TISA
TEACHERS SAVINGS AND LOAN SOCIETY LIMITED

Annual Report 2022

1972 2022

TISA

CELEBRATING FIFTY YEARS OF SERVICE

www.tisa.com.pg

2022 Financial Performance Snapshot

GROUP ASSETS

K1.17 billion

INCREASE BY 28%

PROFITS
ATTRIBUTED TO MEMBERS

K76.49 million

INCREASE BY 24% FROM 2021

ADDITIONAL INTEREST

K38.28 million

IN INTEREST PAID TO MEMBERS

SAVINGS & DEPOSITS

K461.07 million

INCREASE BY 13%

LOANS

K325.90 million

INCREASE BY 1%

INVESTMENTS

K651.58 million

REDUCED BY 14%

Contents

Chairman's Message

Welcome to the Teachers Savings and Loan Society 2022 Annual Report.

Gabriel Tai,
Chairman, MAICD

> **"*Our membership has grown to over 63,000, with branch presence in 17 provinces and a balance sheet of K1.17 billion."***

Dear Stakeholders,

As we celebrate our 50th anniversary and look back on half a century of serving our members, it is my pleasure to report that the Teachers Savings and Loan Society Limited (TISA) has made significant progress towards achieving our long-term goals.

Over the past 50 years, TISA has remained committed to serving our members based on the values and principles of people-helping-people to make a positive impact on Papua New Guineans. Our membership has grown to over 63,000 with branch presence in 17 provinces and a balance sheet of K1.17 billion.

GABV

We are proud to have become the first financial institution in Papua New Guinea to become an Associate Member of the Global Alliance for Banking on Values (GABV), joining over 70 banks, credit unions, and other financial institutions world-wide in committing to the goal of using finance as a tool to improve the livelihoods of Papua New Guineans.

TISA has been working closely with GABV to ensure that our operations and practices are in line with the organization's values and goals. We believe that joining this alliance will help us to further strengthen our commitment to sustainable banking practices and will enable us to share our knowledge and experience with other like-minded institutions.

Financial Performance and Interest Payment to Members

We are also pleased to report strong financial performance, with an increase in net audited profit after taxation and savings and deposits, as well as growth in our net asset position and loan portfolio. Our commitment to sustainability is further reflected in our decision to pay out a record nine percent additional bonus interest payment to our members, totaling **K30.22 million**. This comprises an additional bonus interest of seven percent, being **K23.51 million** (2021: K23,088,840) and a one-off special 50th Anniversary bonus interest of two percent, totaling **K6.72 million**.

Moving forward with purpose

Moving forward, we remain committed to establishing a home-grown commercial bank through our subsidiary, Tisa Community Finance Limited, and promoting sustainable banking practices that support our members' financial well-being.

We believe that our success is not only measured by our financial performance but also by our impact on the communities we serve and the environment we operate in.

In the coming year, we will focus on further strengthening our relationships with our members and stakeholders and continuing to improve our products and services to meet their evolving needs. We will also work to deepen our commitment to sustainability by integrating environmental, social, and governance considerations into our decision-making processes.

As we look ahead, we recognize that there will be challenges and uncertainties, but we remain confident that with our strong foundation, experienced team, and commitment to our values, we will continue to achieve our goals and drive positive change in the banking industry. We are grateful for the trust and support of our key stakeholders, including our members/customers, employees, and partners, and we look forward to continuing to serve and support them in the years to come.

In Appreciation

On behalf of the TISA Board, I would like to take this opportunity to record my sincere appreciation to Mr. Sam Nalong for all his contributions as Deputy Chairman since June 2002 and wish him every success in his new undertakings.

Furthermore, I would also like to take this opportunity to acknowledge the support of our key stakeholders, including our members/customers, employees, and partners. Their trust and commitment to TISA have been crucial in helping us navigate the challenges of the past year, and we are grateful for their continued support.

Finally, I am proud of the progress we have made over the past years and excited about the opportunities that lie ahead. I am confident that with the continued dedication of our team and the support of our stakeholders, we will be able to achieve our long-term goals and continue to deliver value to our shareholders.

Thank you for your continued support and trust in TISA.

Sincerely,

Gabriel Tai, MAICD
Chairman, TISA Board of Directors

Group Chief Executive Officer's Report

The year 2022 was significant for the Society as we observed our 50th Golden Jubilee Anniversary.

It is unlikely that the group of individuals who established the Teachers Savings and Loan Society Limited in 1972 could have imagined it would grow into the large, leading institution it is today. After 50 years, TISA is now a billion-kina company with the largest savings and loans business in PNG and the South Pacific. It is a household brand, and serves over 63 ,000 members and clients across PNG. One thing remains the same after 50 years is our shared goal of people helping people.

We are pleased to report the Group recorded another positive year of growth, with results indicating that we are strengthening our presence in the financial and corporate sectors. The Group's assets grew to K1.17 billion, equity is growing steadily and is at an all-time high of K538.85 million, and we achieved a healthy profit of K76.49 million after tax.

TISA also joined the Global Alliance for Banking on Values as an Associate Member during the year. The GABV is a group of over 70 Banks and Financial Institutions around the world that believe that financial intermediaries have a responsibility to use finance to improve the lives and communities we operate in and not finance activities that harm the environment. These principles align with our DNA and values of helping people and financing change. The alliance is also important for us to gain broader understanding and lessons of what similar minded institutions are doing to better the lives, communities, and environment they operate in whilst remaining profitable.

For 2022, a total of K23.51 million, which is 7% of members S1 general savings, was paid to members. The Board further resolved to declare a one-off 50th Anniversary bonus interest of K6.72 million, which is 2% of members S1 general savings. These are in addition to the monthly interest members earn on savings accounts that total K8.06 million. In total, members have received K38.28 million in interest for the 2022 financial year.

Strategic Projects

We continued to remain resolute towards delivering and achieving the resolutions passed by the members in 2010 to set up a bank and pursue the demutualization of your Society.

We are pleased to advise the members that the Bank of PNG has granted "Approval in Principle" for our banking license application in May 2022 with conditions to satisfy before a full banking license is granted. We have been working tirelessly to ensure that we fully satisfy the conditions and are hopeful for the full banking license to be granted in 2023.

The restructuring of the Society's balance sheet has been completed, pursuant to the members' resolutions in 2010, and we will commence the preparations in the second half of 2023 for the demutualization process.

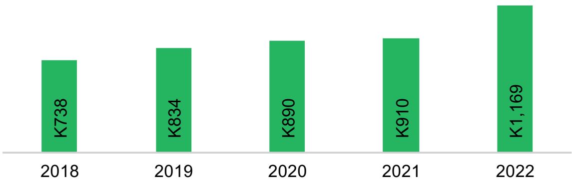
The Board and management are proud to announce that we have increased the value of the consolidated balance sheet to K1.17 billion and consolidated net asset and total equity to K538.85 million in 2022. Our efforts to strengthen the value of your business at this time is important towards enhancing the value of the shares that will be distributed in-specie to the members during the demutualization process.

Financial Results

Assets

The Group's total assets increased by 28% to K1.17 billion, mainly due to consolidation of 100% of the assets of Capital Insurance Group following the acquisition of a controlling interest.

Figure 1. Assets

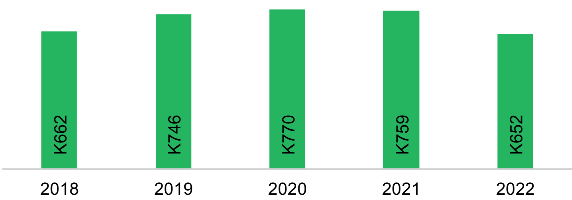


Investments

The Group's investments are made up of loans, investment properties, equities, interest-bearing deposits, and government securities.

The total investments portfolio of the Group reduced by a net of K651.58 million. Sell down of BSP shares, reclassification of part of TISA Haus Waigani to properties, plant and equipment, and acquisition of control over and reclassification of Capital Insurance Group Limited as a subsidiary contributed to the decrease. The Group's net loan portfolio increased by 1% to K325.94 million.

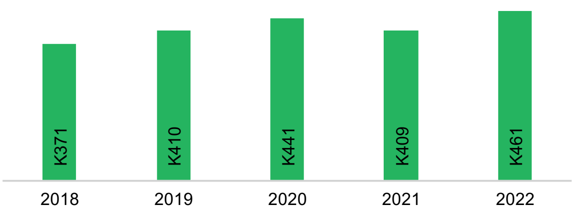
Figure 2. Group Investment Portfolio



Savings and Deposits

The Group's savings and deposits increased by 13% to K461.07 million during the year, mainly due to very strong deposit growth at Tisa Community Finance.

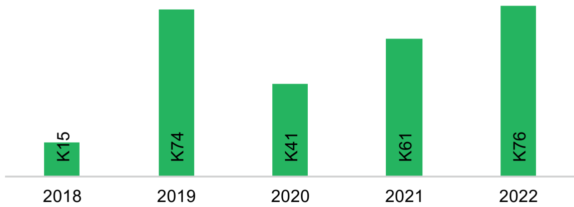
Figure 3. Savings and deposits



Profitability

The Group recorded a profit result of K76.49 million after tax for the 2022 year, an increase of 24% from the previous year. The results were largely driven by strong net interest income growth, capital gains from equities plus gains recognised on gaining control over Capital Insurance Group.

Figure 4. Net profit performance



We also look back on the past 50 years with profound appreciation. Without the steadfast support and trust of our board, the membership, our community and stakeholders, and our staff, these accomplishments would not have been achieved.

For 50 years we have been dedicated to one purpose – assisting our members build wealth and enjoy financial wellbeing. Our members are the reason we exist, and we are honored to serve you. As we enter the next 50 years, we remain committed to this purpose.

We look forward to an even greater 2023, and a lifetime of partnership with you.

Michael Koisen, OBE ML
Group Chief Executive Officer

Company insights

Vision Statement

Not For Profit,
Not For Charity,
But For Service

Mission Statement

We aim to provide the best sustainable service to our members by understanding their needs, educating them in responsible savings and borrowing behavior and continually developing our people, products, processes and our financial standing.

Core Values

1. Deliver the best possible customer service
2. Ensure quality service to all members
3. Provide members with timely application processing
4. Value and promote continuous learning
5. Ensure the right staff are in decision making process
6. Empower our staff to make and carry out decisions
7. Commit to individual and organizational accountability
8. Maintain and uphold ethical practices

TISA's historical timeline

1972

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

2008

Corporate Rebranding of New TISA Logo and Brand.

2010

Members resolved to pursue the Demutualization and to establish a Bank at a special General Meeting.

2015

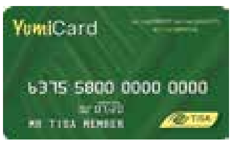
Submitted license application to Bank Of Papua New Guinea for Tisa Community Finance Limited (TCFL)

2016

Launching and operationalization of Tisa Community Finance (TCF) Limited it's 100% owned Licensed Financial Institution (LFI).

2018

Launch of TISA Debit Card 'Yumi Card'



2019

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

2020

Submitted Banking license Application to the Bank of Papua New Guinea using Tisa Community Finance Limited (TCFL)

2022

- On the 9th of May 2022 – BPNG granted a Provisional Banking license to TISA to operate as a commercial bank in PNG.
- Also, in 2022 TISA celebrated another milestone which was the 50th Golden Jubilee Anniversary since its establishment in 1972.

1972 2022

TISA

CELEBRATING FIFTY YEARS OF SERVICE

TISA's Story

TISA's story is one that is closely intertwined with the aspirations of PNG, a country moving from self-government to independence.

It is also a story worth letting to show that nothing is ever impossible, if people, Papua New Guinean people, have the determination to develop their own home-grown skillsets, to achieve what many worldly observers say otherwise.

To celebrate TISA's 50th Anniversary, this story is being told through the eyes and experiences of some of the most learned Papua New Guinean minds of our time.

Bank of Papua New Guinea Former Deputy Governor, the Late Sir L Wilson Kamit CBE Kt, gave context to the years prior to and after independence, and the reasons why the savings and loan society movement was established in Papua New Guinea.

Long-serving TISA Board Director, Mr William Varmari, a teacher by qualification, and pioneer Society member, provided a rare insight into the early years of the Society, and the role and challenges that teachers faced while educating an emerging, independent population of citizens.

TISA Group Chief Executive Officer, Mr Michael O Koisen OBE ML, who was instrumental in the transformative changes the organisation needed to go through, also offers a window into the change management practises that have been the foundation of TISA's continued success.

This story would not have been told in full without hearing from the organisation's true owners – its members. The stories they tell about how TISA has helped them, and their families, are nothing short of inspirational.

A JOURNEY BEGINS

To understand the origins of a credit union movement like the Teachers Savings and Loan Society, one needs to revisit and understand deeply the reasons for introducing such a movement, and the events of the time heralding the advent of a banking and finance sector in the country.

While the TISA story itself began with the Society's establishment in 1972, the credit union movement owed its rollout into the then Territory of Papua New Guinea to the Commonwealth Bank of Australia and its successor, the Reserve Bank of Australia, whose work in the Territory began in 1960.

In the years leading up to Papua New Guinea gaining independence on 16th September 1975, the Reserve Bank of Australia had, at the request of the Government of Australia, assisted in the creation of a financial system for the country.

Among its support programs for PNG student scholarships to study at university in Australia, and the training of Papua New Guineans to take over the running of the country's Central Bank functions, there was the rolling out and supporting of savings and loans societies or credit unions.

This rollout saw the establishment of educational programs for Papua New Guineans about money, wealth, and the use of banks - through films, pamphlets, and educational courses.

Armed with these teaching resources, field officers travelled across the country, visiting remote communities, helping local village groups to establish savings societies, and to begin managing their own money.

Long-serving Teachers Savings and Loan Society Board Member, Mr William Varmari, remembers the years leading up to independence, and the emotions this change brought with it to the communities he worked in as a teacher.

"1972 was my first year of teaching. I was teaching at a school in Koroba Kopiago, called Edamari Primary School. At that time, the message of independence was already among the people.

We had to look forward to what might happen. It was an interesting time, and it didn't matter where you were at that time. If you were in Papua New Guinea, you were in that same movement of going forward. You were looking forward to good things coming. There was a lot of hope and optimism," Mr Varmari recalls.

"The main message at that time was self-government. We will look after ourselves. We will do our own thing, and so we must prepare ourselves to move forward. To help in the building of our nation, our villages, and our districts. There was a feeling of ownership coming. And the local people were very excited about this."

The education programs and establishment of savings and loans societies in rural areas resulted in the setting up of societies in several provinces. For the teachers in the Highlands Region, an office was set up in Goroka. And despite the obvious infrastructure and transport challenges, people in rural communities were already seeing the benefits of saving for the future.

"There were already savings and loans societies in some provinces, in village groups, and communities. At that time, they started an office for us up in Goroka. We were in Koroba, so it was difficult to communicate with them. But the feeling of owning something, was already there."

"Not just someone giving it to you, but you were directly participating. We had difficulties, but those difficulties were worked at, like communications and transportation. We knew that one day, those things would be okay," Mr Varmari recalls.

While citizens across the country were warming to the idea of independence, sixteen-year-old Michael Koisen, the man who would one day lead the Teachers Savings and Loans Society, was learning about what was to be gained from becoming an independent country.

"Independence was something people talked about. It was something mum and dad talked about. For us kids, at that age, it wasn't much of a subject for discussion. For us, it was a transition from being a territory, and coming into being independent. We didn't know what that meant, and what that would entail."

"We knew we were going to lose some privileges as a territory. Material privileges. But what was told to us, was that we would regain our dignity and self-respect. At that young age, we were told – 'Once you get independence, you will be in control of your own destiny – you get self-respect, and dignity.' That was important to us as Papua New Guineans. Being in control. Making our own mistakes and making sure the solutions that we brought in to solve our problems were our own."

Mr Koisen also recounted the situation that most families and communities in Port Moresby were faced with in the early years of independence, a situation he would later use as the motivation to excel in his career. "In 1978, I was at The University of Papua New Guinea, doing my first-year foundation. What helped my thinking a lot was growing up at that time. My father worked as a plant operator on the roads for a department called Commonwealth Department of Works."

"We were hungry most of the time. We were up in Hohola. And you know what it was like to be hungry. To work from one pay day to the next. To wait until Dad got paid to get something decent to eat. And looking at those families that grew up in those suburbs in the early days. Suburbs like Hohola, Kaugere, Gabutu, a lot of them were blue collar working families. They were the ones that built the towns. In those days, they were carpenters, plumbers, and road construction workers."

"They all lived in the suburbs. Those families went through the normal lives we go through. So, growing up at that time, you knew you wanted to get better. You were not in a privileged position, so you had to get better," Mr Koisen remembers.

Former Governor of The Bank of Papua New Guinea, and now Chairman of TISA Community Finance, Sir Wilson Kamit, is a career Central Banker who served as Governor of BPNG from 1999 to 2009.

He recalls the Reserve Bank of Australia rolling out the savings and loans movement in the early 1960s.

"The Reserve Bank of Australia, which had a feature here in Port Moresby, started the ball rolling in the savings and loans movement in 1961 following the issuance of a Savings and Loans Ordinance. They mostly went out to the rural areas. Mainly savings clubs and savings and loans societies were established. It wasn't until about the 70s when things started to shift toward the urbanised, employer-based savings and loan societies," Sir Wilson recalls, before recounting his first memories of the Teachers Savings and Loans Society.

"In the 1960s, I was just a student. My father was a teacher, and so at some stage, he would mention the PNG Teachers Savings and Loans Society, as something of a growing movement. So when I finished school and started working at the bank, I had some idea of what it was all about. Little did I know that one day, I would be the registrar of the same organisation," Sir Wilson says.

The focus of the movement between the 60s and 70s was educating people about thrift, savings, and spending habits.

Sir Wilson says the rollout was targeted at getting people in rural Papua New Guinea to participate directly in the cash economy and to support the country's budding banking and finance sector.

"We were still trying to get out and bring banking services to the people in some form. Because of the lack of banking services in the rural sector, they (The Reserve Bank of Australia) concentrated on that area. But the movement gained momentum, and it spread back toward the urban centers," Sir Wilson said.

As the societies naturally gravitated back to urban centres, the need for the government to ensure some involvement in this new movement saw government officials being appointed to the boards of management of these local societies.

With little to no obligation to adhere to prudential systems and processes within these societies, these early societies went into decline.

"There was a shift toward employer-based society membership. Teachers were one group. Police were another, with the largest society being the Public Service Association Savings and Loan Society, which was specifically for public servants," Sir Wilson recalls.

"The whole savings and loan movement faced some serious challenges. No discipline, no accountability, and procedures and processes were not in place to hold them together. So even the biggest savings and loan society, the PSA, went into liquidation before eventually being wound up, sad to say," he added.

"The other societies carried on. What still stands out for me, is that these early societies were finance institutions registered in Papua New Guinea. They were home grown. And TISA is the longest Savings and Loan Society that has ever been registered on PNG soil. It is one of the longest surviving ones, as far as I know."

In the same year that the Teachers Savings and Loan Society began operating, Mr William Varmari was still teaching in Koroba, and there was much being discussed about the Teachers Savings and Loan Society on the radio service then.

"We had a lot of hope that the society would grow."

"In that same year, we heard of the name Teachers Savings and Loan Society on the radio, but we were hardly getting any services. We knew there was a society with its doors open to teachers who wanted to join, but at that time, we just couldn't join."

"By way of service, it depended on what province you were in, and what facilities you had, and then with the type of leadership you had. For TISA, it was fast. They quickly organised themselves, knew how the group would grow, and what strategies they would follow like a business," Mr Varmari explained.

After completing his studies at the Sogeri National High School in 1977, and attending university in 1978, Mr Michael Koisen was on the fast track to crossing paths with the Teachers Savings and Loan Society.

"After Sogeri in '77, I came down to UPNG in '78. I had all these thoughts about improving myself and my family. What could I do better for myself, my family, and those who I knew. So I withdrew from university, and I got a job with the Teachers Savings and Loan Society in 1979, working at the front counter."

"It was my first job out of school. And I was serving teachers and public servants who lived the same kind of lives my parents did. So it was easy for me to understand that. It was easy for me to serve them. And I got some joy out of serving people. Knowing that it would make a little difference in their lives. That the little PGK200 or PGK300 they got from the Society would help them survive and look after their families until the next pay day. So that was a life I was familiar with. The passion grew from there. I caught the fever in 1979. I was 19, and the fever hasn't left me yet," Mr Koisen says of his first experience with the Society

Member Testimonials

“As a member of TISA, the Loan Society has made us part of the family. Whenever I have nothing in my bank account, I go to TISA. They serve us promptly and they ensure that we are helped. I am just so happy to say that as it is a financial institution for us teachers, all teachers around the country should join TISA when they graduate from teaching colleges.”

Susanna Sam ~ Member 42 Years

Mrs Susanna Sam is the Principal of Dapu Primary School in Sandaun Province. Originally from Gulf Province, she has been actively teaching for 43 years. And, of those 43 years, she has been a TISA member for 42.

“My career with The Department of Education began in 1979, teaching in Goroka, Eastern Highlands. Then going to Lae in 1978 when I got married and raised my lovely family.”

“I have served The Department of Education in provinces like Morobe, Madang and Eastern Highlands. I made my way up from assistant teacher to senior teacher, to senior subject coordinator, and I am now serving as principal for Dapu Primary School in Sandaun for the past four years.”

“With TISA, as a member, the Loan Society has made us a part of the family. Whenever I have nothing in my bank account, I go to TISA. They serve us promptly and they ensure that we are helped. I am just so happy to say that, as it is a financial institution for us teachers, all teachers around the country should join TISA when they graduate from teaching colleges,” Mrs Sam says.

She also sees the future of TISA moving toward alleviating some of the main challenges facing teachers in the country today.

“One of the biggest demands that teachers need is houses. There should be a way that TISA should be helping teachers to build houses in main centres or main towns where teachers can have accommodation to live in and go to work.”

“We have received ‘quick service’ from TISA and we are very happy with that, but there are bigger services teachers need. Assistance with transport, there are teachers who come from far-away districts to be served here and they wait for days, but there should be transport provided in the districts to take teachers back to their schools. And for houses, have houses built for teachers, so that they can rent the houses that are built by TISA, and the money goes back to TISA.”

“Having served with TISA for 42 years, TISA has really helped me with the education of my five daughters; where each year I was able to get a loan with TISA. TISA also helped me in upgrading my qualification to degree level in Primary Education,” Mrs Sam said.

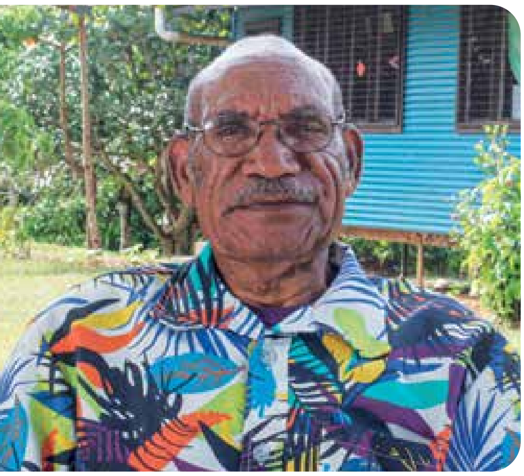
“I want to say a big thank you to TISA for helping us teachers by supporting the education of our children.”

"Almost every year I have been getting a loan from TISA for my children's school fees, and I have completed all of them. I want to say 'Thank you' to TISA for helping me get my children's education done. I am very happy."

Pancratius Lawrence ~Member 36 Years

Pancratius Lawrence has been actively teaching for 43 years. For 36 of those, he has been a member of the Teachers Savings and Loan Society. He plans to retire from active teaching at the end of this year.

Currently Headmaster of St Monfort Primary School in Kiunga, Western Province, Pancratius has worked and served at nearly all the schools in his home province.



"I am a local man from here in Kiunga, Western Province. This is my 43rd year of teaching. I have been head teacher in this school for almost 15 years. I taught in almost all parts of Western Province. I was in South Fly, Middle Fly, and North Fly, and many of the rural schools before coming to the town school here. This is my school; I was a student here from 1967 to 1972. I have been a member of TISA since 1986," Pancratius says with pride.

"Almost every year I have been getting a loan from TISA to help with my children's school fees, and I have completed them all. I want to say thank you to TISA for helping me to get my children's education done."Since he married in 1986, Pancratius has spent all his years of teaching in Western Province.

"I have not travelled out of Western Province. I have travelled the Fly River. The South Fly, the mouth of the Fly River, Middle Fly, and the Lake Murray area and up to the north to Kiunga, and even Tabby. I opened the Final in Primary School in 1990, and then I came down here as a head teacher, and I have been here as head teacher for almost 16 years now."

"All my children are grown up and I plan to retire at the end of this year after 43 years of service to the government through the Department of Education," Pancratius says.

His loyalty to TISA is grounded in how TISA, through its loan services, has helped him meet the school fees for all his children.

It is a personal achievement Pancratius is extremely proud of.

"The loans that I got from TISA helped my children. My first boy is a mechanic, and he also graduated from business college, so he has two papers. My second is a teacher, and she will begin teaching next year. My third is now an operator with Ok Tedi Mining Limited where he drives a huge truck carrying copper ore, so I am happy for the three of them. The funds I got for their school fees – I got from TISA," Pancratius explains, beaming with pride throughout.

Because of how being a contributing member of TISA has helped him, Pancratius has personally been encouraging young teachers fresh into the field, to seriously think about joining TISA in order to save up for the future. Pancratius says the success of all his children is proof of what TISA can help its members achieve.

"I encourage young people – young teachers who are in the field teaching. Those graduates who are coming in, to become a member of TISA because I believe TISA is the right service provider, and they help a lot of our members."

"Many of them got major loans to build houses, to buy a vehicle, and for me, like I said, I was helped with my children's school fees and others, so I would like to encourage the young people of today to become a member of TISA.

"Even while saying this, Pancratius gives his perspective of how he thinks TISA can improve its member services.

"I also want to see TISA improve in ways that benefit those who retire, so that they can leave their funds in TISA, where they can receive fortnightly or monthly salaries from TISA. I think that would help and encourage a lot of members to come back. Some are saying they want to withdraw, but some people like me have been encouraging young people to become members because of that service that TISA provides," he says before explaining further.

"I have applied to retire at the end of this year, after 43 years of service, and I was talking to a TISA officer, explaining to him that I want to leave my money (with the Society). My savings that I have with TISA, I want to leave it so that TISA can use my money to invest somewhere and make money for me through a fortnightly or monthly dividend that I can use while I still can. That should help other members as well because TISA could invest that money so that the member can enjoy the benefits from his or her savings that they have with TISA.

"Pancratius is also excited about TISA's innovation in being the first Savings and Loan Society in the country to introduce its own debit card service.

"I like to encourage other people to join TISA because when you join TISA, you will get a lot of benefits, and one of them is the Yumi Card. When you get a Yumi Card you can use that at any ATM at Westpac or any other branch, and you can see your savings; you can withdraw your savings, and you can also get a loan that can assist you in a big way, or a small way, especially when you go through times of need."

"I have done that, especially with my school fee obligations. I always go to TISA. I don't go to any other loan service provider because when I ask, they will always give me. So, I have been with TISA for all this time."

"That is why I am encouraging young teachers who are coming out into the service, and other public servants to join TISA and enjoy the services that TISA is providing."

Corporate Governance Statement

Corporate Governance Statement
For the year ended 31st December 2022

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 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.

Mr Sam Nalong - Deputy Chairman
Director - Momase Representative (Resigned - 27 October 2022)
TISA Board of Directors, Teachers Savings & Loan Society Ltd

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 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 35.1 (Key management personnel remuneration). 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

Corporate Governance Statement
For the year ended 31st December 2022

and monitoring of expenditures, compliance with laws and policies, insurance program, and other functions delegated by the Board.

The BARCC operates in accordance with the Prudential Standard BPS 300 (Corporate Governance) issued by the Central Bank and its own Charter, which covers its purpose, authority, roles, and responsibilities. The committee is currently composed of Mr. William Varmari as Chairman and Mr. Simon Woolcott as member. 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 2022, the Board held a total of four scheduled meetings, and one special meeting was held. Additionally, the BARCC held four meetings in the same financial year.

Board Access to Information and Advice

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

Remuneration of Directors

Directors are remunerated with an annual stipend as prescribed by the Society's Constitution, without any entitlement to separation, termination benefits, or other forms of payment. Additionally, Directors appointed to a Board Committee are eligible for an annual stipend for any committee meetings held. 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.

KPMG was appointed as the Group's External Auditor in 2016 for a period of three years up to 2019. This appointment was extended for a further two years up to 2021 after approval was sought from the Bank of PNG and from shareholders. The appointment of KPMG was extended for a further three years in 2021 up to 2024. The extension of the engagement of KPMG ensured that the Group was compliant with the prudential standard BPS 7/2005 (External Auditors) issued by the regulator.

Internal Audit

The Internal Audit and Risk 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

Taita Labi
Senior Application Administrator

My TISA Journey

I started with TISA back in December 2002 as a Systems Administrator after coming over from the then Police Savings and Loans Society. When I first joined, TISA had just come out of Administration and there were mixed feelings among staff about the organisation, but I was looking forward to working at TISA and sharing my skills, experience and; contributing to the organisation.

Most of my time at TISA was spent in the Information Technology (IT) Unit providing Core Banking System support to the business, but I also did some time in Retail Financial Services. When I first started, I had no qualification in IT, but my curiosity to learn and my determination to push my own boundaries to know more about the business landed me a career in IT. It was also the people who saw my capabilities and 'opened the doors' for me to access these opportunities. I want to acknowledge first and foremost my heavenly father, because through him, I am who I am today. I'm also grateful to Mr Koisen, our GCEO, who saw my capabilities and supported me and my past and present managers. I am also indebted to my family – my husband and children who have always stood by me and supported me to ensure I excel and succeed in my work career.

Reflecting on my journey with TISA, I can say it is a long, exciting, and fulfilling one. I am fortunate to have witnessed firsthand many changes that TISA went through from 2002 onwards including the transition of our IT Unit and the setup of the Branch Network. A rewarding part of my role is my contribution to providing the services to our members and seeing members happy and satisfied.

Of the many learnings that I learnt at TISA, the key ones are humility, curiosity, having a growth mindset and loving your job. I am proud to be working for this organisation and I look forward to the transformation journey ahead and to being part of this change.

Corporate Governance Statement
For the year ended 31st December 2022

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 Manager of Internal Audit 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 2022 include strategic risk, credit risk, liquidity risk, interest rate risk, market risk, operational risk, and compliance risk.

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, 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 35.1 (Key management personnel remuneration) of the audited financial statement as at 31st December 2022.

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 2022, the Society engaged Albatross Law and O'Brien's Lawyers to assist with outsourced legal matters.

Group Financial Statements For the Year Ended 31 December 2022

Directors' Report

The Directors of Teachers Savings and Loan Society Limited ("TISA" or "the Society") and its subsidiary companies, Tisa Community Finance Limited ("TCF"), Tisa Property Limited ("TPL"), Tisa Investments Limited ("TIL"), Capital Insurance Group Limited (CIG), (together "the Group") submit herewith the annual financial report of the Group for the financial year ended 31 December 2022. In order to comply with the provisions of the Companies Act 1997 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; and managing the investments of the Group. During the year, TISA acquired control over CIG. The latter principal activity is providing life insurance and general insurance in the Pacific countries of 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 Haus, Sir John Guise Drive, Waigani, NCD, Papua New Guinea.

Review of operations

The Society has recorded a total comprehensive income after taxation of K60,715,406 (2021: K51,182,392). The Group's total comprehensive income after taxation is K79,335,359 (2021: K61,455,132).

Payments to TISA members

Additional interest of K23,505,906 was declared and credited to the members transaction accounts (S10 Accounts) for the year ended 31 December 2022. The Board of Directors further resolved to declare 50th anniversary bonus interest of K6,715,973. The total additional interest declared and credited to the members transaction accounts for the year ended 31 December 2022 is K30,221,879 (2021: K23,088,840).

During the year K8,063,020 (2021: K8,191,715) 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 2022 and to the date of this report were:

Mr. Gabriel Tai (Chairman)	Director Highlands
Mr. Sam Nalong (D/Chairman)	Director Momase (resigned on 27 October 2022)
Mr. William Varmari	Director NGI
Mr. Peter Mason	Independent Director
Mr. Michael Koisen	Executive Director
Mr. Simon Woolcott	Independent Director
Ms. Lucy Sabo-Kelis	Independent Director

Directors' remuneration

Disclosure has been made at note 35.2

Remuneration above K100,000 per annum

Disclosure has been made at note 35.1

Group secretary

The Group's Corporate Secretary is Philip Hehonah.

Directors' eligibility

All directors were members of the Group for the purpose of eligibility of being a director of the Group. 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 new Savings and Loan Societies Act 2015 as a company registered under the Companies Act 1997 and licensed under the Savings and Loan Societies Act 2015.

During the year the Society purchased the shares held by Nambawan Super Limited in Capital Insurance Group Limited resulting in the Society gaining control over the latter.

The details are fully disclosed in Note 39.

Auditor

KPMG was appointed as auditor for the year ended 31 December 2022. Details of amounts paid to the auditor for audit and other services are shown in note 11 to the financial statements.

Donations

During the year, the Group made donations of K38,272 (2021: K35,000).

Signed at Port Moresby, NCD this 6th day of April 2023.

Signed in accordance with a resolution of the Directors.

Mr. Gabriel Tai, MAICD
Director

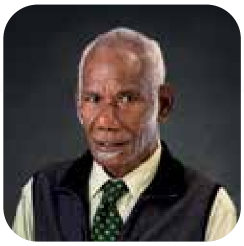
Mr. Michael Koisen, OBE ML
Director

Directors

The Directors who have served on the Board during 2022 and to the date of this report were:

Gabriel Tai
Chairman

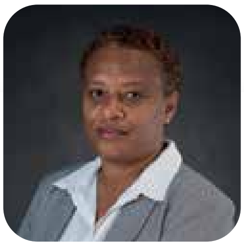
Sam Nalong
D/Chairman



William Varmari
Director

Michael Koisen
Executive Director

Peter Mason
Independent Director



Lucy Sabo-Kelis
Independent Director

Simon Woolcott
Independent Director

Statement By Directors

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

1. (a) the statement of profit or loss and other comprehensive income of the Company is drawn up so as to give a true and fair view of the results of the Company for the year ended 31 December 2022;

(b) the statement of financial position of the Company is drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 December 2022;

(c) the statement of changes in equity of the Company is drawn up so as to give a true and fair view of the changes in equity of the Company for the year ended 31 December 2022;

(d) the statement of cash flows of the Company is drawn up so as to give a true and fair view of the cash flows of the Company for the year ended 31 December 2022;

(e) at the date of this statement there are reasonable grounds to believe the Company will be able to pay its debts as and when they fall due; and

(f) all related party transactions have been adequately disclosed in the attached financial statements.

2. The 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 and have been drawn up in accordance with the requirements of the Bank and Financial Institutions Act 2000.

Signed at Port Moresby, NCD this 6th day of April 2023.

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

Mr. Gabriel Tai. MAICD Director	Mr. Michael Koisen, OBE ML Director

KPMG

Independent Auditor's Report

To the shareholders of Teachers Savings and Loan Society Limited ("Company") and its subsidiaries ("Group")

Report on the audits of the Financial Reports

Opinions

We have audited the Financial Reports of the Company and the Group.

In our opinion, the accompanying Financial Reports of the Company and the Group are in accordance with the *Savings and Loans Societies Act 2015* and the *Companies Act 1997*, including:

- giving a true and fair view of the Company and Group's financial position as at 31 December 2022 and of their financial performance for the year ended on that date; and
- complying with *International Financial Reporting Standards*.

The Financial Reports comprise:

- statements of financial position as at 31 December 2022;
- statements of profit or loss and other comprehensive income, statements of changes in equity, and statements of cash flows for the year then ended; and
- notes including a summary of significant accounting policies.

The Group consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinions

We conducted our audit in accordance with the *International Standards on Auditing*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

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 Group in accordance with the *Companies Act 1997* and the ethical requirements of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the Financial Reports in Papua New Guinea. We have fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that we have remained independent as required by the Code throughout the period of our audits and to the date of this Auditor's Report.

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KPMG

Other Information

Other Information is financial and non-financial information in Teachers Savings and Loan Society Limited's and its subsidiaries' annual reporting which is provided in addition to the Financial Reports and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' Report. The remaining Other information, the annual report, is expected to be made available to us after the date of the Auditor's Report.

Our opinions on the Financial Reports do not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audits of the Financial Reports, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Reports

The Directors are responsible for:

- preparing the Financial Reports that give a true and fair view in accordance with the *International Financial Reporting Standards* and the *Companies Act 1997*;
- implementing necessary internal control to enable the preparation of Financial Reports that give a true and fair view and are free from material misstatement, whether due to fraud or error; and
- assessing the Company and Group's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Reports

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinions.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *International Standards on Auditing* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 the Financial Reports.

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

- Identify and assess the risks of material misstatement of the financial reports, 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 opinions. 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 controls.

KPMG

Auditor's responsibilities for the audit of the Financial Reports (continued)

- Obtain an understanding of internal control relevant to the audits 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of Those Charged with Governance (TCWG)'s 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 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 auditors' report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company or the Group to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the group financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

We also provide those charged with governance with a statement that the auditor has complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on the auditor's independence, and where applicable, related safeguards.

Report on other legal and regulatory requirements

The *Companies Act 1997* requires that in carrying out our audits we consider and report on the following matters. We confirm in relation to our audits of the Financial Reports for the year ended 31 December 2022:

- we have obtained all the information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by the Group as far as appears from an examination of those records.

KPMG
Chartered Accountants

Pieter Steyn
Partner
Registered under the Accountants Act 1996

Port Moresby
8 April 2023

Statement of profit or loss and other comprehensive income for the year ended 31 December 2022

	Notes	Consolidated Group 2022 K	Consolidated Group 2021 K	Society 2022 K	Society 2021 K
Interest and similar income	7	88,107,973	79,911,254	68,541,651	59,641,895
Interest expense	7.1	(11,687,886)	(10,647,882)	(8,528,297)	(8,592,672)
Net interest income		**76,420,087**	**69,263,372**	**60,013,354**	**51,049,223**
Net earned premiums	8	60,625,968	-	-	-
Rental and other property related income	19	5,533,592	4,690,564	-	2,621,964
Dividend income		36,384,821	33,076,958	35,739,828	33,043,658
Change in fair value of financial assets	12	10,393,689	2,857,072	10,715,073	2,857,072
Share of income (net of tax) of equity accounted investee	18.b	1,196,121	4,216,328	-	-
Gain on bargain purchase price	39	216,374	-	-	-
Re-measurement to fair value of pre-existing equity interest	18.b	6,214,809	-	-	-
Other income	7.2	9,332,610	9,272,173	9,601,739	9,626,047
Total income		**206,318,071**	**123,376,467**	**116,069,994**	**99,197,964**
Claims expense	9.1	(10,792,931)	-	-	-
Reinsurance expense	9.2	(14,271,758)	-	-	-
Net insurance acquisition costs	9.3	(11,703,840)	-	-	-
Staff costs		(37,607,574)	(22,820,758)	(26,630,637)	(20,239,883)
Impairment losses on loans	10	(6,434,880)	(7,132,335)	(2,112,708)	(4,604,441)
Operating expenses	11	(44,082,171)	(30,131,169)	(26,611,243)	(23,171,246)
Total expenses		**(124,893,154)**	**(60,084,262)**	**(55,354,588)**	**(48,015,572)**
Profit from operations		**81,424,917**	**63,292,206**	**60,715,406**	**51,182,392**
Income tax expense	27.1	(4,919,975)	(1,837,074)	-	-
Profit for the year after taxation		**76,504,942**	**61,455,132**	**60,715,406**	**51,182,392**
Other comprehensive income					
Foreign currency translation reserve		2,830,417	-	-	-
Total profit and other comprehensive income for the year after taxation		**79,335,359**	**61,455,132**	**60,715,406**	**51,182,392**
Attributable to members of TISA		76,492,923	61,455,132	60,715,406	51,182,392
Attributable to minority interests	18.c	2,842,436	-	-	-
		79,335,359	**61,455,132**	**60,715,406**	**51,182,392**

The notes on pages 38 to 79 are an integral part of these financial statements.

Statement of financial position
as at 31 December 2022

	Notes	Consolidated Group 2022 K	Consolidated Group 2021 K	Society 2022 K	Society 2021 K
Assets					
Cash and cash equivalents	13	184,522,150	29,630,765	63,722,119	20,211,951
Interest bearing deposits	13	19,007,082	6,148,427	-	16,375,832
Net loans to members and customers	14	325,939,259	321,210,005	273,440,175	266,518,096
Net premium receivables	15	36,817,855	-	-	-
Rental and other receivables	16	37,909,569	14,136,213	159,659,544	71,677,668
Deferred acquisition costs	17	24,119,291	-	-	-
Other financial assets	18	253,350,290	330,557,809	202,537,611	299,726,540
Investment in subsidiaries	18c	-	-	242,890,980	242,890,980
Investment properties	19	88,844,604	109,223,506	-	-
Property and equipment	20	48,791,150	27,089,329	23,821,594	21,584,740
Capital work in progress	21	140,347,319	67,428,369	12,343,370	3,238,086
Intangible assets	22	2,804,320	3,766,204	3,175,643	3,766,207
Net deferred tax assets	27.3	1,748,102	882,675	-	-
Income tax receivable	27.2	4,980,684	-	-	-
Total assets		**1,169,181,675**	**910,073,302**	**981,591,036**	**945,990,100**
Liabilities					
Savings and deposits	23	461,067,598	408,658,779	397,434,674	384,240,920
Insurance provisions	24	109,041,027	-	-	-
Creditors and accruals	25	41,183,370	19,451,338	79,443,567	91,973,721
Lease liability	25.1	10,862,317	9,013,859	8,384,077	5,511,115
Employee provisions	26	8,173,343	5,462,684	6,806,448	5,235,601
Provision for income tax	27.2	-	2,419,092	-	-
Total liabilities		**630,327,655**	**445,005,752**	**492,068,766**	**486,961,358**
Net assets		**538,854,020**	**465,067,550**	**489,522,269**	**459,028,742**
Equity					
Members capital	28	62,023	61,939	62,023	61,939
Asset revaluation reserve	29	5,603,567	5,603,567	5,603,567	5,603,567
General reserve	30	33,534,306	33,534,306	33,534,306	33,534,306
Foreign currency translation reserve		(38,678)	-	-	-
Additional interest reserve	31	83,042,612	73,153,385	83,042,612	73,153,386
Retained earnings		389,096,086	352,714,352	367,279,761	346,675,545
Equity attributable to TISA members		511,299,916	465,067,550	489,522,269	459,028,742
Minority interest	18c	27,554,104	-	-	-
Total equity		**538,854,020**	**465,067,550**	**489,522,269**	**459,028,742**

The notes on pages 38 to 79 are an integral part of these financial statements.

Statement of Changes in Equity
for the year ended 31 December 2022

	Notes	Consolidated Group							
		Share Capital	Asset Revaluation Reserve	General Reserve Fund	Foreign Currency Translation Reserve	Additional Interest Reserve	Minority Interest	Retained Earnings	Total
		K	K	K	K	K	K	K	K
Balance at 1 January 2021		**61,855**	**5,603,567**	**33,534,306**	**-**	**60,535,144**	**-**	**326,966,387**	**426,701,259**
Share capital as transferred out from retained earnings	28	84	-	-	-	-	-	(84)	-
Total profit and other comprehensive income for the year after taxation		-	-	-	-	-	-	61,455,132	61,455,132
Transfer to members from additional interest reserve fund	31	-	-	-	-	(23,088,840)	-	-	(23,088,840)
Transfer to additional interest reserve fund from retained earnings	31	-	-	-	-	35,707,081	-	(35,707,081)	-
Balance at 31 December 2021		**61,939**	**5,603,567**	**33,534,306**	**-**	**73,153,385**	**-**	**352,714,352**	**465,067,550**
Balance at 1 January 2022		**61,939**	**5,603,567**	**33,534,306**	**-**	**73,153,385**	**-**	**352,714,352**	**465,067,550**
Share capital as transferred out from retained earnings	28	84	-	-	-	-	-	(84)	-
Minority interest recognised on acquisition	18.c	-	-	-	-	-	24,711,668	-	24,711,668
Total profit and other comprehensive income for the year after taxation		-	-	-	(38,678)	-	2,842,436	76,492,923	79,296,681
Transfer to members from additional interest reserve fund	31	-	-	-	-	(30,221,879)	-	-	(30,221,879)
Transfer to additional interest reserve fund from retained earnings	31	-	-	-	-	40,111,106	-	(40,111,106)	-
Balance at 31 December 2022		**62,023**	**5,603,567**	**33,534,306**	**(38,678)**	**83,042,612**	**27,554,104**	**389,096,086**	**538,854,020**

The notes on pages 38 to 79 are an integral part of these financial statements.

Statement of Changes in Equity
for the year ended 31 December 2022 (continued)

Society

	Notes	Share Capital	Asset Revaluation Reserve	General Reserve Fund	Foreign Currency Translation Reserve	Additional Interest Reserve	Minority Interest	Retained Earnings	Total
		K	K	K	K	K	K	K	K
Balance at 1 January 2021		**61,855**	**5,603,567**	**33,534,306**	**-**	**60,535,144**	**-**	**331,200,318**	**430,935,190**
Share capital as transferred out from retained earnings	28	84	-	-	-	-	-	(84)	-
Total profit and other comprehensive income for the year after taxation		-	-	-	-	-	-	51,182,392	51,182,392
Transfer to members from additional interest reserve fund	31	-	-	-	-	(23,088,840)	-	-	(23,088,840)
Transfer to additional interest reserve fund from retained earnings	31	-	-	-	-	35,707,081	-	(35,707,081)	-
Balance at 31 December 2021		**61,939**	**5,603,567**	**33,534,306**	**-**	**73,153,386**	**-**	**346,675,545**	**459,028,742**
Balance at 1 January 2022		**61,939**	**5,603,567**	**33,534,306**	**-**	**73,153,386**	**-**	**346,675,545**	**459,028,742**
Share capital as transferred out from retained earnings	28	84	-	-	-	-	-	(84)	-
Total profit and other comprehensive income for the year after taxation		-	-	-	-	-	-	60,715,406	60,715,406
Transfer to members from additional interest reserve fund	31	-	-	-	-	(30,221,879)	-	-	(30,221,879)
Transfer to additional interest reserve fund from retained earnings	31	-	-	-	-	40,111,106	-	(40,111,106)	-
Balance at 31 December 2022		**62,023**	**5,603,567**	**33,534,306**	**-**	**83,042,613**	**-**	**367,279,761**	**489,522,269**

The notes on pages 38 to 79 are an integral part of these financial statements.

Statement of cash flows
for the year ended 31 December 2022

	Note	Consolidated Group		Society	
		2022	2021	2022	2021
		K	K	K	K
Cash flows from operating activities					
Interest received on loans		84,706,176	76,199,186	65,999,755	56,442,494
Premiums received		81,534,544	-	-	-
Claims paid		(27,944,695)	-	-	-
Acquisition costs paid		(26,191,919)	-	-	-
Outward reinsurance paid		(14,271,758)	-	-	-
Net rental and other income		14,866,202	13,962,736	9,601,739	12,248,011
Interest on IBDs and debt securities		3,401,797	3,712,068	2,541,896	3,199,400
Dividends received		36,384,821	33,076,958	35,739,828	33,043,658
Net loans to members		(11,164,134)	(17,003,347)	(9,034,788)	(938,347)
Net savings deposited/(Withdrawn)		24,978,678	(55,482,518)	(17,028,126)	(51,641,333)
Interest paid to members and depositors		(11,687,886)	(10,032,281)	(8,528,297)	(8,191,715)
Payments to employees and suppliers		(79,107,473)	(42,960,740)	(145,918,308)	(38,513,169)
Income taxes paid		(13,432,141)	(726,217)	-	-
Net cash flow from/(used in) operating activities		**62,072,211**	**745,845**	**(66,626,300)**	**5,649,000**
Cash flows from investing activities					
Change in interest bearing deposits		5,550,150	(6,148,427)	16,375,832	(11,375,832)
Net sale (purchase) of Government Securities		93,830,372	34,276,749	107,904,004	32,157,296
Net cash on acquisition of subsidiary		70,257,043	-	-	-
Payments for investment property, property and equipment		(72,209,072)	(37,861,797)	(11,391,542)	(30,979,725)
Net cash flow from/(used) investing activities		**97,428,493**	**(9,733,475)**	**112,888,294**	**(10,198,261)**
Cash flows from financing activities					
Lease payments		(4,609,318)	(3,123,637)	(2,751,825)	(2,391,917)
Net cash flow from /(used in) financing activities		**(4,609,318)**	**(3,123,637)**	**(2,751,825)**	**(2,391,917)**
Net increase /(decrease) in cash and cash equivalents		**154,891,386**	**(12,111,267)**	**43,510,169**	**(6,941,178)**
				-	
Cash and cash equivalents at the beginning of the year		29,630,765	41,742,032	20,211,951	27,153,129
Cash and cash equivalents at the end of the year	13	184,522,150	29,630,765	63,722,119	20,211,951

The notes on pages 38 to 79 are an integral part of these financial statements.

TISA

TEACHERS SAVINGS AND LOAN SOCIETY LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2022

Notes to the Financial Statements as at 31 December 2022

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 2022 comprise the Society and its subsidiaries, Tisa Community Finance ("TCF"), 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 the Pacific countries and Papua New Guinea to earn returns on behalf of its members.

The Group financial statements have been authorised for issue by the Board of Directors on 06 April 2023.

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* and Savings and Loan Societies Act 2015.

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. In all other cases, a historical cost basis of accounting is used. Revenues and expenses are brought to account on an accrual basis.

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 Group's functional currency.

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 considered to be 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 32.1 Estimated expected credit loss allowance for loans to members and customers and
Note 20 Estimated fair value of assets (land and buildings and investment property)
Note 19 Investment properties

Key sources of estimation uncertainty applicable to CIG are as follows: -

(i) Valuation of insurance contract liabilities

Claims incurred but not reported (IBNR) claims provision, is a provision for claims arising out of events which have occurred by the reporting date but have not yet been reported at that date. CIG uses actuarial claims projection techniques.

The liability for insurance contracts is either based on current assumptions or on assumptions established at the inception of the contract, reflecting the best estimate at the time increased with a margin for risk and adverse deviation. All general insurance contracts are subject to a liability adequacy test, which reflects management's best current estimate of future cash flows.

Notes to the Financial Statements as at 31 December 2022

4. Critical accounting judgements and key sources of estimation uncertainty (Continued)

(i) Valuation of insurance contract liabilities (Continued)

CIG takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures with estimates and judgements continually being evaluated and updated based on historical experience and factors. However, given the uncertainty in estimation process it is likely that the final outcome will prove to be different from the original liability established. The estimation of claims IBNR is generally subject to a greater degree of uncertainty with claims often not being adequately reported until many years after the events giving rise to the claims have happened. The assumptions used are best estimate assumptions set in accordance with regulatory requirements.

(ii) Unearned premium reserves (UPR)

Unearned premium reserves represent the proportion of premiums, written in the year that relate to unexpired terms of policies in force at the reporting date generally calculated on the 365th basis after providing for deferred acquisition costs (DAC).

5 New standards issued but not effective

Standards, amendments and interpretations issued but not effective for the year ended 31 December 2022 or adopted early.

At the date of the authorisation of these financial statements, the Group has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective:

-Amendments to IFRS 10 and IAS 28 - Sale of contribution of assets between an investor and its associate or joint venture
-Amendments to IAS 1 - Classification of liabilities as current and non-current
-Amendments to IAS 1 and IFRS practice statement 2 - Disclosures of accounting policies
-Amendments to IAS 8 - Definition of accounting estimates
-Amendments to IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods

IFRS 17 Insurance contracts

IFRS 17 replaces IFRS 4 Insurance Contracts for annual periods on or after 1 January 2023. IFRS 17 establishes the principles for the recogniton, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

6. Significant accounting policies

Accounting policies and disclosures

The Group has consistently applied the accounting policies to all periods presented in the financial statements.

(a) Basis of 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, TCF, TPL and TIL have been consolidated based on 31 December 2022 results.

Notes to the Financial Statements as at 31 December 2022

6. Significant accounting policies

(a) Basis of consolidation (Continued)

i. Subsidiaries (Continued)

Transactions eliminated on consolidation

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

Loss of control

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

(b) Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

Revenue recognised as follows:

i. Effective Interest

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. The amortised cost includes capitalised interest.

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. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fees are recognised on a straight-line basis over the commitment period. Other fees and commission expense relate mainly to transaction and service fees, which are expensed as the services are received.

Notes to the Financial Statements as at 31 December 2022

6. Significant accounting policies (Continued)

(b) Revenue recognition (Continued)

iii. Underwriting income and provisions

iii.a Earned and unearned premiums

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

iii.b Outstanding claims

The provision for outstanding claims is established by reviewing known claims on a case-by-case basis, taking account of current compensation levels and settlement costs. The provision covers the estimated cost of settling all such claims outstanding at 31 December 2022. Provision is also made for the estimated amount of claims incurred but not reported at reporting date. The estimate is made based upon an analysis of past claims experience, modified where appropriate for anticipated changes in claims settlement patterns and actuarial review.

iv. Premium revenue

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

v. Change in fair value of financial assets

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

vi. Dividend income

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

(c) Foreign currency translation

i. Transaction and balances

Foreign currency transactions are translated into the functional currency (note 3) using the exchange rates at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the investment in a foreign operation.

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).

i. Transaction and balances

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.

Notes to the Financial Statements as at 31 December 2022

6. Significant accounting policies

(c) Foreign currency translation (Continued)

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.

(d) Product classification - Insurance

Insurance contracts are those contracts where CIG has accepted significant insurance risk from another party (the policy holders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. CIG determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.

(e) Reinsurance

The subsidiary, CIG cedes insurance risk in the normal course of business for all its businesses. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

Reinsurance assets are reviewed for impairment at each reporting date, or more frequently, when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the insurance asset that CIG may not receive all the outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that CIG will receive from the reinsurer. The impairment loss is recorded in the profit or loss.

Ceded reinsurance arrangements do not relieve CIG from its obligations to policyholders.

Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expire or when the contract is transferred to another party.

Notes to the Financial Statements as at 31 December 2022

6. Significant accounting policies (Continued)

(f) Insurance receivables

Insurance receivables are recognised when due and are measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortised cost, using the effective interest rate method less any impairment losses. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the profit or loss.

(g) General insurance contract liabilities

General insurance liabilities are recognised when contracts are entered into and premiums are charged. These liabilities are measured by using the net premium method. The liability is determined as the sum of discounted value of the expected future benefits, claims handling policy administration expenses, policy holder options and guarantees and investments income from assets backing such liabilities, which are directly related to the contract, less the discounted value of the expected premiums that would be required to meet future cash outflows based on valuation assumptions used. The liability is either based on current assumptions or calculated using the assumptions established at the time the contract was issued, in which case, a margin for risk and adverse deviation is generally included. A separate reserve for longevity may be established and included in the management of the liability. Furthermore, the liability for general insurance contracts comprises the provision of unearned premiums and premium deficiency, as well as for claims outstanding, which includes an estimate of the incurred claims that have not yet been reported to CIG. Adjustments to the liabilities at each reporting date are recorded in the profit or loss. Profits originated from margins of adverse deviations on run-off contracts are recognised in the profit or loss over the life of the contract, whereas losses are fully recognised in the profit or loss during the first year of run-off. The liability is derecognised when the contract expires, is discharged or cancelled.

(h) Insurance payables

Insurance payables are recognised when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method.

(i) 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 of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

Group acting as a lessee

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

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

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

The lease liability is initially 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.

Notes to the Financial Statements as at 31 December 2022

6. Significant accounting policies (Continued)

(i) Leases (Continued)

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;

The lease liability is measured at an amortised cost using the effective interest method. It 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 the 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.

(j) Tax exemption

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

Income tax

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

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

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purpose. Deferred tax is not recognised for the following temporary differences: the initial recognition of assists or liabilities in the transaction that is not business combination and that affects neither accounting nor taxable profit or loss and differences relating to investments in subsidiaries to the extent that is probable that they will not reverse in the foreseeable 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.

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 the basis or their tax assets and liabilities will be released simultaneously.

Notes to the Financial Statements as at 31 December 2022

6. Significant accounting policies (Continued)

(k) 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.

Notes to the Financial Statements as at 31 December 2022

6. Significant accounting policies (Continued)

(k) Financial instruments (Continued)

(iii) De-recognition

A financial asset is derecognised when the Group loses control over the contractual rights that comprise the asset. This will occur when the rights are realised, expired or surrendered. A financial liability shall be derecognised when it is extinguished.

The Group derecognises a financial liability when 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.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price i.e. the fair value of the consideration given or received.

(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, except for the following, 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.

Notes to the Financial Statements as at 31 December 2022

6. Significant accounting policies (Continued)

(k) Financial instruments (Continued)

(vi) Fair value measurement (Continued)

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

(i) over the following twelve months or

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

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

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

Stage 2 - When a financial asset experiences a SICR subsequent to origination but is not credit impaired, it is considered to be in Stage 2. This requires computation of an ECL based on lifetime PD that represents the probability of default occurring over the remaining estimated life of the financial asset. Credit loss allowances are higher in this stage because of an increase in risk and impact of a longer time horizon being considered compared to 12 months in Stage 1.

Stage 3 - Financial assets that have an 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.

Notes to the Financial Statements as at 31 December 2022

6. Significant accounting policies (Continued)

(k) Financial instruments (Continued)

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

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

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

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

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

Macroeconomic factors
The recovery of the Group's loan book is predominantly payroll deduction and recovery through savings offsets if loans go into arrears. For the purpose of the IFRS 9 model assumptions the following macro-economic activities that affect payroll deductions and therefore loan book recovery and quality are: -
- fiscal deficit and its ability to pay its employees
- investment in public sector especially education
- salary budgets which include salary adjustments
- government sector employment growth
- inflation
- teacher annual auto-suspension exercise

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.

Notes to the Financial Statements as at 31 December 2022

6. Significant accounting policies (Continued)

(k) Financial instruments (Continued)

(vii) Identification and measurement of impairment (continued)

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 by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of 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 writes off a loan or an investment debt security either partially or in full and any related allowance for impairment losses, when the Group determines that there is no realistic prospect of recovery.

(l) Cash and cash equivalents

Cash and cash equivalents includes 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.

(m) 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.

(n) 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) and
- those to measured 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.

Notes to the Financial Statements as at 31 December 2022

6. Significant accounting policies (Continued)

(n) Investment securities (Continued)

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

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

Debt instruments

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

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

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

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

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.

Notes to the Financial Statements as at 31 December 2022

6. Significant accounting policies (Continued)

(o) 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	4-5 years
Office equipment	4-5 years
Furniture and fittings	5-10 years
Property (excluding land)	20-40 years
Right of Use of Asset	2-5 years
Other equipment	3-5 years

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

(p) Investment properties

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in the profit & loss.
Cost includes expenditure that is attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to brining the investment property to a working condition for their intended use and capitalised borrowing costs.
Cost includes expenditure that is attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.
When the use of a property changes such that it is reclassified as Property and equipment, its fair value at the end of the reclassification becomes its cost for subsequent accounting.

Notes to the Financial Statements as at 31 December 2022

6. Significant accounting policies (Continued)

(q) 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.

(r) 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

(s) 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.

(t) Impairment of Non-Financial Assets

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

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

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

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

Notes to the Financial Statements as at 31 December 2022

6. Significant accounting policies (continued)

(u) 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.

(v) 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.

(w) 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.

(x) Reserves

The Group maintains the following equity positions:

i. 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 to this reserve until it reaches 10% of liabilities. The new *Savings & Loan Societies Act 2015* however does not indicate a similar requirement therefore no transfer has been made since 2019.

ii. Asset Revaluation Reserve captures any appreciation in property and equipment accounted for under the revaluation model over the initial cost of acquiring the item.

iii. The Additional Interest Reserve is established by the Board to distribute additional interest to members of the Society. The amount of the distribution is contingent and dependent on the distributable profits earned by the Society, hence, it is recorded through equity. This reserve is replenished from the distributable profits earned by the Society.

Notes to the Financial Statements as at 31 December 2022

	Consolidated Group		Society	
	2022	2021	2022	2021
	K	K	K	K
7. Interest and similar income				
Interest income – loans	84,706,176	76,199,186	65,999,755	56,442,494
Interest income – IBDs and debt securities	3,401,797	3,712,068	2,541,896	3,199,401
Total interest income	**88,107,973**	**79,911,254**	**68,541,651**	**59,641,895**

The effective interest rates on loans ranges from 12% to 25% whilst the interest rates on IBDs and debt securities are fully disclosed in Note 13d.

	Consolidated Group		Society	
	2022	2021	2022	2021
	K	K	K	K
7.1 Interest expense				
Interest expense – members and customers' savings	(11,173,362)	(10,032,281)	(8,063,020)	(8,191,715)
Additional interest distribution made from additional interest reserves	(30,221,879)	(23,088,840)	(30,221,879)	(23,088,840)
Total interest credited and distributed to members	(41,395,241)	(33,121,121)	(38,284,899)	(31,280,555)
Interest expense on lease liability	(514,524)	(615,601)	(465,277)	(400,957)
Total interest expense	**(41,909,765)**	**(33,736,722)**	**(38,750,176)**	**(31,681,512)**
Total interest expense before interest distribution from additional interest reserves	**(11,687,886)**	**(10,647,882)**	**(8,528,297)**	**(8,592,672)**

Interest expense on member savings is accrued and credited to member accounts at the end of each month. The total monthly interest charges credited to member accounts during the year amounted to Society: K8,063,020 (2021: K8,191,715) and Group: K11,173,362 (2021: K10,032,281). An additional interest expense of K30,221,879, which comprises 7% annual interest of K23,505,906 and 2% one-off 50th anniversary interest of K6,715,973 (refer Note 31 Additional Interest Reserve) has been credited to the members savings and deposit accounts.

	Consolidated Group		Society	
7.2 Other income	2022	2021	2022	2021
	K	K	K	K
Net Loan processing and account administration fees	4,062,886	8,909,292	7,909,947	8,051,928
Tisa and LPI insurance commission, and other income	5,269,724	362,881	1,691,792	1,574,118
Total other income	**9,332,610**	**9,272,173**	**9,601,739**	**9,626,047**

	Consolidated Group		Society	
8 Insurance premium income	2022	2021	2022	2021
	K	K	K	K
Gross written premiums	83,272,876	-	-	-
Movement in unearned premium	(22,468,092)	-	-	-
Gross earned premium	**60,804,784**	-	-	-
Net reinsurance expense	(178,816)	-	-	-
Net earned premium	**60,625,968**	-	-	-

	Consolidated Group		Society	
9.1 Claims expense	2022	2021	2022	2021
	K	K	K	K
Gross claims expense	(16,065,228)	-	-	-
IBNR charges/ (recoveries)	5,508,668	-	-	-
Other claims related expense	(236,371)	-	-	-
	(10,792,931)	-	-	-

Notes to the Financial Statements as at 31 December 2022

9.2 Reinsurance expense	Consolidated Group 2022 K	Consolidated Group 2021 K	Society 2022 K	Society 2021 K
Reinsurance expense	(14,271,758)	-	-	-
	(14,271,758)	**-**	**-**	**-**

9.3 Net insurance acquisition costs	Consolidated Group 2022 K	Consolidated Group 2021 K	Society 2022 K	Society 2021 K
Commission and other acquisition costs	(15,097,721)	-	-	-
Change in prepaid commission	3,393,881	-	-	-
	(11,703,840)	**-**	**-**	**-**

10. Impairment of financial assets at amortised cost	Consolidated Group 2022 K	Consolidated Group 2021 K	Society 2022 K	Society 2021 K
Impairment on loans to members and customers at amortised cost (Note 14)	(6,434,880)	(7,132,335)	(2,112,708)	(4,604,441)
	(6,434,880)	**(7,132,335)**	**(2,112,708)**	**(4,604,441)**

11. Operating expenses

Surplus for the year was arrived at after charging (crediting) the following items to the statement of profit or loss and other comprehensive income.

	Consolidated Group 2022 K	Consolidated Group 2021 K	Society 2022 K	Society 2021 K
Auditor's remuneration - statutory audit services	598,868	830,505	372,026	670,136
Bank charges	80,619	81,429	69,048	70,552
Depreciation and amortisation	7,631,387	4,771,053	6,103,838	3,761,248
Electricity	2,142,645	1,459,758	685,166	1,058,680
Insurance	972,426	705,861	648,103	610,772
Travel, airfare and accommodation	989,650	1,602,166	890,085	1,562,403
Security costs	976,678	1,157,378	577,077	503,633
Data processing expenses	3,228,924	2,981,702	2,306,216	2,935,668
Printing and stationery	521,760	735,578	784,722	657,248
Fuel	515,581	278,274	312,465	203,850
Advertising and promotion	5,030,518	2,356,898	3,819,809	1,284,933
Donations	38,272	-	35,000	-
Entertainment	28,770	97,030	28,770	97,030
Telephone	598,391	445,880	1,451,636	394,780
Repair and maintenance	1,204,851	826,220	552,917	339,888
Rates and taxes	846,660	369,529	54,825	242,019
Motor vehicle expenses	268,982	203,862	232,852	166,343
Filing and legal cost	108,215	40,043	101,780	37,743
Freight	342,099	202,015	339,326	192,861
Consulting	3,245,072	2,919,933	3,001,656	2,839,129
Cleaning	349,114	247,297	69,984	141,475
Board fees and allowances	1,805,859	938,447	647,993	200,941
General and administrative expenses	12,556,831	6,880,311	3,525,949	5,199,914
Total operating expenses	**44,082,171**	**30,131,169**	**26,611,243**	**23,171,246**

12. Changes in fair value of financial assets				
Bank of South Pacific	2,450,778	3,829,342	2,450,778	3,829,342
Credit Corporation (PNG) Limited	8,264,295	(972,270)	8,264,295	(972,270)
CIG's AFS change in fair value (from 1 July 2022 to 31 December 2022)	(321,384)	-	-	-
	10,393,689	**2,857,072**	**10,715,073**	**2,857,072**

Notes to the Financial Statements as at 31 December 2022

13. Cash and cash equivalents and interest bearing deposits (IBD)

	Consolidated Group		Society	
	2022	**2021**	**2022**	**2021**
	K	**K**	**K**	**K**
Cash and cash equivalents				
Cash on hand and at bank	179,509,615	24,494,369	53,709,585	15,075,555
IBDs with maturities of less than 3 months	5,012,535	5,136,396	10,012,534	5,136,396
Total cash and cash equivalents	**184,522,150**	**29,630,765**	**63,722,119**	**20,211,951**
IBDs with maturity of more than 3 months	**19,007,082**	**6,148,427**	**-**	**16,375,832**

IBDs earn an interest ranging from 0.20% to 4.67% per annum. Investments in short term government treasury bills have been disclosed in Note 18d.

As at 31 December 2022, the Society had a combined total of K10,012,534 (2021: K21,451,535) of IBD placement with its subsidiary TCF and other institutions.

The Society does not have a credit facility with any bank. It operates a number of accounts with Bank of South Pacific Limited with the main operating account used for general administration and loan payments to members.

14. Net loans to members and customers

The effective interest rate charged by the Society on loans to members was 12% per annum. These loans are repayable over various periods, as pre-approved by the Board, but not exceeding 5 years. Interest receivable on loans is capitalized in to the loan balance.

TCF's effective interest rate charged to customers vary from 15% to 25% per annum depending on the loan type. These loans are repayable over various periods. Interest receivable on loans is capitalized to the loan balance.

	Consolidated Group		Society	
	2022	**2021**	**2022**	**2021**
	K	**K**	**K**	**K**
Loans and provisioning				
Loans receivables from members and customers	342,179,027	336,274,440	285,723,174	279,489,108
ECL allowance for impairment losses	(16,239,768)	(15,064,435)	(12,282,999)	(12,971,012)
Net loans to member and customers	**325,939,259**	**321,210,005**	**273,440,175**	**266,518,096**

	Consolidated Group		Society	
	2022	**2021**	**2022**	**2021**
	K	**K**	**K**	**K**
ECL allowance for impairment losses				
Opening balance	15,064,435	10,445,028	12,971,013	9,262,679
Increase in provisions	6,434,880	6,789,341	2,112,708	4,261,447
Bad debts written off	(5,259,546)	(2,169,934)	(2,800,721)	(553,113)
Closing balance	**16,239,768**	**15,064,435**	**12,282,999**	**12,971,013**

15. Premium receivables

	Consolidated Group		Society	
	2022	**2021**	**2022**	**2021**
	K	**K**	**K**	**K**
Recognised on business combination as at 1 July 2022	24,319,411	-	-	-
Addition from 1 July 2022 to 31 December 2022	12,651,545	-	-	-
Closing balance, 31 December 2022	36,970,956			
Less: Allowance for doubtful debts	(153,101)	-	-	-
Net premium receivable	**36,817,855**	**-**	**-**	**-**

Notes to the Financial Statements as at 31 December 2022

16. Rental and other receivables

	Consolidated Group		Society	
	2022	2021	2022	2021
	K	K	K	K
Rental and other receivables				
Rental debtors and bonds	4,377,148	1,268,611	-	-
Less: Allowance for doubtful debts	(439,623)	-	-	-
Net rental debtors	**3,937,525**	**1,268,611**	**-**	**-**
Other debtors *	25,947,379	10,520,431	156,954,342	69,876,788
Less: Allowance for other debtors	-	(34,589)	-	(34,589)
Net other debtors	**25,947,379**	**10,485,842**	**156,954,342**	**69,842,199**
Reinsurance recoveries	2,929,322	-	-	-
Prepayments	4,203,313	2,088,546	2,696,622	1,728,096
Interest receivable	892,030	293,214	8,580	107,373
Subtotal prepayments, interest and member receivables	**8,024,665**	**2,381,760**	**2,705,202**	**1,835,469**
Total rental and other receivables	**37,909,569**	**14,136,213**	**159,659,544**	**71,677,668**

* Other debtors comprised largely of receivable arising from the sell down of BSP shares, the total amount expected to be collected as at 31 December 2022 is K22,025,628.

17. Deferred acquisition costs

	Consolidated Group		Society	
	2022	2021	2022	2021
	K	K	K	K
Recognised on business combination as at 1 July 2022	9,631,212	-	-	-
Acquisition cost deferred from 1 July 2022 to 31 December 2022	22,798,039	-	-	-
Release to profit or loss from 1 July 2022 to 31 December 2022	(8,309,960)	-	-	-
Net deferred acquisition costs	**24,119,291**	**-**	**-**	**-**

	Consolidated Group		Society	
	2022	2021	2022	2021
18. Other financial assets	K	K	K	K
Quoted shares (note 18a)	187,753,699	270,148,414	170,850,003	269,308,414
Unquoted shares (note 18b)	33,300	12,315,364	-	-
Government debt securities (note 18d)	65,563,291	48,094,031	31,687,608	30,418,126
Total other financial assets	**253,350,290**	**330,557,809**	**202,537,611**	**299,726,540**

18.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.

	Consolidated Group		Society	
	2022	2021	2022	2021
Quoted shares held by TISA in	K	K	K	K
Bank South Pacific Limited				
Opening balance, 1 January	187,637,734	183,808,392	187,637,734	183,808,392
Disposed during the year (10,185,387 @ K12.41 per share)	(126,400,653)	-	(126,400,653)	-
Balance after disposal	61,237,081	183,808,392	61,237,081	183,808,392
Fair value gain from change in net market value	2,450,778	3,829,342	2,450,778	3,829,342
Valuation (2022: 5,131,979 shares @ K12.41per share)	**63,687,859**	**187,637,734**	**63,687,859**	**187,637,734**
(2021: 15,317,366 shares @ K12.25 per share)				

During the year, a total of K23,406,279 dividend was received from Bank South Pacific Limited.

Notes to the Financial Statements as at 31 December 2022

18.a Quoted shares (Continued)

	Consolidated		Society	
	2022	**2021**	**2022**	**2021**
Quoted shares held by CIG in				
Bank South Pacific Limited		-	-	-
Recognised on business combination	8,680,000	-	-	-
Fair value gain from change in net market value	(16,653)	-	-	-
Valuation (2022: 670,000 shares @ K12.41per share and 30,000 shares @ K11.6215 per share)	**8,663,347**	**-**	**-**	**-**
Quoted shares held by TISA in				
Credit Corporation (PNG) Limited				
Opening balance, 1 January	81,670,680	82,642,950	81,670,680	82,642,950
Acquired during the year				-
(9,311,983 shares @ K1.85 per share)	17,227,169	-	17,227,169	-
Closing balance, 31 December 2022		82,642,950	98,897,849	82,642,950
Fair value gain/(loss) from change in net market value	8,264,295	(972,270)	8,264,295	(972,270)
Valuation (2022: 57,925,843 shares @ K1.85per share)	**107,162,144**	**81,670,680**	**107,162,144**	**81,670,680**
(2021: 48,613,500 @ K1.68 per share)				

During the year, a total of K12,333,550 dividend was received from Credit Corporation (PNG) Limited.

	Consolidated		Society	
	2022	**2021**	**2022**	**2021**
Quoted shares held by CIG in				
Credit Corporation (PNG) Limited				
Recognised on business combination	1,942,500	-	-	-
Fair value gain from change in net market value	-	-	-	-
Valuation (2022: 1,050,000 shares @ K1.85 per share)	**1,942,500**	**-**	**-**	**-**
Quoted shares held by TISA in				
PNG Air Limited				
Opening balance, 1 January	840,000	840,000	-	-
Fair value gain from change in net market value	-	-	-	-
Valuation (2022: 7,000,000 shares @ K0.12 per share)	**840,000**	**840,000**	**-**	**-**
(2021: 7,000,000 shares @ K0.12 per share)				
Quoted shares held by CIG in				
City Pharmacy Limited				
Recognised on business combination	712,500	-	-	-
Fair value gain/(loss) from change in net market value	(37,500)	-	-	-
Valuation (2022:750,000 shares @ K0.90 per share)	**675,000**	**-**	**-**	**-**

Notes to the Financial Statements as at 31 December 2022

18.a Quoted shares (Continued)	Consolidated		Society	
	2022	2021	2022	2021
Quoted shares held by CIG in **Kina Asset Management Limited**				
Recognised on business combination	1,514,889	-	-	-
Acquired during the year through dividend re-investment plan (77,180 shares @ K0.95 per share)	73,325	-	-	-
Acquired during the year through dividend re-investment plan (63,362 shares @ K1.00 per share)	63,362	-	-	-
Fair value gain/(loss) from change in net market value	(79,731)	-	-	-
Valuation (2022: 1,671,800 shares @ K0.95 per share)	**1,571,845**	**-**	**-**	**-**
Quoted shares held by CIG in **Kina Securities Limited**				
Recognised on business combination	2,250,000	-	-	-
Fair value gain/(loss) from change in net market value	(187,500)			
Valuation (2022: 750,000 shares @ K2.75 per share)	**2,062,500**	**-**	**-**	**-**
Quoted shares held by CIG in **Fiji Islands Limited**				
Recognised on business combination	3,411,337	-	-	-
Disposed during the year (142,637 shares@ K12.075 per share)	(1,722,342)	-	-	-
Fair value gain/(loss) from change in net market value	1,465,801	-	-	-
Loss/Gain on sale of shares	(2,006,292)	-	-	-
Valuation (2022: 173,418 shares @ K6.6227496 per share)	**1,148,504**	**-**	**-**	**-**
Total quoted shares	**187,753,699**	**270,148,414**	**170,850,003**	**269,308,414**

Notes to the Financial Statements as at 31 December 2022

18b Unquoted shares

The Group gained control over Capital Insurance Group during the year and it is now consolidated.

As at 31 December 2022, the Society's interest holding in Credit & Data Bureau Limited (CDB) is 6.66%, the shares are classified as unquoted equity investments held at cost.

	Consolidated		Society	
	2022	2021	2022	2021
Unquoted shares:	K	K	K	K
Credit & Data Bureau Limited	33,300	33,300	-	-
Capital Insurance Group (associate)	-	12,282,064	-	-
	33,300	**12,315,364**	-	-

During the year, a total of K33,300 dividend was received from Credit & Data Bureau Limited.

The table below is a reconciliation of the equity accounting for CIG at a consolidated level.

	Consolidated	
	2022	2021
Reconciliation of investment in associate at consolidated level	K	K
Balance at beginning of year	12,282,064	8,065,736
Share of net income/ (loss)	1,196,121	4,216,328
Gain on acquistion of subsidiary	6,214,809	-
Reclassification on acquisition	(19,692,994)	-
Total investment in associate	-	**12,282,064**

The existing carrying amount for the 28.96% was re-measured at a fair value of K19,692,994, resulting in again taken into profit or loss of K6,214,809.

18c. Investment in Subsidiaries

The Society holds controlling stakes in subsidiaries as follows: -

	2022 % Holding	2021 % Holding	Nature of Business	Status
TISA Group Limited	100%	100%	Holding	Active
TISA Community Finance Ltd	100%	100%	Financial	Active
TISA Property Ltd	100%	100%	Financial	Active
TISA Investments Ltd	100%	100%	Financial	Active
Capital Insurance Group Limited	56.12%	29%	Insurance	Active

The Investment in CIG is held by TISA Investments Limited. The minority interest, 43.88% is determined to be K27,554,103 as at 31 December 2022. The balance is comprised of:

	Consolidated	
	2022	2021
	K	K
Minority interest on acquisition	24,711,667	-
Minority interest post acquisition	2,842,436	-
	27,554,103	-

	Society	
	2022	2021
	K	K
Opening balance TCF Investment	166,700,001	166,700,001
TCF (subsidiary)	**166,700,001**	**166,700,001**
Opening balance TPL Investment	65,525,803	65,525,803
TPL (subsidiary)	**65,525,803**	**65,525,803**
Opening balance TIL Investment	10,665,176	10,665,176
TIL (subsidiary)	**10,665,176**	**10,665,176**
Total Investment in Subsidiaries	**242,890,980**	**242,890,980**

Notes to the Financial Statements as at 31 December 2022

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18d. 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.

	Consolidated Group		Society	
	2022	**2021**	**2022**	**2021**
Government debt securities	**K**	**K**	**K**	**K**
Treasury and central bank bill – amortised cost	51,810,283	34,566,309	17,934,600	16,890,404
Inscribed stock – face value on maturity	14,000,000	14,000,000	14,000,000	14,000,000
Net discount on Inscribed Stock	(246,992)	(472,278)	(246,992)	(472,278)
Total government debt securities	**65,563,291**	**48,094,031**	**31,687,608**	**30,418,126**

Investments in Government Inscribed Stock bear interest varying between 9.5% - 10.5% per annum. (2021: 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 90 days from the balance date and provide a return ranging from 1.97% to 2.67% per annum. Interest receivables have been recorded in note 16.

19. Investment properties

	Consolidated Group			
Properties	**Fair Value 31-Dec-21**	**Additions/ (Disposal) Transfer**	**Gain/ (loss)**	**Fair Value 31-Dec-22**
	K	**K**	**K**	**K**
Tisa Haus, Waigani	45,179,755	(18,071,902)	-	27,107,853
Tisa Haus, Lae	7,000,000	-	-	7,000,000
Tisa Haus, Madang	2,349,000	-	-	2,349,000
Kouaka Place, Gordons	7,124,062	-	-	7,124,062
Land adjacent to NDB, Waigani	20,500,000	-	-	20,500,000
Land adjacent to TISA, Waigani	13,409,000	-	-	13,409,000
Alotau Lot 5, Section 10, Alotau	9,554,689	-	-	9,554,689
Office (Lae)	1,640,000	(1,640,000)	-	-
4 Unit Flat (Lae)	1,800,000	-	-	1,800,000
Residential (POM)	667,000	(667,000)	-	-
Total	**109,223,506**	**(20,378,902)**	**-**	**88,844,604**

A reclassification of K18,071,902, or 40% of the value of the property, TISA Haus Waigani, was made from Investment Property to Property and Equipment (Land and Building) as at 1 July 2022, representing the proportion of the property that is utilised within the Group's operations. The depreciation for the six month period has been taken up in profit and loss.

The fair value of investment property was based on a desktop valuation carried out by Executive Management after making adjustments to the valuers' (The Professional Valuers of PNG Limited and Arthur Strachan Limited) assessment. The valuation methodology used to value majority of the assets was the income approach (capitalization) method and comparable sale of similar commercial properties.

During the year, an internal valuation assessment was carried out by the Group's Executive Management. The valuation remains similar to the valuation for the year ended 31 December 2020.

Information about how the fair values of the Company's investment properties are determined (in particular 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 capitalisaton 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 fair value hierarchy is disclosed on Note 32.6

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

	Consolidated Group		Society	
	2022	**2021**	**2022**	**2021**
	K	**K**	**K**	**K**
Rental income and other property related income	5,533,592	4,690,564	-	2,621,964
Operating expenses	(1,073,317)	(2,361,733)	-	(1,907,289)
Profit from investment properties	4,460,275	2,328,831	-	714,675

Notes to the Financial Statements as at 31 December 2022

20. Property and equipment

CONSOLIDATED GROUP

	ROU - Asset	Land & buildings	Furniture & fittings	Office equipment	Motor vehicles	Others	Total
	K	K	K	K	K	K	K
Cost or valuation							
Balance at 1 January 2022	16,023,767	9,300,473	5,049,997	6,519,537	4,002,836	1,841,148	42,737,759
Reclassification of TISA Haus, Waigani from Investment Property to Property and Equipment	-	18,071,902	-	-	-	-	18,071,902
Recognised on business combination	-	-	72,680	627,162	815,702	21,320	1,536,864
Additions	4,703,989	-	358,068	897,005	910,274	1,312	6,870,648
Disposals/Adjustments	313,980	-	88,412	(236,840)	(366,960)	-	(201,407)
Balance at 31 December 2022	**21,041,736**	**27,372,375**	**5,569,157**	**7,806,864**	**5,361,853**	**1,863,780**	**69,015,766**
Accumulated depreciation and impairment losses							
Balance at 1 January 2022	7,590,814	906,298	1,239,001	2,929,926	2,222,357	760,034	15,648,430
Depreciation - TISA Haus, Waigani	-	157,175	-	-	-	-	157,175
Depreciation for the year	3,300,084	235,763	518,206	1,004,912	774,600	719,418	6,552,982
Adjustments affecting depreciation expense	-	-	-	-	(160,916)	-	(160,916)
Disposals/Adjustments	(1,592,447)	-	8,114	8,436	(397,157)	-	(1,973,054)
Balance at 31 December 2022	**9,298,451**	**1,299,236**	**1,765,321**	**3,943,274**	**2,438,883**	**1,479,452**	**20,224,616**
Carrying amounts at 31 December 2022	**11,743,285**	**26,073,139**	**3,803,836**	**3,863,590**	**2,922,970**	**384,328**	**48,791,150**

CONSOLIDATED GROUP

	ROU - Asset	Land & buildings	Furniture & fittings	Office equipment	Motor vehicles	Other equipment	Total
	K	K	K	K	K	K	K
Cost or valuation							
Balance at 1 January 2021	11,094,650	9,300,473	4,999,632	5,805,643	3,806,715	1,815,411	36,822,524
Additions	4,929,117	-	50,365	713,894	615,272	25,737	6,334,385
Disposals	-	-	-	-	(419,151)	-	(419,151)
Balance at 31 December 2021	**16,023,767**	**9,300,473**	**5,049,997**	**6,519,537**	**4,002,836**	**1,841,148**	**42,737,759**
Accumulated depreciation and impairment losses							
Balance at 1 January 2021	4,256,410	670,535	746,670	2,395,181	2,645,141	587,757	11,301,694
Adjustments	823,143	-	-	-	-	-	823,143
Depreciation for the year	2,511,261	235,763	492,331	534,745	234,112	172,277	4,180,489
Disposals	-	-	-	-	(656,896)	-	(656,896)
Balance at 31 December 2021	**7,590,814**	**906,298**	**1,239,001**	**2,929,926**	**2,222,357**	**760,034**	**15,648,430**
Carrying amounts at 31 December 2021	**8,432,953**	**8,394,175**	**3,810,996**	**3,589,611**	**1,780,479**	**1,081,114**	**27,089,329**

Notes to the Financial Statements as at 31 December 2022

20 Property and equipment (continued)

SOCIETY

	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 2022	10,627,065	9,300,473	3,630,849	5,853,178	3,550,788	1,830,807	34,793,160
Additions	4,568,502	-	332,119	821,651	343,490	-	6,065,762
Disposals/(Adjustments)	-	-	-	-	(231,000)	-	(231,000)
Balance at 31 December 2022	**15,195,567**	**9,300,473**	**3,962,968**	**6,674,829**	**3,663,278**	**1,830,807**	**40,627,922**
Accumulated depreciation and impairment losses							
Balance at 1 January 2022	5,938,434	906,299	954,062	2,826,775	1,827,738	755,110	13,208,418
Adjustments	(1,699,696)	-	-	15,333	(231,000)	-	(1,915,363)
Depreciation for the year	3,620,346	235,763	365,544	672,788	615,003	164,745	5,674,191
Disposals	-	-	-	-	(160,916)		(160,916)
Balance at 31 December 2022	**7,859,084**	**1,142,062**	**1,319,606**	**3,514,896**	**2,050,825**	**919,855**	**16,806,330**
Carrying amounts at 31 December 2022	**7,336,483**	**8,158,411**	**2,643,362**	**3,159,933**	**1,612,453**	**910,952**	**23,821,594**

SOCIETY

	ROU - Asset K	Land & buildings K	Furniture & fittings K	Office equipment K	Motor vehicles K	Other equipment K	Total K
Cost or valuation							
Balance at 1 January 2021	9,209,803	9,300,473	3,580,484	5,139,284	3,354,667	1,805,071	32,389,782
Additions	1,417,262	-	50,365	713,894	615,272	25,736	2,822,529
Disposals	-	-	-	-	(419,151)	-	(419,151)
Balance at 31 December 2021	**10,627,065**	**9,300,473**	**3,630,849**	**5,853,178**	**3,550,788**	**1,830,807**	**34,793,159**
Accumulated depreciation and impairment losses							
Balance at 1 January 2021	3,033,030	670,535	603,647	2,328,806	2,305,671	583,870	9,525,559
Adjustments	1,169,072	-	-	-	-	-	1,169,072
Depreciation for the year	1,736,332	235,764	350,415	497,969	178,963	171,240	3,170,683
Disposals	-	-	-	-	(656,896)	-	(656,896)
Balance at 31 December 2021	**5,938,434**	**906,299**	**954,062**	**2,826,775**	**1,827,738**	**755,110**	**13,208,419**
Carrying amounts at 31 December 2021	**4,688,631**	**8,394,174**	**2,676,787**	**3,026,403**	**1,723,050**	**1,075,697**	**21,584,740**

Land and buildings are measured at fair value, being the amounts for which the property could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition. The carrying amounts are based on an independent revaluation undertaken by The Professional Valuers and Arthur Strachan in December 2020 as the fair value assessment is undertaken every three years as per the Group's policy. As at 31 December 2022, the directors have done an internal valuation assessment.

Notes to the Financial Statements as at 31 December 2022

	Consolidated Group		Society	
	2022	2021	2022	2021
	K	K	K	K
21. Work in Progress				
Opening balance, 1 January	67,428,369	37,585,040	3,238,086	4,932,627
Additions during the year	73,977,366	31,527,412	9,975,610	28,157,196
Reclassification and transfers during the year	(1,058,416)	(1,684,083)	(870,325)	(29,851,737)
Closing balance, 31 December	**140,347,319**	**67,428,369**	**12,343,370**	**3,238,086**

Capital work in progress ('WIP') relates to major refurbishment and construction work on the Group's land and building assets and investment properties. The current work in progress predominantly relates to construction and improvements to the new Tisa Rua building (one of the rented properties of Group) and core banking improvements.

	Consolidated Group		Society	
	2022	2021	2022	2021
	K	K	K	K
22. Intangibles				
Cost				
Opening balance, 1 January	3,766,204	4,356,768	3,766,207	4,356,771
Additions/(transfers)	(1,112,080)	-	-	-
Balance of Intangibles acquired from CIG as at 1 July 2022	1,232,343	-	-	-
Amortisation for the year	(1,082,147)	(590,564)	(590,564)	(590,564)
Closing balance, 31 December	**2,804,320**	**3,766,204**	**3,175,643**	**3,766,207**

The recorded intangibles relate to computer software.

	Consolidated Group		Society	
	2022	2021	2022	2021
	K	K	K	K
23. Savings and deposits				
Members' and customers' savings				
Members' and customers' savings pre-additional interest	430,845,719	385,569,939	367,212,795	361,152,080
Additional interest distributed	23,505,906	23,088,840	23,505,906	23,088,840
Additional interest distributed - 50th anniversary bonus interest	6,715,973	-	6,715,973	-
Total members' and customers' savings	**461,067,598**	**408,658,779**	**397,434,674**	**384,240,920**

Notes to the Financial Statements as at 31 December 2022

24. Insurance contract provisions

	Consolidated Group		Society	
	2022	2021	2022	2021
	K	K	K	K
24.a Claims liabilities				
Recognised on business combination	23,509,214	-	-	-
Claims notified from 1 July 2022 to 31 December 2022	15,626,662	-	-	-
Less: Claims paid from 1 July 2022 to 31 December 2022	(23,215,214)	-	-	-
Insurance claims provision	15,920,662	-	-	-
Less: Reinsurance recoveries from 1 July 2022 to 31 December 2022	(3,426,026)			
Net insurance claims provisions	12,494,636	-	-	-
Incurred but not reported (IBNR) reserve	22,323,959	-	-	-
Total claims liabilities	**34,818,595**			
24.b Unearned premium liabilities				
Recognised on business combination	51,826,435	-	-	-
Deferral of premiums on contracts written from 1 July 2022 to 31 December 2022	83,200,781	-	-	-
Premium earned from 1 July 2022 to 31 December 2022	(60,804,784)	-	-	-
Total unearned premium liabilities	**74,222,432**	**-**	**-**	**-**
Total insurance contract provisions	**109,041,027**	-	-	-

25. Creditors and accruals

	Consolidated Group		Society	
	2022	2021	2022	2021
Creditors and accruals	K	K	K	K
Intercompany - TCF *	-	-	68,521,306	74,641,483
Rental bonds	296,747	360,541	211,181	274,974
Goods and services tax	6,971,970	72,458	-	20,087
Group tax	(24,745)	176,759	-	-
Accrued expenses	9,169,126	2,628,793	4,460,859	1,510,555
Due to insurers	6,675,513	-	-	-
Sundry creditors	18,094,759	15,943,650	6,250,221	15,257,485
Rent received in advance	-	269,137	-	269,137
Total creditors and accruals	**41,183,370**	**19,451,338**	**79,443,567**	**91,973,721**

* The balance of K68,521,306 is made of up payables to subsidiary company. The payables largely relate to issued shares in the previous year.

25.1 Lease liability

	Consolidated Group		Society	
	2022	2021	2022	2021
	K	K	K	K
(i) Maturity analysis of lease liabilities				
Maturity analysis - Contractual discounted cash flow				
Less than one year	3,620,772	3,004,620	2,794,692	1,837,038
Between one and five years	7,241,545	6,009,239	5,589,385	3,674,077
Total discounted lease liabilities	**10,862,317**	**9,013,859**	**8,384,077**	**5,511,115**
(ii) Amount recognised in profit or loss				
Interest on lease liabilities	514,524	615,601	465,277	400,957
	514,524	615,601	465,277	400,957

Notes to the Financial Statements as at 31 December 2022

25.1 Lease liability (Continued)

	Consolidated Group		Society	
	2022	2021	2022	2021
	K	K	K	K
(iii) Amount recognised in statement of cash flows				
Total cash outflows for leases	(4,609,318)	(3,523,637)	(2,751,825)	(2,391,917)
	(4,609,318)	(3,523,637)	(2,751,825)	(2,391,917)
(iv) Lease liabilities				
Opening balance, 1 January	9,013,859	7,563,893	5,511,115	5,644,567
Additions	6,457,776	1,449,966	5,624,787	2,258,465
Capital repayments	(4,609,318)	(3,523,637)	(2,751,825)	(2,391,917)
Total lease liabilties	**10,862,317**	**9,013,859**	**8,384,077**	**5,511,115**

26. Employee provisions

	2022	2021	2022	2021
	K	K	K	K
Employee provisions				
Annual leave	4,129,160	2,620,188	3,375,864	2,476,504
Long service leave	4,044,183	2,842,496	3,430,584	2,759,097
Total employee provisions	**8,173,343**	**5,462,684**	**6,806,448**	**5,235,601**

27. Income tax

	Consolidated Group	
	2022	2021
27.1 Income tax expense	K	K
Current tax	5,750,155	2,572,186
Under/(Over) provision in the previous year	282,210	(349,861)
Deferred tax	(1,112,390)	(385,251)
	4,919,975	1,837,074
Accounting profit before taxation	81,424,917	63,292,206
Deductible expense - lease payments	(1,180,318)	(731,720)
	80,244,599	62,560,486
Tax on the profit for the year at 30%	24,073,380	18,768,146
Taxation effect of permanent differences		
- Non deductible items	265,761	297,003
- Non taxable items *	(18,588,986)	(16,483,006)
Dividend rebate	-	(9,957)
	5,750,155	2,572,186

Non taxable items are in relation to tax exempt activities of the Society under Section 40A of Income Tax Act 1959. These activities include interest income from loans, loan processing fee and other income associated with loan and saving activities.

	2022	2021
27.2 Income tax payable		
Opening balance of income tax	2,419,092	922,983
Current tax payable	5,750,155	2,572,186
Under/(Over) provision in the previous year	282,210	(349,861)
Payments during the year	(13,432,141)	(726,216)
Closing balance of income tax (receivable)/payable	**(4,980,685)**	**2,419,092**

Notes to the Financial Statements as at 31 December 2022

27. Income tax (Continued)

27.3 Deferred tax balance

Deferred tax assets and deferred tax liabilities as at 31 December 2022 and 2021 are attributable to the items as detailed in the table below:

	Consolidated Group		
	Asset	Liability	Net
As at 31 December 2022			
Provisions	1,297,489	-	1,297,489
Prepayments	-	(567,123)	(567,123)
TPL Taxation loss	1,178,687	-	1,178,687
Other		(160,951)	(160,951)
	2,476,176	**(728,074)**	**1,748,102**
As at 31 December 2021			
Provisions	712,615	-	712,615
Prepayments	-	(141,302)	(141,302)
TPL Taxation loss	322,026	-	322,026
Other	-	(10,664)	(10,664)
	1,034,641	**(151,966)**	**882,675**

Opening balance as at 1 January 2022	882,675
Recognised on business combination	(246,963)
Movement for the year	1,112,390
Closing balance as at 31 December 2022	**1,748,102**

28. Members' Capital

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

By operation of the *Savings and Loan Societies Act 2015* , the cost of capital of K62,023 (i.e, 62,023 shareholders at nominal value of K1.00 per share) was taken out of retained earnings. The cost of capital as at 31 December 2022 was K62,023 (2021: 61,939)

29. Asset revaluation reserve

	Consolidated Group		Society	
	2022	2021	2022	2021
	K	K	K	K
Asset revaluation reserve reconciliation				
Opening balance at 1 January	5,603,567	5,603,567	5,603,567	5,603,567
Transfers out to retained earnings	-	-	-	-
Change in fair value of land and buildings	-	-	-	-
Reserve balance at 31 December	**5,603,567**	**5,603,567**	**5,603,567**	**5,603,567**

Notes to the Financial Statements as at 31 December 2022

30. General reserve

	Consolidated Group		Society	
	2022	2021	2022	2021
	K	K	K	K
General reserve reconciliation				
Opening balance at 1 January	33,534,306	33,534,306	33,534,306	33,534,306
Transfers in from retained earnings	-	-	-	-
Transfer out to additional interest reserve	-	-	-	-
Reserve balance at 31 December	**33,534,306**	**33,534,306**	**33,534,306**	**33,534,306**

Under the repealed *Savings & Loan Societies Act 1995* , the Society was required to transfer 20% of its net earnings or profit (before declaring additional interest to the members or dividends) to a general reserve fund as a buffer against any financial risks and exposures in accordance with section 47. The transfer was not required once the general reserve fund exceeds 10% of total liabilities.

The *Savings & Loan Societies Act 2015* does not clearly indicate if the Society is not obliged to maintain this reserve, therefore the Society will maintain the reserve until a final decision is reached by the Board to transfer the balance to an appropriate account.

31. Additional interest reserve reconciliation

	2022	2021	2022	2021
	K	K	K	K
Opening balance at 1 January	73,153,385	60,535,144	73,153,385	60,535,144
Transfers in from Retained Earnings	40,111,106	35,707,081	40,111,106	35,707,081
Transfer out to Members' Savings	(23,505,906)	(23,088,840)	(23,505,906)	(23,088,840)
Transfer out to Members' Savings - 50th anniversary bonus interset	(6,715,973)	-	(6,715,973)	-
Reserve balance at 31 December	**83,042,612**	**73,153,385**	**83,042,612**	**73,153,385**

The Board has resolved to declare an additional interest of 7% of members' general savings balance as at 31 December 2022 and credited to the members' transaction accounts. This amounts to K23,505,906 and was directly paid out of the Additional Interest Reserve (AIR). The Board further resolved to declare a one-off special 50th anniversary bonus interest of 2% of members' general savings balance as at 31 December 2022 and credited to the members' transaction accounts. The Board resolved to distribute 50% of the distributable profit's remaining balance, K9,889,227 to Additional Interest Reserve. The Additional Interest Reserve was then replenished with K40,111,106 from the distributable profit.

32. 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.

Notes to the Financial Statements as at 31 December 2022

32.1 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:

	Consolidated Group		Society	
	2022	2021	2022	2021
	K	K	K	K
Assets bearing credit risk				
Cash and cash equivalents	184,522,150	29,630,765	63,722,119	20,211,951
Interest bearing deposits	19,007,082	6,148,427	-	16,375,832
Rental and other receivables	37,909,569	14,136,213	159,659,544	71,677,668
Net premium receivables	36,817,855	-	-	-
Government debt securities	65,563,291	48,094,031	31,687,608	30,418,126
Net Loans to members and customers	325,939,259	321,210,005	273,440,175	266,518,096
Total assets	**669,759,206**	**419,219,441**	**528,509,445**	**405,201,673**

Loans to members and customers:

The Society's policy requires all loans to be either fully or partially secured by members' savings. In cases where loans are partially secured, additional security may be deemed necessary in accordance with the Rules of the Society.
As at 31 December 2022, the subsidiary, TCF, unsecured loans totalled to K15,711,285 (2021: K10,544,661).

	Consolidated Group		Society	
	2022	2021	2022	2021
	K	K	K	K
Member and customer loans				
Loans backed by deposits and collaterals	236,746,656	224,920,082	225,022,141	215,941,800
Loans without deposit backing	89,192,603	96,289,923	48,418,034	50,576,296
Total assets	**325,939,259**	**321,210,005**	**273,440,175**	**266,518,096**

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

	Consolidated Group		Society	
	2022	2021	2022	2021
	K	K	K	K
Stage 1 - 12 month ECL	309,130,278	284,962,185	261,979,708	232,732,711
Stage 2 - Life time ECL	15,193,838	38,606,376	10,869,788	36,974,013
Stage 3 - Life time ECL	17,854,911	12,705,879	12,873,678	9,782,384
Gross carrying amount	342,179,027	336,274,440	285,723,174	279,489,108
Allowance for credit loss	(16,239,768)	(15,064,435)	(12,282,999)	(12,971,012)
Net carrying amount	325,939,259	321,210,005	273,440,175	266,518,096

Notes to the Financial Statements as at 31 December 2022

32.1 Credit risk (Continued)

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

Consolidated Group

2022	Stage 1 K	Stage 2 K	Stage 3 K	Total K
Balance as at 1 January 2022	4,853,700	4,221,475	5,989,259	15,064,435
Transfer to Stage 1	4,196,582	1,918,111	429,332	6,544,024
Transfer to Stage 2	(2,874,034)	239,614	452,423	(2,181,997)
Transfer to Stage 3	950,453	(374,157)	14,292,031	14,868,328
Net remeasurements	**2,273,001**	**1,783,568**	**15,173,786**	**19,230,355**
New financial assets purchased or originated	1,278,491	359,017	556,946	2,194,454
Write offs and transfers from savings	(707,604)	(483,729)	(3,993,707)	(5,185,042)
Balance as at 31 December 2022	**2,843,888**	**1,658,856**	**11,737,025**	**16,239,768**

2021	Stage 1 K	Stage 2 K	Stage 3 K	Total K
Balance as at 1 January 2021	5,825,007	2,123,826	2,496,195	10,445,028
Transfer to Stage 1	277,546	(642,530)	(134,623)	(499,607)
Transfer to Stage 2	1,745,531	163,848	(39,290)	1,870,090
Transfer to Stage 3	2,012,307	280,448	498,117	2,790,871
Net remeasurements	**4,035,384**	**(198,234)**	**324,203**	**4,161,354**
New financial assets purchased or originated	2,422,337	2,569,827	554,327	5,546,491
Write offs and transfers from savings	(1,604,021)	1,849,883	5,110,729	5,356,591
Balance as at 31 December 2021	**4,853,700**	**4,221,475**	**5,989,259**	**15,064,435**

Society

2022	Stage 1 K	Stage 2 K	Stage 3 K	Total K
Balance as at 1 January 2022	3,904,829	3,879,641	5,186,542	12,971,012
Transfer to Stage 1	3,718,345	1,875,845	379,230	5,973,420
Transfer to Stage 2	(2,809,152)	262,838	355,698	(2,190,616)
Transfer to Stage 3	691,752	(1,062,158)	10,018,488	9,648,082
Net remeasurements	**1,600,945**	**1,076,525**	**10,753,416**	**13,430,886**
New financial assets purchased or originated	846,891	326,298	479,644	1,652,833
Write offs and transfers from savings	(468,339)	(424,148)	(1,908,233)	(2,800,720)
Balance as at 31 December 2022	**1,979,497**	**978,675**	**9,324,827**	**12,282,999**

2021	Stage 1 K	Stage 2 K	Stage 3 K	Total K
Balance as at 1 January 2021	5,311,683	2,031,269	1,919,726	9,262,679
Transfer to Stage 1	(173,786)	(648,570)	(140,391)	(962,747)
Transfer to Stage 2	1,514,010	144,512	(54,952)	1,603,570
Transfer to Stage 3	1,201,827	151,899	343,709	1,697,435
Net remeasurements	**2,542,051**	**(352,159)**	**148,366**	**2,338,258**
New financial assets purchased or originated	1,936,606	2,494,509	444,803	4,875,918
Write offs and transfers from savings	(573,828)	1,737,291	4,593,373	5,756,836
Balance as at 31 December 2021	**3,904,829**	**3,879,641**	**5,186,542**	**12,971,012**

Notes to the Financial Statements as at 31 December 2022

32. Financial instruments and risk management (continued)

32.2 Liquidity risk

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

The Group is restricted by the exchange controls of BPNG in terms of offshore investments (BPNG) 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 2 months 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 assets and liabilities as at 31 December 2022 and 31 December 2021 based on contractual repayment obligations.

Consolidated Group

	Total	At Call	0-3 mnths	3 mnths-1 Yr	1-5 Yrs	More than 5 Yrs	Weighted Average Rate p.a
	K	K	K	K	K	K	%
2022							
Assets							
Cash and cash equivalents	184,522,150	174,509,615	10,012,534	-	-	-	1.63%
Interest bearing deposits	19,007,082	-	-	19,007,082	-	-	2.44%
Rental and other receivables	37,909,569	3,092,802	-	25,564,010	9,252,757	-	nil
Net premium receivables	36,817,855	-	-	36,817,855		-	nil
Net Loans	325,939,259	-	94,285	110,989,616	201,459,856	13,395,501	25.70%
Quoted shares	187,753,699	-	-	-	-	187,753,699	nil
Unquoted shares	33,300	-	-	-	-	33,300	nil
Government debt securities	65,563,291	-	-	51,810,283	13,753,008	-	
Total undiscounted cash inflows	**857,546,205**	**177,602,418**	**10,106,819**	**244,188,846**	**224,465,621**	**201,182,501**	
Liabilities							
Deposits & Savings*	(461,067,598)	(143,505,906)	(5,368,822)	(159,683,821)	(152,165,622)	(343,427)	4.52%
Creditors and accruals	(41,183,370)	-	-	(4,195,039)	(36,988,331)	-	nil
Insurance contract provisions	(109,041,027)	-	-	(76,616,411)	(32,424,616)	-	nil
Employee provisions	(8,173,343)	(8,173,343)	-	-	-	-	nil
Total undiscounted cash outflows	**(619,465,337)**	**(151,679,249)**	**(5,368,822)**	**(240,495,271)**	**(221,578,569)**	**(343,427)**	

Consolidated Group

	Total	At Call	0-3 mnths	3 mnths-1 Yr	1-5 Yrs	More than 5 Yrs	Weighted Average Rate p.a
2021	K	K	K	K	K	K	%
Assets							
Cash and cash equivalents	29,630,765	24,494,369	5,136,396	-	-	-	1.88%
Interest bearing deposits	6,148,427	-	6,148,427	-	-	-	2.75%
Rental and other receivables	14,136,213	11,754,453	2,381,760	-	-	-	nil
Net Loans	321,210,005	-	-	232,806,356	81,953,718	6,449,931	25.70%
Quoted shares	270,148,415	270,148,415	-	-	-	-	nil
Unquoted shares	12,315,364	12,315,364	-	-	-	-	nil
Government debt securities	48,094,031	-	11,747,079	22,819,230	6,527,722	7,000,000	11.00%
Total undiscounted cash inflows	**701,683,220**	**318,712,601**	**25,413,662**	**255,625,586**	**88,481,440**	**13,449,931**	

Notes to the Financial Statements as at 31 December 2022

32. Financial instruments and risk management (continued)

32.2 Liquidity risk (continued)

	Consolidated Group						
	Total	**At Call**	**0-3 mnths**	**3 mnths-1 Yr**	**1-5 Yrs**	**More than 5 Yrs**	**Weighted Average Rate p.a**
	K	**K**	**K**	**K**	**K**	**K**	**%**
2021							
Liabilities							
Deposits and Savings	(408,658,779)	(177,758,778)	(5,657,930)	(39,091,950)	(163,072,003)	(290,919)	4.52%
Creditors and accruals	(28,465,198)	-	(28,465,198)	-	-	-	nil
Employee provisions	(5,462,684)	-	-	(2,620,188)	(2,842,496)	-	nil
Total undiscounted cash outflows	**(442,586,661)**	**(177,758,778)**	**(34,123,128)**	**(41,712,138)**	**(165,914,499)**	**(290,919)**	
Net surplus/(exposure) 2022	**238,080,867**	**25,923,169**	**4,737,997**	**3,693,575**	**2,887,052**	**200,839,074**	
Net surplus/(exposure) 2021	**259,096,559**	**140,953,823**	**(8,709,466)**	**213,913,448**	**(77,433,059)**	**13,159,012**	

	Society						
	Total	**At Call**	**0-3 mnths**	**3 mnths-1 Yr**	**1-5 Yrs**	**More than 5 Yrs**	**Weighted Average Rate p.a**
	K	**K**	**K**	**K**	**K**	**K**	**%**
2022							
Assets							
Cash and cash equivalents	63,722,119	53,709,585	10,012,534	-	-	-	2.32%
Interest bearing deposits	-	-	-	-	-	-	0.00%
Rental and other receivables	159,659,544	-	-	41,943,787	117,715,757	-	nil
Net loans	273,440,175	-	94,285	2,459,616	270,886,273	-	17.00%
Quoted shares	170,850,003	-	-	-	-	170,850,003	nil
Government debt securities	31,687,608	-	-	13,753,008	17,934,600	-	5.92%
Total undiscounted cash inflows	**699,359,449**	**53,709,585**	**10,106,819**	**58,156,411**	**406,536,630**	**170,850,003**	
Liabilities							
Deposits and Savings*	(397,434,674)	(23,505,906)	-	(49,207,575)	(324,377,766)	(343,427)	4.67%
Creditors and accruals	(79,443,567)	-	-	(4,192,039)	(75,251,528)	-	6.25%
Employee provisions	(8,173,343)	-	-	(3,375,864)	(4,797,479)	-	nil
Total undiscounted cash outflows	**(485,051,584)**	**(23,505,906)**	**-**	**(56,775,478)**	**(404,426,773)**	**(343,427)**	

Notes to the Financial Statements as at 31 December 2022

32. Financial instruments and risk management (continued)

32.2 Liquidity risk (continued)

	Society						
	Total	**At Call**	**0-3 mnths**	**3 mnths-1 Yr**	**1-5 Yrs**	**More than 5 Yrs**	**Weighted Average Rate p.a**
	K	**K**	**K**	**K**	**K**	**K**	**%**
2021							
Assets							
Cash and cash equivalents	20,211,951	15,075,555	5,136,396	-	-	-	1.88%
Interest bearing deposits	16,375,832	-	-	16,375,832	-	-	3.86%
Rental and other receivables	14,136,213	-	14,136,213	-	-	-	nil
Net Loans	266,518,096	-	-	116,366,356	150,151,741	-	17.00%
Quoted shares	269,308,414	-	-	-	-	269,308,414	nil
Unquoted shares	242,890,980	-	-	-	-	242,890,980	nil
Government debt securities	30,418,126	-	2,816,436	13,601,690	6,527,722	7,472,278	5.92%
Total undiscounted cash inflows	**859,859,612**	**15,075,555**	**22,089,045**	**146,343,878**	**156,679,463**	**519,671,672**	
Liabilities							
Deposits and Savings*	(384,240,920)	(177,758,778)	-	(11,378,771)	(164,920,359)	(30,183,012)	4.67%
Creditors and accruals	(97,484,837)	-	(17,057,265)	-	(80,427,572)	-	6.25%
Employee provisions	(5,235,601)	-	-	(2,476,504)	(2,759,097)	-	nil
Total undiscounted cash	**(486,961,358)**	**(177,758,778)**	**(17,057,265)**	**(13,855,275)**	**(248,107,028)**	**(30,183,012)**	
Net Surplus/ (exposure) 2022	**214,307,865**	**30,203,679**	**10,106,819**	**1,380,933**	**2,109,858**	**170,506,577**	
Net Surplus/ (exposure) 2021	**372,898,254**	**(162,683,223)**	**5,031,780**	**132,488,603**	**(91,427,565)**	**489,488,660**	

*Deposits and other borrowings comprise of client deposits & member savings. Member Savings are secured fully or partially against Loans to members (where members have taken out loans).

While member savings are at call, members are only allowed to withdraw 50% of their net savings (being any excess of member savings over loans taken out with the Society). The Society has not had a history of significant member withdrawals.

Notes to the Financial Statements as at 31 December 2022

32. Financial instruments and risk management (continued)

32.3 Interest rate risk

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

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

Fixed rate instruments (financial assets)

	Consolidated Group		Society	
	2022	**2021**	**2022**	**2021**
	K	**K**	**K**	**K**
Treasury bills	51,810,283	34,566,309	17,934,600	16,890,404
Interest bearing deposits	19,007,082	6,148,427	-	16,375,832
Government inscribed stock	14,000,000	14,000,000	14,000,000	14,000,000
Loans to members	325,939,259	321,210,005	273,440,175	266,518,096
Total interest-bearing assets	**410,756,624**	**375,924,741**	**305,374,775**	**313,784,332**

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.

Fixed rate instruments (financial liabilities)

	Consolidated Group		Society	
	2022	**2021**	**2022**	**2021**
	K	**K**	**K**	**K**
Member savings	461,067,598	408,658,779	397,434,674	384,240,920
Total interest-bearing liabilities	**461,067,598**	**408,658,779**	**397,434,674**	**384,240,920**

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.

32.4 Other market price risk

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

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

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

(i) Financial instrument	Consolidated Group		Society	
	2022	**2021**	**2022**	**2021**
	K	**K**	**K**	**K**
+ 5% change in fair value	9,346,305	13,465,421	8,542,500	13,465,421
- 5% change in fair value	(9,346,305)	(13,465,421)	(8,542,500)	(13,465,421)

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

(ii) Investment	Consolidated Group Effect on Profit or Loss Increase/(Decrease)		Society Effect on Profit or Loss Increase/(Decrease)	
	2022	**2021**	**2022**	**2021**
	K	**K**	**K**	**K**
Increase of 1% in capitalisation rates	(5,015,017)	(2,383,887)	-	-
10% increase in rentals	586,911	469,056	-	-
10% increase in sales prices and/or replacement costs	4,501,600	4,501,600	-	-

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

Notes to the Financial Statements as at 31 December 2022

32. Financial instruments and risk management (continued)

32.5 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.

32.6 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;
- For investment refer to Note 6 (k);
- Member deposits are recognized at inception at fair value and subsequently at amortized cost.

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

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

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

	Consolidated Group					
	2022			2021		
	Level 1	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Quoted shares (Note 18.a)	187,753,699	-	-	270,148,415	-	-
Unquoted shares (Note 18.b)	-	-	-	-	12,282,064	-
Totals	**187,753,699**	**-**	**-**	**270,148,415**	**12,282,064**	**-**

	Society					
	2022			2021		
	Level 1	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Quoted shares (Note 18.a)	170,850,003	-	-	269,308,414	-	-
Unquoted shares (Note 18.b)	-	-	-	-	-	-
Totals	**170,850,003**	**-**	**-**	**269,308,414**	**-**	**-**

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 32.4 Other Market Price Risk (a) (ii)

Notes to the Financial Statements as at 31 December 2022

32.7 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 2022, 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 percental of general loan loss provisions. The leverage capital ratios 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.

33. Employees

The number of people employed by the Society as at 31 December 2022 is 323 (2021: 271).
The number of people employed by the Group as at 31 December 2022 is 484 (2021: 310).

34. Retirement benefits

The group total contribution remitted to a superannuation fund was K1,674,075 (2021: K1,447,750). The Society contributed a total of K1,467,754 to Nambawan Super Limited (NSL) (2021: 1,184,598). The subsidiary, TISA Community Finance Limited contributed a total of K206,321 (2021: K263,152) to National Superannuation Fund. The employer contribution rate is 12%.

Notes to the Financial Statements as at 31 December 2022

35. 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 2022 is K2,323,335 1 (2021: K 1,719,751). The interest rate, security and repayment terms on these loans are in arms length basis and consistent with the normal terms extended to members who are neither directors nor staff.

As disclosed in Note 13c, TISA owns 100% of the share capital in subsidiary TCF. Intercompany transactions totalled K68,521,306 (2021: K74,641,483). A deposit of K5,000,000 (2021: K10,227,406) was made from TISA to TCF.

The loan is payable within a 5 year intercompany debt settlement plan from year 2022 and does not have a provision for interest.

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

-Intercompany receivable from TPL of K117,720,534;

-Intercompany receivable from TIL of K11,271,787

The loans are unsecured with no provisions for interests and repayable on demand.

The directors of the Group had an aggregate savings balance of K729,244 (2021: K656,553), and aggregate loan balance of K13,543 (2021: K1,536,356). The directors are subject to the normal lending policy requirements of the Group. Total savings by directors and staff amounted to K886,969 (2021: K1,719,751).

The related parties transactions with CIG are disclosed in Note 35.

35.1 Key management personnel remuneration

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

	Group		Society	
	2022	2021	2022	2021
	No.	No.	No.	No.
K100,000 – K149,999	2	3	1	1
K150,000 – K199,999	4	1	2	1
K200,000 – K249,999	2	2	1	2
K250,000 – K299,999	3	1	2	1
K300,000 – K349,999	3	-	1	-
K350,000 – K399,999	3	6	3	4
K400,000 – K449,999	1	1	-	1
K450,000 – K499,999	2	-	2	-
K500,000 – K549,999	2	2	1	2
K550,000 – K999,999	3	1	3	1
K1,000,000 and above	3	1	1	1
	28	18	17	14

Notes to the Financial Statements as at 31 December 2022

35. Related parties (Continued)

35.2 Key management personnel remuneration

The specified executives of the Society during the year were:

- Mr Michael Koisen – Chief Executive Officer
- Mr Luke Kaul – Chief Operating Officer
- Mr Igimu Momo – Chief Strategic Officer
- Mr John Topal - Chief Risk Officer, ceased on 03 May 2022
- Ms Regina Epoa - Chief Finance Officer, resigned on 31 March 2022
- Mr Samit Kumar Bhatnagar - Chief of Information Officer, joined on 21 February 2022
- Ms Andu Rawali - Chief of People and Culture, resigned 02 May 2022
- Ms Aileen Watangia - Head of Information Technology
- Mr Frans Kootte - Executive Manager, Retail Financial Services, resigned on 26 May 2022
- Mr Philip Hehonah – Head of Legal and Company Secretary
- Ms Anna Leidimo – Head of Human Resource
- Mr Viktor Bezkorovaynyy -Head of Payment and Settlement
- Ms Georgina Ahwong - Head of E-Channel
- Ms Alu Kala - Head of Product Management
- Mr Akinyemi Olatunji - Senior Project Manager, resigned on 14 October 2022

The specified Directors of TISA during the year were:

- Mr. Gabriel Tai (Chairman)
- Mr. Sam Nalong (Vice Chairman), resigned on 27 October 2022
- Mr. William Varmari
- Dr. Peter Mason
- Mr. Michael Koisen
- Mr. Simon Woolcott
- Ms. Lucy Sabo- Kelis

Specified executives and directors' remuneration in aggregate:

	Primary			Post-employment			Equity	Other	
	Salary & fees	Bonus	Non-monetary	Superannuation	Prescribed benefits	Other	Options	Benefits	**Total**
	K	K	K	K	K	K	K	K	K
	Specified Executives								
2022	6,848,764	-	-	541,434	1,410,932	-	-	-	8,801,129
2021	5,044,471	-	-	605,337	1,066,800	-	-	-	6,716,608
	Specified Directors								
2022	647,993	-	-	-	-	-	-	64,200	712,193
2021	197,673		-	-	-	-	-	35,550	230,136

36. 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.

37. 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.

38. Subsequent events

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

Notes to the Financial Statements as at 31 December 2022

39. Business combination

On 20 June 2022 the Group acquired control over Capital Insurance Group Limited ("CIG") by acquiring an additional 27.16% interest for a consideration of K11,338,152. This increased the Group's interest in CIG from 28.96% to 56.12%. Accordingly, the Group has consolidated the assets and liabilities of CIG as at 31 December 2022 and its results from the date of acquisition.

Details of the purchase consideration, the net identifiable assets (NIA) acquired and goodwill are as follows:

Identifiable assets and liabilities recognised at fair value

	K
Cash and bank balances	81,595,195
Term deposits	18,408,805
Premium and other receivables	35,330,434
Deferred acquisition costs	9,631,212
Investment in financial assets	18,511,226
Property and equipment	1,536,864
Intangibles assets	1,604,575
Net deferred tax assets	(246,963)
Trade and other payables	(5,934,559)
Employee provisions	(680,808)
Insurance provisions	(51,970,359)
Unearned premiums	(51,826,435)
Net identifiable assets acquired	55,959,187
Less 43.88% non-controlling interest at fair value of NIA	(24,711,668)
Less: Fair value of existing 28.96% interest	(19,692,993)
Add: Discount on acquisition	(216,374)
Purchase consideration	**11,338,152**

The fair values of identifiable net assets together with the fair value of the existing TISA interest have been determined internally by management.

The acquisition resulted in a bargain purchase, with a gain recognised in the income statement of K216,374. The existing carrying amount for the 28.96% interest was remeasured at fair value of K19,692,993, resulting in a gain taken in profit or loss of K6,214,809. Total acquisition gains recognised in the year were K6,431,183.

The Group recognised non-controlled interests in the business combination at their proportion of the

Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration paid	11,338,152
Less: cash and bank balances acquired	(81,595,195)
Net inflow of cash - investing activities	**(70,257,043)**

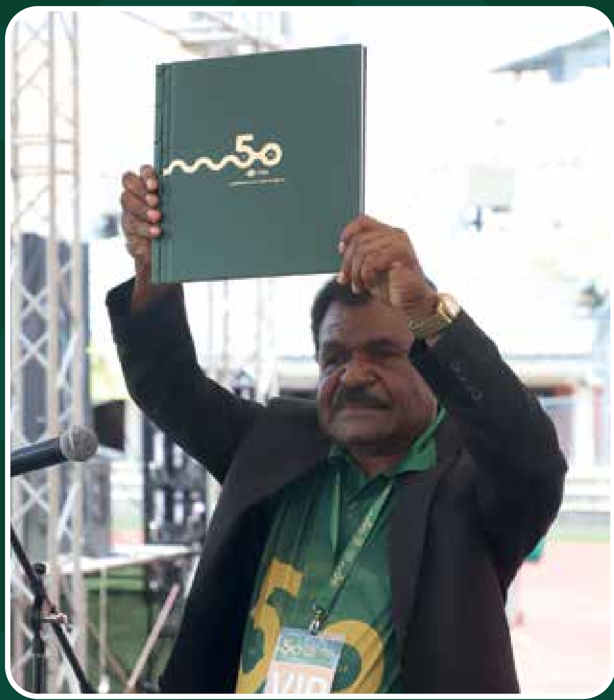
Acquisition-related costs of KNil are included in operating expenses and operating cash flows.

1972 2022

TISA

CELEBRATING FIFTY YEARS OF SERVICE

Thank you, members; your trust and commitment has never been more appreciated than during these times. Together we have achieved positive results in 2022.

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