6,344,674	3,418,687	538,568	2,578,035
Consulting	7,211,580	2,731,929	3,088,314	2,693,357
Data processing expenses	4,314,849	2,722,874	2,724,020	2,673,281
Travel, airfare and accommodation	5,392,366	2,404,209	1,503,596	1,898,070
Board fees and allowances	2,224,756	2,319,655	699,435	699,824
Repair and maintenance	4,934,557	2,163,676	316,387	521,209
Electricity	2,843,945	1,886,504	585,681	737,606
Insurance	1,910,895	1,398,452	720,934	703,135
Security costs	1,883,949	1,120,335	1,150,366	828,102
Rates and taxes	834,164	1,025,440	258,368	225,666
Other expenses	6,308,470	4,384,237	3,464,642	2,947,351
Total operating expenses	177,645,595	106,325,209	86,312,027	66,941,680

Represented by:

	K	K
Insurance service expenses	30,935,967	21,471,494
Other operating expenses	146,709,628	84,853,715
	177,645,595	106,325,209

11. Changes in fair value of financial assets

	Group 2025 K	Group 2024 K	Society 2025 K	Society 2024 K
Bank of South Pacific	14,197,764	17,150,488	5,851,295	7,801,727
Credit Corporation (PNG) Limited	113,814,453	41,276,838	111,796,182	40,547,838
Other investments	(769,864)	1,542,459	-	-
	127,242,353	59,969,785	117,647,477	48,349,565

12. Cash and cash equivalents and interest-bearing deposits (IBD)

Cash and cash equivalents	Group 2025 K	Group 2024 K	Society 2025 K	Society 2024 K
Cash on hand and at bank	192,694,997	166,382,404	85,972,399	20,740,066
IBDs below 3 months	83,837	31,650,517	83,837	30,464,773
Total cash and cash equivalents	192,778,833	1,542,459	86,056,236	51,204,839
IBDs above 3 months	27,181,607	18,968,248	-	-

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 and TISA Bank with the main operating account used for general administration and loan payments to members.

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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 4% 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 2025 K	Group 2024 K	Society 2025 K	Society 2024 K
Loans receivables from members and customers				
Loan Receivable – Expected recovery within 12 months of reporting date	71,140,949	38,184,652	38,747,124	21,723,206
Loan Receivable – Expected recovery after 12 months of reporting date	336,221,925	368,927,764	147,636,001	303,194,531
Total Loan Receivable	407,362,874	407,112,416	186,383,125	324,917,737
ECL allowance for impairment losses	(68,676,085)	(63,148,593)	(37,173,613)	(39,633,696)
Net loans to member and customers	338,686,789	343,963,823	149,209,512	285,284,041

Allowance for impairment losses

	Group 2025 K	Group 2024 K	Society 2025 K	Society 2024 K
Opening balance	63,148,593	37,774,367	39,633,696	21,195,003
Increase in provisions	23,975,523	29,654,329	5,873,274	18,771,953
Bad debts recovered/ (written off)	(18,540,021)	(4,280,103)	(8,333,357)	(333,260)
Closing balance	68,676,085	63,148,593	37,173,613	39,633,696

14. Rental and other receivables

Rental and other receivables	Group 2025 K	Group 2024 K	Society 2025 K	Society 2024 K
Rental debtors and bonds	8,033,427	11,532,882	2,494,714	3,321,445
Less: Allowance for doubtful debts	(439,623)	(439,623)	(34,589)	(34,589)
Net rental debtors	7,593,804	11,093,259	2,460,125	3,286,856
Other debtors *	12,040,823	9,039,609	164,709,179	156,367,259
Less: Allowance for other debtors	-	-	-	-
Net other debtors	12,040,823	9,039,609	164,709,179	156,347,172
Prepayments	9,186,310	7,482,919	3,772,416	3,601,512
Interest receivable	-	-	-	-
Subtotal prepayments, interest, and member receivables	9,186,310	7,482,919	2,772,416	3,601,512
Total rental and other receivables	28,820,937	27,615,787	170,941,720	163,255,627

* Other debtors of Society comprised of intercompany receivable from TPL and TIL to the parent TISA. The receivable balance as of 31 December 2025 for TPL is K145,004,594 (2024: K142,211,012), TIL is K7,845,636 (2024: K6,743,795), TISA Bank is K7,845,636 (2024: Nil) and other sundry debtors is K5,564,395 (2024: K7,412,452).

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15. Other financial assets

Other financial assets	Group 2025 K	Group 2024 K	Society 2025 K	Society 2024 K
Quoted shares (note 15.a)	355,856,486	226,398,729	299,087,307	181,439,830
Unquoted shares (note 15.b)	1,873,300	873,300	-	-
Government debt securities (note 15.d)	151,935,834	61,073,641	7,251,124	27,134,121
Total other financial assets	509,665,620	288,345,670	306,338,431	208,573,951

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 2025 K	Group 2024 K	Society 2025 K	Society 2024 K
BSP Financial Group Limited				
Opening balance, 1 January	60,844,945	35,648,059	25,041,026	17,239,299
Acquired (Disposed) during the year	-	8,046,398	-	-
Fair value gain from change in net market value	14,197,764	17,150,488	5,851,295	7,801,727
Valuation 2025	75,042,709	60,844,945	30,892,321	25,041,026
Credit Corporation (PNG) Limited				
Opening balance, 1 January	159,233,804	117,956,966	156,398,804	115,850,966
Acquired (Disposed) during the year	-	-	-	-
Fair value gain from change in net market value	113,814,453	41,276,838	111,796,182	40,547,838
Valuation 2025	273,048,257	159,233,804	268,194,986	156,398,804
City Pharmacy Limited (CIG)				
Opening balance, 1 January	435,000	510,000	-	-
Fair value (loss) from change in net market value	52,500	(75,000)	-	-
Valuation 2025	487,500	435,000	-	-
Kina Asset Management Limited (CIG)				
Opening balance, 1 January	3,145,076	1,803,611	-	-
Acquired during the year through dividend re-investment plan	308,420	-	-	-
Fair value gain from change in net market value	783,200	1,341,465	-	-
Valuation 2025	4,236,696	3,145,076	-	-
Kina Securities Limited (CIG)				
Opening balance, 1 January	2,400,000	1,875,000	-	-
Fair value gain from change in net market value	457,500	525,000	-	-
Valuation 2025	2,857,500	2,400,000	-	-
Fiji TY Ltd (CIG)				
Opening balance, 1 January	339,904	446,049	-	-
Fair value (loss) from change in net market value	(156,080)	(106,145)	-	-
Valuation 2025	183,824	339,904	-	-
Total quoted shares	355,856,486	226,398,729	299,087,307	181,439,830

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15.b Unquoted shares

Unquoted Shares	Group 2025 K	Group 2024 K	Society 2025 K	Society 2024 K
Credit & Data Bureau Limited	33,300	33,300	-	-
PNG Air (erstwhile Airlines PNG)	1,840,000	840,000	-	-
Total	1,873,300	873,300	-	-

During the year, a total of K36,630 (2024: K36,630) dividend was received from Credit & Data Bureau Limited.

15.c Investment in subsidiaries

The Society holds controlling stakes in subsidiaries as follows:

Entity	Nature of Business	2025 K	2024 K	2025 % Holding	2024 % 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	44,411,836	10,665,176	100%	100%
Capital Insurance Group Limited	Insurance	-	-	75.00%	56.12%
Total		276,637,640	242,890,980		

*The Investment in CIG is held by TISA Investments Limited. The non-controlling interest, 25% is determined to be K22,120,757 as at 31 December 2025 (2024: 43.88% - K22,321,613). The balance is comprised of:

Reconciliation of non-controlling interest at consolidated level	Group 2025 K	Group 2024 K
Opening non-controlling interest	22,321,613	32,028,732
Movement in non-controlling interest	1,832,515	-
Total comprehensive income attributable to non-controlling interest	(2,033,371)	(9,769,470)
Non-controlling interest at the end of the year	22,120,757	22,321,613

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 2025 K	Group 2024 K	Society 2025 K	Society 2024 K
Treasury and central bank bill – amortised cost	144,691,460	53,924,120	6,750	19,984,600
Inscribed stock – face value on maturity	7,000,000	7,000,000	7,000,000	7,000,000
Net (discount)/premium on Inscribed Stock	244,374	149,521	244,374	149,521
Total government debt securities	151,935,834	61,073,641	7,251,124	27,134,121

Investments in Government Inscribed Stock bear interest varying between 3% - 7.9% per annum (2024: 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 (2024: 2% per annum). Interest receivables have been recorded in Note 14.

Notes to the Financial Statements

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16. Investment properties

Properties	Fair Value 31-Dec-24 K	Additions/(Disposal) Transfer K	Gain/(loss) K	Fair Value 31-Dec-25 K
Tisa Haus, Lae	4,288,000	-	214,400	4,502,400
Tisa Haus, Madang	2,067,000	18,500	(170,225)	1,915,275
Kouaka Place, Gordons	7,846,000	253,542	373,879	8,473,421
Land adjacent to NDB, Waigani	22,050,000	-	1,102,500	23,152,500
Land adjacent to TISA, Waigani (Note 18)	125,000,000	1,243,083	(5,583,404)	120,659,679
Lot 5, Section 10, Alotau	8,896,174	-	599,680	9,495,854
Buka	-	900,000	(520,000)	380,000
Total	170,147,174	2,415,125	(3,983,170)	168,579,129

The Group engaged 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 method 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 has 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 rental rates.

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

	Group 2025 K	Group 2024 K	Society 2025 K	Society 2024 K
Rental income and other property related income	8,583,892	11,407,976	-	-
Operating expenses	(5,580,726)	(2,089,046)	-	-
Profit from investment properties	3,003,166	9,318,930	-	-

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FOR THE YEAR ENDED 31 DECEMBER 2025

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 2025	34,788,428	60,257,400	14,744,645	11,593,334	9,820,480	7,830,124	139,034,411
Additions	8,672,913	4,163,083	8,959,681	11,135,294	4,303,995	11,709,931	52,072,248
Disposals/Adjustments	(28,871,166)	(2,880,374)	(2,126,925)	(1,845,984)	(1,074,418)	(1,112,918)	(37,911,785)
Balance at 31 December 2025	14,590,175	61,540,109	21,577,401	20,882,644	13,050,057	18,427,137	150,067,523
Accumulated depreciation and impairment losses							
Balance at 1 January 2025	16,653,902	1,613,589	4,736,360	6,055,034	5,128,863	2,385,254	36,573,003
Depreciation for the year	5,617,060	850,539	1,176,658	2,310,094	1,073,071	885,421	11,912,843
Disposals/Adjustments	(18,756,397)	(407,926)	(589,515)	(664,278)	(715,509)	(1,471,083)	(22,604,708)
Balance at 31 December 2025	3,514,565	2,056,202	5,323,503	7,700,850	5,486,425	1,799,592	25,881,138
Carrying amounts at 31 December 2025	11,075,610	59,483,907	16,253,898	13,181,794	7,563,631	16,627,545	124,186,385

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

Society

	ROU-Asset K	Land & buildings K	Furniture & fittings K	Office equipment K	Motor vehicles K	Others K	Total K
Cost or valuation							
At 1 January 2025	16,271,533	8,262,400	3,984,867	9,345,327	6,179,573	1,886,077	45,929,777
Additions	5,227,221	-	310,129	9,915,125	1,131,030	167,216	16,750,721
Disposals/Adjustments	(16,271,533)	(3,012,400)	(1,917,449)	(1,845,984)	(986,709)	(1,393,028)	(25,427,102)
At 31 December 2025	5,227,221	5,250,000	2,377,547	17,414,468	6,323,894	660,266	37,253,396
Accumulated depreciation and impairment losses							
Balance at 1 January 2025	10,976,004	1,613,589	2,070,391	5,327,499	2,981,657	1,750,133	24,719,273
Depreciation for the year	1,968,203	177,889	483,460	2,097,225	623,407	160,995	5,511,179
Disposals/Adjustments	(11,111,673)	(407,925)	(971,091)	(685,142)	(598,555)	(1,580,532)	(15,354,918)
Balance at 31 December 2025	1,832,534	1,383,552	1,582,760	6,739,582	3,006,509	330,595	14,875,532
Carrying amounts at 31 December 2025	3,394,688	3,866,448	794,787	10,674,886	3,317,385	329,671	22,377,863

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Society

	ROU-Asset K	Land & buildings K	Furniture & fittings K	Office equipment K	Motor vehicles K	Others K	Total 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							
Balance 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)
Balance 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

Land and buildings are measured at revalued amount, 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 2025 K	Group 2024 K	Society 2025 K	Society 2024 K
Work in Progress				
Opening balance, 1 January	39,149,368	159,348,730	17,800,219	12,224,297
Additions during the year	34,757,925	36,535,373	3,845,101	15,180,700
Reclassification and transfers during the year	(56,145,586)	(156,734,735)	(20,297,460)	(9,604,777)
Closing balance, 31 December	17,761,707	39,149,368	1,347,860	17,800,219

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 pertains to commissioning Fixed Assets and writing off to P&L for operating costs.

19. Intangibles

	Group 2025 K	Group 2024 K	Society 2025 K	Society 2024 K
Members' and customers' savings				
Members' and customers' savings pre-additional interest	621,277,509	453,029,003	322,624,678	369,964,817
Total members' and customers' savings	621,277,509	453,029,003	322,624,678	369,964,817

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

20. Savings and deposits

	Group 2025 K	Group 2024 K	Society 2025 K	Society 2024 K
Members' and customers' savings				
Members' and customers' savings pre-additional interest	621,277,509	453,029,003	322,624,678	369,964,817
Total members' and customers' savings	621,277,509	453,029,003	322,624,678	369,964,817

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FOR THE YEAR ENDED 31 DECEMBER 2025

21. Creditors and accruals

	Group 2025 K	Group 2024 K	Society 2025 K	Society 2024 K
Intercompany – TISA Bank	-	-	-	17,082,741
Rental bonds	227,620	211,181	198,453	211,181
Group tax	1,689,660	743,495	851,253	770,941
Accrued expenses	23,098,296	18,413,464	15,238,968	5,089,668
Sundry creditors	22,337,144	32,274,389	17,482,154	14,682,499
Total creditors and accruals	47,352,720	51,642,529	33,770,828	37,837,030

22. Lease liability

i.) Maturity analysis of lease liabilities

Maturity analysis – Contractual discounted cash flow	Group 2025 K	Group 2024 K	Society 2025 K	Society 2024 K
Less than one year	1,794,079	3,850,427	-	4,360,055
Between one and five years	10,252,795	14,537,748	3,659,435	651,502
Total discounted lease liabilities	12,046,874	18,388,175	3,659,435	5,011,557

ii.) Amount recognised in profit or loss

	Group 2025 K	Group 2024 K	Society 2025 K	Society 2024 K
Interest on lease liabilities	1,875,664	2,886,341	302,031	1,769,141
	1,875,664	2,886,341	302,031	1,769,141

iii.) Amount recognised in Statement of Cash Flows

	Group 2025 K	Group 2024 K	Society 2025 K	Society 2024 K
Total cash outflows for leases	(6,000,090)	(3,273,470)	(2,233,335)	527,912
	(6,000,090)	(3,273,470)	(2,233,335)	527,912

iv.) Lease liabilities

	Group 2025 K	Group 2024 K	Society 2025 K	Society 2024 K
Opening balance, 1 January	18,388,175	7,239,946	5,011,557	4,483,645
Additions	8,058,073	9,764,967	1,485,031	-
Interest expense	1,041,194	2,515,081	302,031	1,769,141
Capital repayments	(6,000,090)	(3,273,470)	(2,233,335)	(911,585)
Adjustments	(9,440,478)	2,141,651	(905,849)	(329,644)
Closing balance 31 December	12,046,874	18,388,175	3,659,435	5,011,557

Leased asset includes buildings and furniture.

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23. Employee provisions

	Group 2025 K	Group 2024 K	Society 2025 K	Society 2024 K
Annual leave	4,404,282	3,119,824	2,443,361	1,879,554
Long service leave	9,770,092	4,917,472	6,639,360	3,714,150
Total employee provisions	14,174,374	8,037,296	9,082,721	5,593,704

24. Income tax

24.1 Income tax (benefit)/expense

	Group 2025 K	Group 2024 K
Current tax	15,666,000	(2,781,293)
Adjustments in respect of previous period	(238,219)	1,416,947
Deferred tax	(12,279,216)	(5,979,281)
Income tax (benefit)/expense	3,148,565	(7,343,627)

Current tax asset/ (liability)

	Group 2025 K	Group 2024 K
Opening balance	15,021,227	3,907,864
Current tax	(15,666,000)	2,781,293
Adjustments in respect of prior years	238,220	(1,296,373)
Tax refund	139	10,713
Payments during the year	6,328,686	9,740,216
Foreign currency translation	154,918	(122,486)
Current tax asset	6,077,190	15,021,227

Deferred tax balance

	Asset K	Liability K	Net K
As at 31 December 2025			
Opening balance	16,779,253	(4,399,263)	12,379,990
Movement for the year	16,643,150	(3,942,047)	12,701,103
Deferred tax asset	33,422,403	(8,341,310)	25,081,093
As at 31 December 2024			
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

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

In the 2024 National Budget, effective 1 January 2025, the rate is reduced to 40% for taxable income below K300m or less and this will further reduce to 35% for 2026 onwards. TISA Bank Limited has applied enacted tax rates as at 31 December 2025 to determine its deferred tax position.

A deferred tax liability of K2,534,741 arising on transition to IFRS 17 (relating to a single subsidiary) was derecognised during the period. The liability related to insurance and reinsurance contract balances for which the underlying temporary differences have fully reversed as the

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related claims and contractual cash flows have run off. No future tax consequences are expected, and accordingly the deferred tax liability was written off in accordance with IAS 12.

The Group (relating to a single subsidiary) has recognised deferred tax assets in respect of carried forward tax losses to the extent that it is probable that future taxable profits will be available against which the losses can be utilised, in accordance with IAS 12 Income Taxes.

At the reporting date, the Group (relating to another single subsidiary) had unused tax losses of K43,332,054 (2024: K13,120,267). Of these losses, K41,748,411 (2024: K13,120,267) have been recognised as a deferred tax asset, while K1,583,643 have not been recognised due to uncertainty regarding the availability of sufficient future taxable profits. The recognised deferred tax asset reflects management's assessment of the level of taxable profits that are probable within the applicable carry-forward period. This assessment is based on:

- Approved business plans and financial forecasts demonstrating near- to medium-term profitability;
- Evidence of improved operating performance and a return to profitability;
- The establishment of sustainable and diversified income streams; and
- The availability of prudent and feasible tax planning opportunities to support utilisation of the losses.

Management has applied significant judgement in determining the extent of recognition of the deferred tax asset, including assumptions regarding future taxable income and the execution of tax planning strategies. Greater weight has been given to objectively verifiable evidence, including recent financial performance and near-term forecast profitability, with more limited reliance placed on longer-term projections.

Accordingly, management considers it probable that the recognised portion of the deferred tax asset will be realised. Unrecognised tax losses may be recognised in future periods to the extent that sufficient taxable profits become probable.

As at 31 December 2025, the Group (relating to another subsidiary) has unutilised tax losses of K44.11 million, representing a tax benefit of K15.44 million, for which no deferred tax asset has been recognised.

In accordance with Papua New Guinea income tax legislation, tax losses expire seven (7) years after the year in which they are incurred. These losses remain available for offset against future taxable profits within this statutory period and will be reassessed in future reporting periods should utilisation become probable.

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

Asset revaluation reserve reconciliation	Group 2025 K	Group 2024 K	Society 2025 K	Society 2024 K
Opening balance at 1 January	5,100,974	5,100,974	4,578,980	4,578,980
Change in fair value of land and buildings	(1,386,381)	-	(1,386,381)	-
Reserve balance at 31 December	3,714,593	5,100,974	3,192,599	4,578,980

27. General reserve

General reserve reconciliation	Group 2025 K	Group 2024 K	Society 2025 K	Society 2024 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.

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28. Additional interest reserve

Additional interest reserve reconciliation	Group 2025 K	Group 2024 K	Society 2025 K	Society 2024 K
Opening balance at 1 January	89,579,484	83,042,612	89,579,484	83,042,612
Transfer from retained earnings	21,280,476	30,829,379	21,280,476	30,829,379
Additional interest paid	(24,539,912)	(24,292,507)	(24,539,912)	(24,292,507)
Reserve balance at 31 December	86,320,046	89,579,484	86,320,046	89,579,484

The Board has proposed to declare an additional interest of 7% (2024: 7%) of members' general savings balance as at 31 December 2025, which will be credited to the members' transaction accounts. This amounts to K21,280,476 (2024: K24,539,913).

29. Other reserve

This reserve reflects the change in the Group's ownership interest in Capital Insurance Group while retaining control.

30. 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.

30.1 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:

Assets bearing credit risk	Group 2025 K	Group 2024 K	Society 2025 K	Society 2024 K
Cash and cash equivalents	192,778,833	198,032,921	86,056,236	51,204,839
Interest bearing deposits	27,181,607	18,968,248	-	-
Rental and other receivables	28,820,937	27,615,787	170,592,074	163,255,627
Reinsurance contract assets	-	138,930,144	-	-
Government debt securities	151,935,834	61,073,641	7,251,124	27,134,121
Net Loans to members and customers	338,686,789	343,963,823	149,209,512	285,284,041
Total assets	729,404,001	788,584,564	413,108,946	526,878,628

Loans to members and customers:

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 of 31 December 2025, the subsidiary, TISA bank, unsecured loans totaled to K158,184,104 (2024: K69,441,189).

Member and customer loans	Group 2025 K	Group 2024 K	Society 2025 K	Society 2024 K
Loans backed by deposits and collaterals	230,767,181	229,270,402	163,609,813	216,516,912
Loans without deposit backing	176,595,693	177,842,014	22,773,312	108,400,825
Total	407,362,874	407,112,416	186,383,125	324,917,737

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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 2025 K	Group 2024 K	Society 2025 K	Society 2024 K
Stage 1 - 12-month ECL	328,304,218	327,539,597	138,853,312	272,428,638
Stage 2 - Life time ECL	15,456,717	17,991,280	6,717,896	12,234,341
Stage 3 - Life time ECL	63,601,939	61,581,539	40,811,918	40,254,758
Gross carrying amount	407,362,874	407,112,416	186,383,125	324,917,737
Allowance for credit loss	(68,676,085)	(63,148,593)	(37,173,613)	(39,633,696)
Net carrying amount	345,042,063	343,963,823	149,209,513	285,284,041

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

2025 Group	Stage 1 K	Stage 2 K	Stage 3 K	Total K
Balance as at 1 January 2025	8,929,222	4,249,973	49,969,399	63,148,593
Transfer to Stage 1	835,804	347,780	355,629	1,539,213
Transfer to Stage 2	(1,463,573)	(1,213,409)	(83,660)	(333,824)
Transfer to Stage 3	(8,436,311)	(3,675,603)	8,512,712	(3,599,202)
Net remeasurements	(9,064,081)	(2,114,414)	8,784,682	(2,393,813)
ECL charge for the year	11,223,458	3,852,669	11,293,209	26,369,336
Write offs and transfers from savings	895,070	(803,080)	(18,540,021)	(18,448,031)
Balance as at 31 December 2025	11,983,669	5,185,148	51,507,268	68,676,085

2024 Group	Stage 1 K	Stage 2 K	Stage 3 K	Total K
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

2025 Society	Stage 1 K	Stage 2 K	Stage 3 K	Total K
Balance as at 1 January 2025	5,947,962	2,869,612	30,816,123	39,633,696
Transfer to Stage 1	134,150	(72,122)	(62,028)	-
Transfer to Stage 2	(986,770)	1,112,164	(125,394)	-
Transfer to Stage 3	(5,856,334)	(3,354,714)	9,211,047	-
Net remeasurements	(6,708,954)	(2,314,672)	9,023,625	-
ECL charge for the year	2,526,741	764,214	2,582,319	5,873,274
Write offs and transfers from savings	-	-	(8,333,357)	(8,333,357)
Balance as at 31 December 2025	1,765,749	1,319,154	34,088,710	37,173,613

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2024 Society – Allowance for credit loss	Stage 1 K	Stage 2 K	Stage 3 K	Total K
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)	(333,261)
Balance as at 31 December 2024	5,947,962	2,869,612	30,816,123	39,633,696

CIG has the following policies and procedures in place to mitigate the exposure to credit risk:

- reinsurance is placed with counter parties that have a good credit rating and concentration of risks is avoided by following policy guidelines in respect of counterparties' limits that are set each year by the Board of Directors and are subject to regular reviews. At each reporting date, management performs an assessment of creditworthiness of reinsurers and review the reinsurance placement strategy; and
- risks arising on uncertainty in underwriting are managed through termination of policies.

The table below provides information regarding the credit risk exposure of the Group by classifying assets according to the Group's credit rating of counterparties:

	High Grade K	Standard Grade K	Past due but not impaired K	Not Rated K	Total K
2025					
Cash and cash equivalents	115,992,564	29,653,343	-	-	145,645,907
Short term deposits	201,111	27,651,680	-	-	27,852,791
Other receivables	-	-	-	4,766,301	4,766,301
Total	116,193,676	57,305,022	-	4,766,301	178,264,999
2024					
Cash and cash equivalents	97,744,770	23,061,599	-	-	120,806,369
Short term deposits	201,111	18,767,137	-	-	18,968,248
Other receivables	-	-	-	6,398,908	6,398,908
Reinsurance contract held assets	137,930,144	-	-	-	138,930,144
Total	236,876,025	41,828,736	-	6,398,908	285,103,669

30.2 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 of 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 of 31 December 2025 and 31 December 2024 based on contractual repayment obligations.

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Group

	Total K	At Call K	0–3 months K	3 months–1 Year K	1–5 Years K	More than 5 years K	Weighted Avg Rate
2025							
Savings and deposits	621,277,510	63,702,466	146,433,380	108,292,471	302,849,194	-	4.30%
Insurance contract liabilities	138,604,097	-	-	138,604,097	-	-	nil
Creditors and accruals	47,352,720	-	-	47,352,720	-	-	nil
Lease liabilities	13,831,445	-	578,390	2,564,980	8,032,726	2,655,349	nil
Reinsurance contract liabilities	17,145,848	17,145,848	-	-	-	-	nil
Total undiscounted cash outflows	838,211,620	80,848,314	147,011,770	296,814,267	310,881,920	2,655,349	-
2024							
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	-	-

Society

	Total K	At Call K	0–3 months K	3 months–1 Year K	1–5 Years K	More than 5 years K	Weighted Avg Rate
2025							
Savings and deposits	322,624,678	59,384,876	45,188,131	17,514,454	200,537,217	-	4.30%
Creditors and accruals	33,770,828	-	-	33,770,828	-	-	nil
Lease liabilities	4,043,874	-	349,404	1,020,469	2,674,000	-	nil
Total undiscounted cash outflows	360,439,380	59,384,876	45,537,535	52,305,751	203,211,217	-	-
2024							
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	-	-

30.3 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 Society's interest-bearing financial instruments was:

Financial assets	Group 2025 K	Group 2024 K	Society 2025 K	Society 2024 K
Cash and cash equivalents	192,778,833	198,032,921	86,056,236	51,204,839
Treasury bills	144,691,460	53,924,120	6,750	19,984,600
Interest bearing deposits	27,181,607	18,968,248	-	-
Government inscribed stock	7,000,000	7,000,000	7,000,000	7,000,000
Loans to members	338,686,789	343,963,823	149,209,512	285,284,041
Total interest-bearing assets	710,338,690	621,889,112	242,272,498	363,473,480

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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.

Financial Liabilities	Group 2025 K	Group 2024 K	Society 2025 K	Society 2024 K
Member savings	621,277,509	453,029,003	322,624,678	369,964,817
Total interest-bearing liabilities	621,277,509	453,029,003	322,624,678	369,964,817

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.

30.4 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 Group'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 Group'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:

i) Financial instruments	Group 2025 K	Group 2024 K	Society 2025 K	Society 2024 K
+5% change in fair value	16,363,054	1,458,641	8,320,421	2,884,809
-5% change in fair value	(16,363,054)	(1,458,641)	(8,320,421)	(2,884,809)

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

	Effect on Profit or Loss Increase/(Decrease)			
	Group 2025 K	Group 2024 K	Society 2025 K	Society 2024 K
Increase of 1% in capitalisation rates	(1,925,106)	(5,973,673)	-	-
10% increase in rentals	300,317	931,893	-	-
10% increase in sales prices and/or replacement costs	16,857,913	17,014,717	-	-

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

30.5 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.

30.6 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;

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- 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

	K 2025 Level 1	K 2025 Level 2	K 2025 Level 3	K 2024 Level 1	K 2024 Level 2	K 2024 Level 3
Quoted shares (Note 15.a)	355,856,486	-	-	226,398,729	-	-
Unquoted shares (Note 15.b)	-	-	1,873,300	-	-	873,300
Total	500,792,320	7,000,000	1,873,300	227,238,729	7,000,000	873,300

Society

	K 2025 Level 1	K 2025 Level 2	K 2025 Level 3	K 2024 Level 1	K 2024 Level 2	K 2024 Level 3
Quoted shares (Note 15.a)	299,087,307	-	-	181,439,830	-	-
Unquoted shares (Note 15.b)	-	-	-	-	-	-
Total	299,087,307	7,251,124	-	181,439,830	7,000,000	-

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.

30.7 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 2025, 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.

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30.8 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.

Insurance Portfolios

2025	Property	Liability & Motor	Medical	Life	Total Insurance Revenue	%
PNG	40,933,608	23,055,232	41,663,889	8,089,167	113,741,896	51%
Fiji	28,079,236	24,329,621	9,251,322	107,153	61,767,332	28%
Solomon Islands	5,181,123	7,288,457	5,897,723	-	18,367,303	8%
Vanuatu	7,125,248	16,798,717	762,428	9,824	24,696,217	11%
Tonga	2,434,617	1,196,014	439,911	371,789	4,442,330	2%
Total	83,753,830	72,668,041	58,015,273	8,577,933	223,015,078	100%

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Insurance Portfolios

2024	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%

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 dependent 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.

31. Employees

The number of people employed by the Society as at 31 December 2025 is 208 (2024: 399). The number of people employed by the Group as at 31 December 2025 is 623 (2024: 651).

32. Retirement benefits

The group total contribution remitted to a superannuation fund was K5,095,769 (2024: K2,080,092). The Society contributed a total of K3,162,030 to Nambawan Super Limited (NSL) (2024: K1,832,312). The subsidiary, TISA bank contributed a total of K1,933,739 (2024: K247,280) to National Superannuation Fund. The employer contribution rate is 12%.

33. 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 2025 is K (2024: K9,299,938). 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 Receivable K6,902,363 (2024: Payable K17,082,741).

During the year and the prior year, the Society has incurred the following amounts on behalf of the TISA Bank to settle the payable.

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	Year 2025	Year 2024
Expense Recharge	1,497,427	4,971,544
Payments relating to Core Banking system and Capital WIP	3,301,664	26,411,695
Transfer of SNL Assets	12,283,650	-
Total	17,082,741	31,383,239

Between TISA and the other subsidiaries within the group, below are the intercompany balances:

-Intercompany receivable from TPL of K145,004,594 (2024: K142,211,012).

-Intercompany receivable from TIL of K8,059,219 (2024: K6,743,795).

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

The Directors of the Group had an aggregate savings balance of K1,271,840 (2024: K406,349), and aggregate loan balance of K2,719,339 (2024: K2,676,701). The directors are subject to the normal lending policy requirements of the Group. Total savings by directors and staff amounted to K2,519,737 (2024: K2,135,696).

33.1 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 2025 No.	Group 2024 No.	Society 2025 No.	Society 2024 No.
K100,000 – K149,999	—	2	—	1
K150,000 – K199,999	12	2	—	1
K200,000 – K249,999	3	—	—	—
K250,000 – K299,999	4	2	—	2
K300,000 – K349,999	3	2	1	—
K350,000 – K399,999	3	1	—	1
K400,000 – K449,999	2	1	1	1
K450,000 – K499,999	3	3	1	1
K500,000 – K549,999	3	1	2	—
K550,000 – K999,999	12	7	4	3
K1,000,000 and above	2	3	2	1
Total	47	24	11	10

The specified executives of the Society during the year were:

- Mr. Michael Koisen – Group Chief Executive Officer
- Mr. Kumaresh Chithravelu - Group Chief Finance Officer
- Mr. Luke Kaul – Group Chief Operating Officer
- Mr. Samit Kumar Bhatnagar - Chief Information Officer
- Mr. John Simango - Chief Executive Officer TISA Foundation
- Mr. Philip Hehonah – Chief of Legal and Company Secretary
- Mr. Nitesh Mailvarpu - Group Head of Financial Control
- Mr. Isaac Obiero – Head of Financial Planning and Analysis
- Ms. Aileen Watangia - Head of Information Technology
- Ms. Jennifer Galindo - Head of Audit and Advisory
- Mr. Semisi Biunaiwai – Head of Human Resource
- Mr. Geoffery Ochieng - Head of Applications

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2025

The specified Directors of TISA during the year were:

- Mr. Gabriel Tai
- Dr. Peter Mason
- Mr. Michael Koisen
- Mr. Simon Woolcott
- Ms. Lucy Sabo- Kelis
- Mr. Stephen Woodhouse
- Mr. Con Nikolaou

33.2 Key management personnel remuneration

Specified executives and directors' remuneration in aggregate:

	Salary & fees	Primary Bonus	Non-monetary	Post-employment Superannuation	Prescribed benefits	Equity Other	Options	Other Benefits	Total
Specific executives									
2025	6,848,764	-	-	541,434	1,410,932	-	-	-	8,801,130
2024	6,701,690	-	-	416,285	98,113	-	-	-	7,216,088
Specific directors									
2025	647,993	-	-	-	-	-	-	64,200	712,193
2024	687,841	-	-	-	-	-	-	-	687,841

34. 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.

35. 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 2025 and 2024.

36. Subsequent events

The management has proposed to declare additional interest payment of K21,280,476 for the financial year ended 31 December 2025. 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 2026 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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