TISA

TEACHERS SAVINGS AND LOAN SOCIETY LIMITED

ANNUAL REPORT 2020

SERVING YOU IN CHALLENGING TIMES

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VISION STATEMENT

Not for Profit, Not for Charity, But for Service

MISSION STATEMENT

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

CHAIRMAN'S REPORT

GABRIEL TAI, MAICD

TO OUR VALUED MEMBERS

I am pleased to present the annual report for the year ended 31 December 2020, on behalf of the Board of Directors and Management Team.

The 2020 year was uniquely challenging for everyone. The COVID-19 virus arrived abruptly on our shores, forcing everyone to adjust to its impact on our lives and on the economy. Our thoughts are with those that have been impacted, especially those that have lost their loved ones. It is important we remain vigilant and follow the 'Niupla Pasin' health measures to protect ourselves, our families and everyone around us.

The Society remained committed to serving its members during the pandemic. The Society immediately implemented its Business Continuity Plan and adjusted throughout the year so that services could continue, and members and staff were protected. This included scaling down of its operations during lockdown periods and introducing health protocols at each branch.

The Board of Directors and the Management Team remained committed to the Society's strategic business plan during the year. Despite the challenges, there were several highlights.The construction of TISA Rua - a new multi storey commercial property in Port Moresby commenced in April 2020, and the submission of a banking license application to the Bank of Papua New Guinea in November 2020 by TISA Community Finance Limited, a wholly owned subsidiary of the Society.

FINANCIAL RESULT

The Society reported a resilient annual result. Total assets grew by 19.5% to K986,406,897 (2019: K825,420,648) and Profit After Tax was K44,943,159 (2019: K73,092,679), 38.5% lower than previous year. The lower profit result was due to the impact of COVID-19 on the Society's equity and investment properties portfolios, respectively. The core business of savings and loans however performed strongly in 2020.

The Society remains financially strong and well capitalised, above regulatory requirements.

INTEREST PAYMENT TO MEMBERS

The Board of Directors has approved an additional Bonus Interest payment to its members for the 2020 financial year, totalling K24,771,649 (2019: K24,766,272). In total K33,335,303 (2019: K33,256,605) has been credited to members' accounts for the 2020 financial year, inclusive of monthly interest totalling K8,563,654 (2019: K8,490,333).

For the past 11 years (2009 to 2020), the Society has paid to its members an accumulative additional interest of K221 million.

Members' savings and deposits as at 31 December 2020, was K412,793,413 (2019: K400,248,200), a growth of 3 percent from the previous year.

CHAIRMAN'S REPORT

PROJECT LAURABADA

Project Laurabada is the name given to the anticipated demutualisation of the Society. This project was approved by the Board of Directors in 2008 as a way of honouring members' wishes in realising value from their savings in the Society.

At every AGM since 2009, our members have demanded that the Board of Directors and Management Team consider issuing priced shares to them in recognition of their contribution to the growth of TISA. For this to be achieved, the Society must be demutualised and priced shares issued to each member.

In 2015, PNG Parliament passed a new *Savings and Loan Society Act 2015* that allows for demutualisation.

The Board of Directors have been working tirelessly within the ambit of the law to chart a path for demutualisation. We will bring the full proposal, with full disclosures to you in the near future for consideration.

This is a Member driven project and TISA is a member driven organisation. As long as you desire demutualisation, it will be on the Board's agenda.

We represent our members, whom we serve.

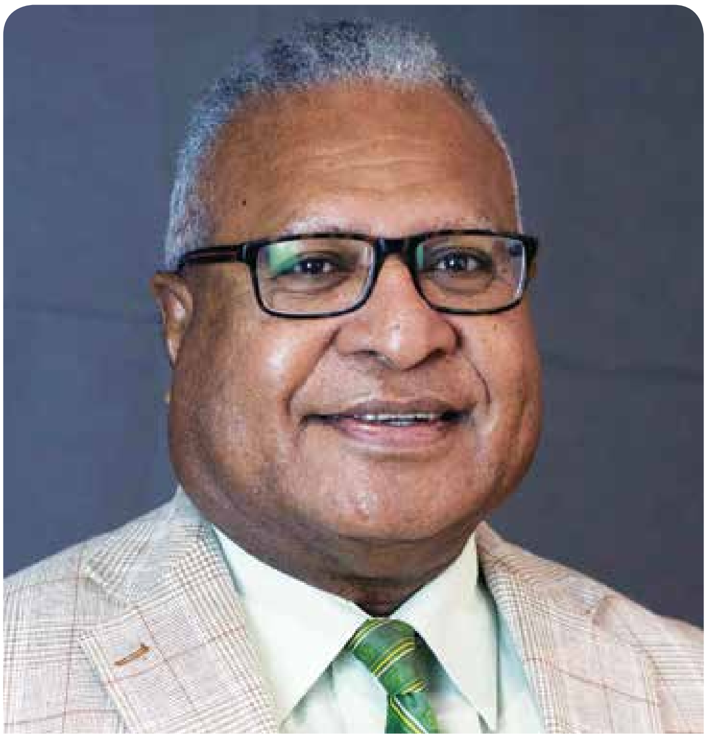
ACKNOWLEDGEMENTS

On behalf of the Board of Directors and Management Team of Teachers Savings and Loan Society Limited, I would like to thank our members and our mutual shareholders nationwide for their understanding, support and trust.

I would also like to thank TISA's Management Team and all its staff for their contributions to the Society's operations and its growth in 2020.

Gabriel Tai, MAICD
Chairman – Board of Directors

GROUP CHIEF EXECUTIVE OFFICER'S REPORT



MICHAEL KOISEN, OBE ML

It is my pleasure to present the Group CEO's report for the financial year ended 31 December 2020.

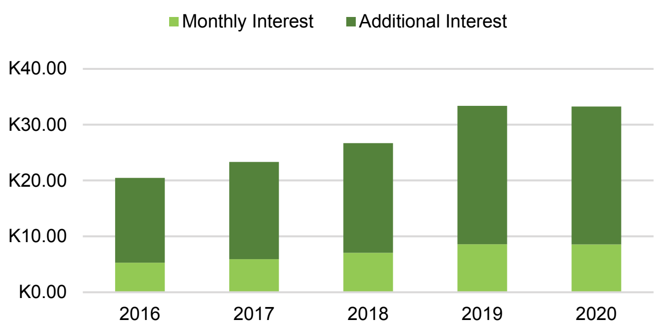
The year 2020 was a challenging year for TISA and the Group. The beginning of the year saw the start of the COVID 19 virus, which has since grown into a global pandemic, causing instability to industries, economies and countries around the globe and Papua New Guinea.

Under the circumstances, TISA's performance in 2020 is commendable, recording a revenue of K88,337,813 (2019: K111,857,292) and a profit of K44,943,159 (2019: K73,092,679). Income from the core business performed well, however the negative performance in the Society's investments in quoted shares and properties outweighed this, resulting in the Society's income dipping by 21- percent to K88,337,813 (2019: K111,857,292.)

Despite the depressed economic conditions driven by responses to the pandemic, I am pleased to advise that TISA will pay K24,771,649 (2019: K24,766,272) in Bonus Interest for the year ended 31 December 2020, a rate of 7 percent to the members' Yumi Account. This is cash immediately available for use and can be accessed using your YumiCard.

Your Board of Directors and Management Team are cognizant of their long-term responsibility toward you the member and your families. In fulfilling our responsibility to our members, we have reserved an additional K35,427,129 to Additional Interest Reserve, building this reserve to K60,535,144 as at 31 December 2020 (2019: K49,879,664). This policy future proofs a consistent bonus interest flow to our members.

Figure 1. Interest Paid to Members



During the first quarter of 2020, lending business was sluggish due directly to the impact of COVID-19 and PNG government directions to provide a three (3) month loan repayment holiday to our members and -customers.

TISA RUA

TISA RUA is the name given to the Society's investment project in a Ten (10) floor office/residential and commercial property development in Waigani, National Capital District (NCD) Construction began in April 2020 and remains ahead of schedule notwithstanding the impact of COVID-19. This project provides employment for over 100, mostly, Papua New Guineans. Our Project Contractor is Fletcher Morobe which has the reputation of training and developing highly skilled Papua New Guineans.

GROUP CHIEF EXECUTIVE OFFICER'S REPORT

Fletcher Morobe ensures high health and safety standards on the construction site. We are proud to contribute in a small way to employment and health and safety.

Core Banking System

We completed the upgrade of our core banking system (Ultracs), the installation of the Society's first payment switch (SmartVista) and brought production of our YumiCard in-house. These initiatives will better deliver services to you, and to ensure we meet ongoing compliance and remain competitive and resilient.

COVID-19

TISA Group responded to the pandemic by implementing its COVID-19 Business Continuity Plan (BCP) under the supervision of a Crisis Management Committee that reported to the Board of Directors through the Group CEO. TISA also followed the government's health advice and adhered to the government's restrictions and protocols, such as wearing face masks, temperature checks, providing hand sanitizers, social distancing, and limiting the number of members visiting our branches. Consistent with the BCP, only essential staff were allowed to come to work while others worked remotely from home. This proved effective as all branches throughout PNG continued to operate relatively unaffected. The BCP served the Group well as a tool to guide our response. We will review it from time to time for relevance.

The COVID-19 pandemic continues to impact global and domestic economic activities with countries around the world imposing quarantines, lockdowns, and restrictions on certain business activities.

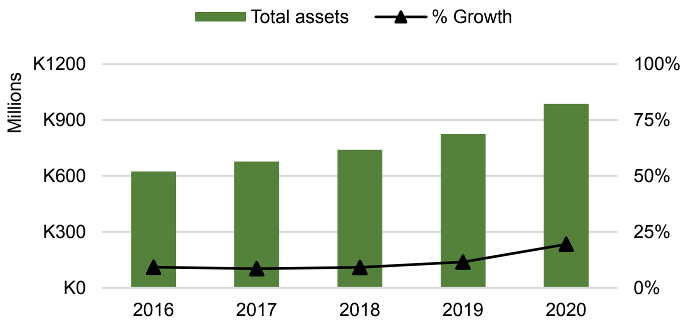
We will continue to monitor the developments of these external events and strengthen our resilience and response. TISA's financial position is strong and we are well placed to continue to assist our members through these difficult times, while focusing on providing a banking alternative that complements the contributions of other players in the Banking Sector.

FINANCIAL HIGHLIGHTS

1. Asset Position

Total assets for the Society grew by K160,986,249 to K986,406,897 (2019: K825,420,648), a growth of 19.5%. This growth is primarily driven by investment in subsidiaries and the growth of our loan book.

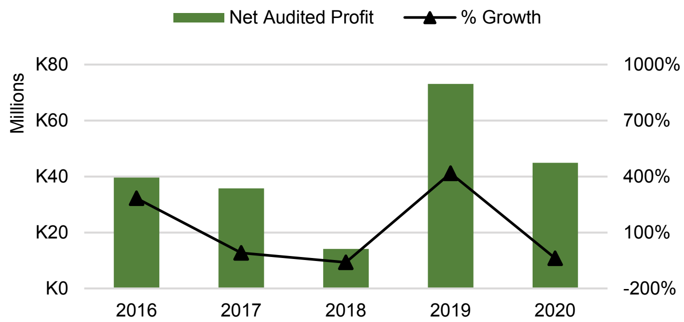
Figure 2. Total Assets Position



2. Profitability

TISA recorded a Profit of K44,943,159. A commendable performance under difficult economic circumstances.

Figure 3. Net Profit Performance



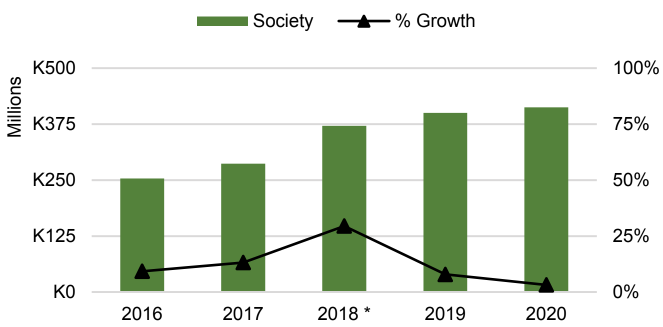
3. Core Business

The core business of TISA is its deposit and loans activities.

a) Deposits

Member savings grew by 3% to **K412,793,413 (2019: K400,248,200).**

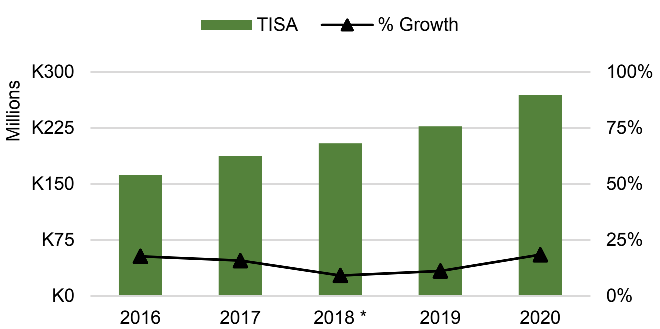
Figure 4. Deposits



b) Loan Portfolio

The loan book grew by 18% to **K269,288,083 (2019: K227,411,045).**

Figure 5. Loan Portfolio



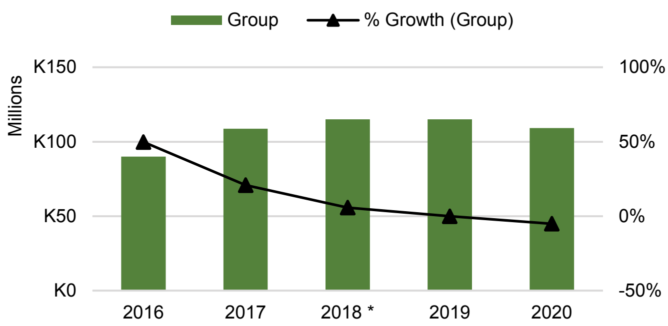
4. Non-Core Business

The Society also has investments in properties, deposits held to maturity, and equities, quoted and unquoted.

a) Investment Properties

TISA Group's investment property portfolio decreased by 5% to **K109,223,505 (2019: K115,053,000)** due to depressed domestic property market conditions.

Figure 6. Investment Properties



b) Deposits Held to Maturity

The Group also manages short and long-term liquid investments with Licensed Financial Institutions and the Bank of Papua New Guinea. The portfolio increased by **K19,286,690** on short term deposit to **K57,380,990** and long-term deposits remained at **K21,058,965.**

c) Quoted and Unquoted Shares

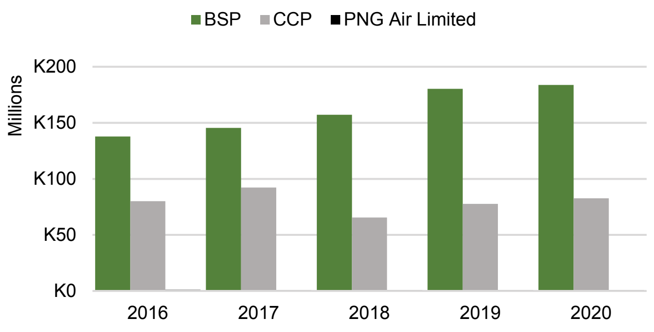
The Group has shares in companies listed on the PNG Stock Exchange (quoted shares) and companies not listed (unquoted).

Quoted Shares

The Groups quoted shares portfolio comprises of shares in Bank South Pacific Limited (BSP), Credit Corporation Limited (CCP), and PNG Air. BSP shares increased by 2% to **K183,808,392 (2019: K180,438,572),** CCP shares increased by 6% to **K82,642,950 (2019: K77,781,600)** and PNG Air shares remained at **K840,000 (2019: K840,000).**

GROUP CHIEF EXECUTIVE OFFICER'S REPORT

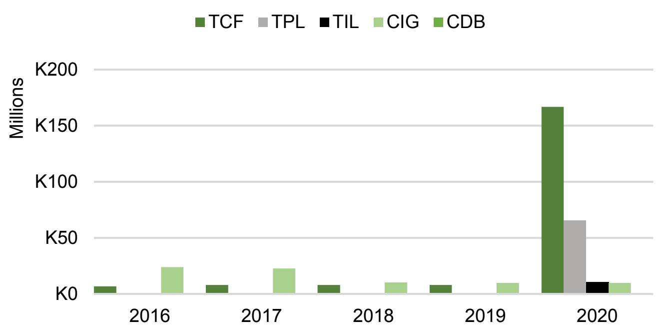
Figure 7. Quoted Shares



Unquoted Shares

TISA has equity interest in its 100% owned subsidiaries - TISA Community Finance Limited (TCF), TISA Property Limited (TPL) and TISA Investment Limited (TIL), in Capital Insurance Group (CIG) as an associate and has minority interest in the Credit Data Bureau (CDB).

Figure 8. Unquoted Shares



Project Laurabada

Project Laurabada is the Demutualisation Project approved by the Board of Directors to create new wealth for our members. This Project is a result of listening to our members over more than a decade about the lack of real value received from the Society, in terms of share value.

Due to the Society being a mutual organization, each member only holds a nominal share value of K1. Our members have always argued that this is unfair and does not recognise their contribution over time to build the balance sheet of their Society to where it is now. At every AGM since 2009 our members have pressed the Board of Directors and the Management Team to consider issuing valued shares to them in recognition of their contribution to the growth of TISA. For this to be achieved, the Society must be demutualised and priced shares issued to each member.

In 2015, PNG Parliament passed a new Savings and Loan Society Act that allows Demutualisation.

The Board of Directors and the Management Team have been working tirelessly and under difficult circumstances to complete this Project so that we can create new wealth for our members through demutualization.

We will do our utmost to provide full disclosure to our members including Independent Experts review and advise as to the pros and cons of demutualization.

We listen to our members, for, at the end of the day it is our members who decide what is best for them.

As part of Project Laurabada, the Society's balance sheet has been re-organised to make the business much simpler and easily manageable. This is reflected in the financial reporting.

TISA's commendable results in 2020, is a recognition to our staff whose tenacity and focus has steered the organization forward even during these unprecedented times. We remain focused on delivering on our strategic objectives during the socially and economically challenging period while maintaining our discipline and core value of serving our members, who are our mutual shareholders. Above all, we are committed in delivering long-term value.

I would like to take this opportunity to thank all of our staff for their commitment to member service through these challenging times.

I would also like to thank the Board of Directors for their ongoing support to myself and our staff through a period of heightened concern and regulatory oversight.

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

CORPORATE GOVERNANCE STATEMENT AS AT 31 DECEMBER 2020

This Corporate Governance Statement describes the principles and obligations enshrined in the governance of *Teachers Savings and Loan Society Limited* (the "Society") and its subsidiaries (the "Group"). It defines the roles and relationship between the Board of Directors (including Board committees) and the Management Team of the Group.

In 2020, the Board of Directors and the Management Team have ensured that the Group's corporate governance supports our core values of delivering the best possible customer services, empowering our employees, maintaining and upholding ethical practices, promoting and valuing continuous learning, and accountability.

The Board of Directors and the Management Team have demonstrated commitment to act responsibly, ethically and with the highest standard of integrity to ensure that the Group is managed prudently. The Group ensures that it adheres to good corporate governance standards and practices by closely monitoring developments in corporate governance principles and practices (standards) locally and globally.

The Group expects Directors and employees at all levels to observe the highest standards of governance and ethical behavior.

The Board of Directors and their Roles

The Board of Directors is accountable to its mutual-shareholders for the overall governance and over sight of the Group's activities and performance. The Board of Directors operates in accordance with the powers and responsibilities set out in the *Company's Act* 1997, the *Savings and Loan Societies Act* 2015 and Society's Constitution and exercises those powers in performing the following functions:

- Develop the overall business strategy of the Society, including asset and investment management, risk management and operational matters;
- Approve the overall business strategy and annual budgets of the Society;
- Provide proper oversight to accounting, fiduciary, regulatory and operational practices of the Society;
- On an ongoing basis, critically monitor the effectiveness of the business strategies and the effectiveness of management in delivering those strategies;
- Appoint, assess performance and if necessary, removal of Group Chief Executive Officer;
- Appoint the Company Secretary;
- Appoint Directors to the Board of the Society's subsidiaries;
- Develop and set policies covering lending, investment, procurement and capital expenditure;
- Develop and 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; and
- Perform other functions and duties consistent with the Society's Constitution.

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

The Board is also committed to upholding the World Council of Credit Unions Corporate Governance Council's *"Principles of Good Corporate Governance and Best Practice Recommendations"*.

Board Composition

The Society's Constitution prescribes a maximum of no more than seven Directors, which comprises of up to four shareholder nominee Directors and up to three Independent Directors. Each Director serves for a term of

CORPORATE GOVERNANCE STATEMENT AS AT 31 DECEMBER 2020

three years with eligibility 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* ("the Act"), TISA's Fit and Proper Person Policy and any directives issued by the Bank of Papua New Guinea (BPNG) from time to time. Fit and proper requirements under the Act applies to Directors and Senior Management of the Society and is an on going requirement.

The Directors of the Board during the year are provided in financial note 29.1 (Key management personnel remuneration).

Board Committee

The Board has one standing Committee established to strengthen the effectiveness of its operations and deliberations. The Board Audit and Risk Compliance Committee (BARCC) is mandated to review and monitor the following areas:

- Integrity of financial statements and the independent audit;
- Adherence to the BPNG's financial Reporting Requirements (Monthly and Quarterly Returns);
- The Society's Internal Audit Processes;
- The effectiveness of internal controls and management of all risks;
- The processes involving approval and monitoring of expenditures including capital expenditures;
- The processes for monitoring the implementation of Board decisions by Management;
- Compliance to BPNG's prudential standards, directives and guidelines issued under the Act including all relevant and applicable Central Bank's administered legislations, prudential standards and guidelines;
- Insurance program; and
- Any other functions as delegated by the Board.

The function and powers of the BARCC are aligned to those prescribed by the Banking Prudential Standard (BPS 300) (Corporate Governance) which was issued by BPNG under section 27 of the *Banks and Financial Institutions Act 2000.*

The operations of the BARCC is governed by the BARCC Charter which was approved by the Board in 2013 and covers its purpose, authority, roles and responsibilities.

The current BARCC members are Mr. William Varmari (as Chairman), Mr. Sam Nalong (as member), Mr. Simon Woolcott (as non-director member) and Ms. Karo Lelai (as non-director member). The Group's Company Secretary also serves as the Secretary to the BARCC.

The Board may establish adhoc Committees from time to time where it considers matters of special importance or to exercise the delegated authority of the Board.

Board and Committee Meetings

The Board meets as it resolves or as the Chairman determines. The Board is required to meet at least once every quarter. A minimum of four meetings are required to be held in a financial year and Special Meetings of the Board are held as and when required.

A total of four scheduled meetings were held by the Board in the financial year.

A total of two Special Board Meetings were held by the Board in the financial year.

The BARCC also held four meetings in the financial year 2020.

Board Access to Information and Advice

All Directors have unrestricted access to the Society's records and information and receive quarterly detailed financial and operational reports to enable them to carry out their duties.

Divisional reports are presented to the Board by Management on a quarterly basis. The Chairman and Directors also have the opportunity to meet with the Group Chief Executive Officer and other members of the Executive Management Team for further consultation to discuss issues associated with the fulfilment of their roles as Directors.

Remuneration of Directors

Directors are paid an annual stipend, consistent with the Society's Constitution. Directors are not entitled to separation or termination benefits or any another payments. A Director appointed to a Board committee is also entitled to annual stipend for any committee meetings held.

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 purposes of constituting a quorum of the Board in regard to 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", which was approved by the Board in 2015. This Policy complements the Code of Conduct for Directors and Executive Management and related prudential standards issued by BPNG.

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 proposal for three-year term of external audit services, and selection of the external auditor is based on the assessment of their performance in other entities, existing value, experience, knowledge of the sector and the industry and tender costs. The performance of the external auditor is reviewed annually by the BARCC & recommendations are made to the Board regarding their continuation during their term of appointment.

KPMG were appointed as the Group's external auditor in 2016 for a period of three years up to the year ended 2019, their appointment was extended for a further two years after approval was sought from the BPNG and also from shareholders. 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 Audit and Risk Department is dedicated to providing Management with value-added services, as well as reasonable assurance to the Board and the Group Chief Executive Officer in the following categories:

- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operations; Compliance with all applicable laws, regulations, and contracts; and
- Safeguarding of assets.

Each year, the Department develops an audit plan utilising risk analysis to identify the major areas needing audit attention. The plan is reviewed by the Group Chief Executive Officer and is submitted to the BARCC for consideration and recommendation to the Board for approval.

The Department's function is supported by the Audit Charter which ensures no unjustified restrictions or limitations are placed upon the independent role of the Department.

Compliance

The BARCC is responsible for ensuring compliance with all legal and regulatory obligations as well as the Constitution and standard operating procedures of the Group.

The BARCC, together with management, ensures that any prudential and compliance issues that may be raised by the BPNG and other statutory or regulatory bodies are promptly addressed.

The BARCC meets quarterly and separately with the internal auditors to discuss any matters that the committee or the internal auditors believe should be discussed independently. The committee ensures that significant findings and recommendations made by the internal auditors are received and discussed promptly, and that management responds to recommendations by the internal auditors on a timely basis.

The Manager Internal Audit has direct access to the BARCC while the Chairman of BARCC has direct access to the full Board.

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 the 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 material risks. The specific risk areas identified and monitored in 2020 include strategic risk, credit risk, liquidity risk, interest rate risk, market risk, operational risk and compliance risk.

Risk Appetite Statement

The Board has also established a Risk Appetite Statement (RAS), which describes the amount and types of risk, on a broad level, that the Society is willing to take in order to achieve its Strategic Objectives. The RAS 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 and reported on a monthly management and quarterly Board meetings.

Code of Conduct

The Group's Code of Conduct (COD) 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, at all times all Directors and employees act with the highest integrity, objectivity and comply with the Act, applicable regulations and policies and procedures of the Society. The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standard of behavior and professionalism and the practices necessary to maintain a reputable institution.

Executive Management and Remuneration

The disclosure has been made at note 29.1 (Key management personnel remuneration) of the audited financial statement as at 31 December 2020.

Shareholders' (members) Communications

The Group publishes a quarterly newsletter together with the release of annual reports for members' interests. The newsletter provides for the financial members' interest, among other things, a communication channel to continuously disclose any information concerning 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 Society has established an in-house Legal Department to deal with legal and litigation matters. Legal matters are outsourced as and when required. The Society engaged Albatross Law, O'Brien's Lawyers and Les Gavara-Nanu Jnr (Legal Consultant) for its outsourced legal matters in 2020.

Aerial view of the TISA Rua construction.

DIRECTOR'S REPORT

The Directors of Teachers Savings and Loan Society Limited ("TISA" or "the Society") and it's wholly owned subsidiary companies, TISA Community Finance Limited ("TCF"), Tisa Property Limited ("TPL"), Tisa Investments Limited ("TIL") (together "the Group") submit herewith the annual financial report of the Group for the financial year ended 31 December 2020. 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.

Registered office

The Society is a limited liability company incorporated and domiciled in Papua New Guinea. The address of its registered office is Level 2, 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 K44,943,159 (2019: K73,092,679). The Group's total comprehensive income after taxation is K41,434,671 (2019: K74,401,621).

Payments to TISA members

Additional Bonus Interest of K24,771,649 was declared and credited to the members transaction accounts (S10 Accounts) for the year ended 31 December 2020 (2019: K24,766,272).

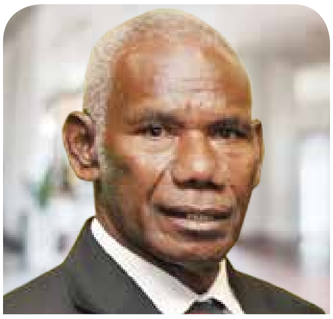
During the year K8,563,654 (2019: K8,490,333) of interest on members savings was paid into members' general savings (S1 accounts) and other savings accounts (S2, S3, S4 and S5 accounts).

Directors

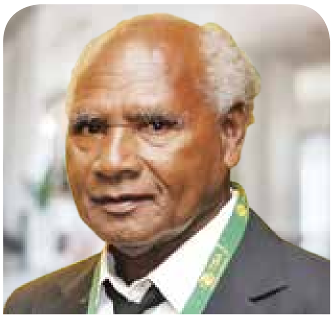
The Directors who have served in the Board during 2020 and to the date of this report were:

Gabriel Tai
Chairman

Sam Nalong
Deputy Chairman



William Varmari
Director



Francis Samoak
Director

Peter Mason
Independent Director

Stirling Tavener
Independent Director
(ceased 24 January 2020)

DIRECTOR'S REPORT

Directors' remuneration

Disclosure has been made at note 29.1

Remuneration above K100,000 per annum

Disclosure has been made at note 29.1

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 is in full operation under the new Act as a company registered under the *Companies Act 1997* and licensed under the *Savings and Loan Societies Act 2015.*

Auditor

KPMG was appointed as Auditor for the year ended 31 December 2019. Details of amounts paid to the Auditor for audit and other services are shown in note 9 to the Financial Statements.

Donations

During the year, the Group made donations totalling K124,536 (2019: K172,879).

Signed at Port Moresby, NCD, this 28th day of May 2021.

Signed in accordance with a resolution of the Directors.

Mr. Gabriel Tai
Director

Mr. Sam Nalong
Director

STATEMENT BY DIRECTORS

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

1. (a) the statements of profit or loss and other comprehensive income of the Society and the Group are drawn up so as to give a true and fair view of the results of the Society and the Group for the year ended 31 December 2020;

   (b) the statements of changes in equity of the Society and the Group are drawn up so as to give a true and fair view of the changes in equity of the Society and the Group for the year ended 31 December 2020;

   (c) the statements of financial position of the Society and the Group are drawn up so as to give a true and fair view of the state of affairs of the Society and the Group as at 31 December 2020;

   (d) the statements of cash flows of the Society and the Group are drawn up so as to give a true and fair view of the cash flows of the Society and the Group for the year ended 31 December 2020;

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

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

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

Signed at Port Moresby, this 28th day of May 2021.

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

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Mr. Gabriel Tai
Director

____

Mr. Sam Nalong
Director

KPMG

Independent Auditor's Report

To the shareholders of Teachers Savings and Loan Society Limited

Report on the audits of the Financial Reports

Opinions

We have audited the consolidated Financial Report of Teachers Savings and Loan Society Limited (the Group Financial Report). We have also audited the Financial Report of Teachers and Savings and Loan Society Limited (the Company Financial Report).

In our opinion, each of the accompanying Group Financial Report and Company Financial Report of Teachers Savings and Loan Society Limited 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 Group's and Company's financial position as at 31 December 2020 and of their financial performance for the year ended on that date; and
- complying with *International Financial Reporting Standards*.

The Financial Reports of the Group and the Company comprise:

- statements of financial position as at 31 December 2020;
- 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 audits 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 Group and the Company in accordance with 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 Report 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.

Other Information

Other Information is financial and non-financial information in Teachers Savings and Loan Society Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information. The Other Information that we obtained prior to the date of this Auditor's report was the Directors' Report.

Our opinions on the Financial Reports do not cover the Other Information and, accordingly, we do 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 Reports 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 Group and Company'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 Reports 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 Group and Company'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 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 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.

The auditor communicates 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.

The auditor also provides 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 2020:

- 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

Suzaan Theron
Partner
Registered under the Accountants Act 1996

Port Moresby
28 May 2021

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

		Consolidated Group		Society	
	Note	2020	2019	2020	2019
		K	K	K	K
Interest and similar income	7	71,519,290	46,196,544	58,415,093	40,687,153
Interest expense	7.1	(10,843,530)	(8,606,091)	(8,563,654)	(8,490,333)
Net Interest income		**60,675,760**	**37,590,453**	**49,851,439**	**32,196,820**
Rental income		5,570,192	5,088,448	5,258,059	5,088,448
Dividend income		24,367,633	31,013,839	24,367,633	31,013,839
Change in fair value of financial assets	12	8,231,171	35,435,771	8,231,171	35,435,771
Change in fair value of investment properties	13	(12,756,007)	-	(9,373,621)	-
Other income	7.2	9,963,146	8,835,622	10,003,132	8,122,414
Total income		**96,051,895**	**117,964,134**	**88,337,813**	**111,857,292**
Staff costs		(20,586,695)	(19,928,864)	(18,238,465)	(18,060,447)
Impairment losses on loans	8	(6,493,344)	(3,295,231)	(5,048,924)	(3,531,939)
Operating expenses	9	(25,254,392)	(19,410,360)	(20,107,264)	(16,656,027)
Share of loss of equity accounted investee	11.b	(1,726,140)	(516,200)	-	(516,200)
Total Expenses		**(54,060,571)**	**(43,150,656)**	**(43,394,653)**	**(38,764,613)**
Profit from operations		**41,991,324**	**74,813,478**	**44,943,159**	**73,092,679**
Income tax expense	25	(556,653)	(411,857)	-	-
Profit for the year after taxation		**41,434,671**	**74,401,621**	**44,943,159**	**73,092,679**
Other comprehensive income					
Increment on revaluation of land and buildings		-	-	-	-
Total comprehensive income for the year after taxation		**41,434,671**	**74,401,621**	**44,943,159**	**73,092,679**

The notes on pages 24 to 67 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Note	Consolidated Group		Society	
		2020	2019	2020	2019
		K	K	K	K
Assets					
Cash and cash equivalents	15	41,742,031	36,588,161	27,153,130	30,014,697
Interest bearing deposits	15	-	4,209,011	5,000,000	27,737,011
Net loans	14	308,826,066	251,301,835	269,288,083	227,411,045
Other financial assets	11	353,830,334	366,105,692	325,608,608	353,567,130
Rental and other receivables	16	8,784,873	7,312,331	39,132,722	12,202,840
Investment in subsidiary	11c	-	-	242,890,980	8,000,001
Investment properties	13	109,223,505	115,053,000	45,179,755	115,053,000
Property and equipment	10	29,877,597	32,758,303	27,220,992	30,493,224
Capital work in progress	10.1	37,585,040	20,852,551	4,932,627	20,941,700
Net deferred tax assets	25	497,425	94,602	-	-
Total assets		**890,366,871**	**834,275,486**	**986,406,897**	**825,420,648**
Liabilities					
Savings and deposits	18	441,052,457	409,946,800	412,793,413	400,248,200
Creditors and accruals	19	17,427,105	11,021,704	138,611,228	11,233,797
Employee provisions	17	4,263,067	3,268,744	4,067,067	3,174,971
Provision for income tax	25	922,983	-	-	-
Total liabilities		**463,665,612**	**424,237,248**	**555,471,708**	**414,656,968**
Net assets		**426,701,259**	**410,038,238**	**430,935,190**	**410,763,680**
Equity					
Cost of Capital	20	61,855	-	61,855	-
Asset revaluation reserve	21	5,603,567	5,603,567	5,603,567	5,603,567
General reserve	22	33,534,306	33,534,306	33,534,306	33,534,306
Additional interest reserve	24	60,535,144	49,879,664	60,535,144	49,879,664
Business combination reserve	23	-	(16,849,175)	-	(16,849,175)
Retained earnings		326,966,387	337,869,876	331,200,317	338,595,317
Total equity		**426,701,259**	**410,038,238**	**430,935,190**	**410,763,680**

The notes on pages 24 to 67 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2020

	Notes	Consolidated Group						
		Share Capital	Asset Revaluation Reserve	General Reserve Fund	Additional Interest Reserve	Business Combination Reserve	Retained Earnings	Total
		K	K	K	K	K	K	K
Balance at 1 January 2019		**-**	**5,603,567**	**33,534,306**	**38,099,597**	**(16,849,175)**	**300,014,594**	**360,402,889**
Total comprehensive income for the year after taxation		-	-	-	-	-	74,401,621	74,401,621
Transfer to members from additional interest reserve fund	24	-	-	-	(24,766,272)	-	-	(24,766,272)
Transfer to additional interest reserve fund from retained earnings	24	-	-	-	36,546,339	-	(36,546,339)	-
Balance at 31 December 2019		-	**5,603,567**	**33,534,306**	**49,879,664**	**(16,849,175)**	**337,869,876**	**410,038,238**
Balance at 1 January 2020		**-**	**5,603,567**	**33,534,306**	**49,879,664**	**(16,849,175)**	**337,869,876**	**410,038,238**
Share capital as transferred out from retained earnings	20	61,855	-	-	-	-	(61,855)	-
Total comprehensive income for the year after taxation			-	-	-	-	41,434,671	41,434,671
Transfer to retained earnings from business combination reserve	23	-	-	-	-	16,849,175	(16,849,175)	-
Transfer to members from additional interest reserve fund	24	-	-	-	(24,771,649)	-	-	(24,771,649)
Transfer to additional interest reserve fund from retained earnings	24	-	-	-	35,427,129	-	(35,427,129)	-
Balance at 31 December 2020		**61,855**	**5,603,567**	**33,534,306**	**60,535,144**	**-**	**326,966,387**	**426,701,257**

The notes on pages 24 to 67 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2020

		Society						
	Notes	Share Capital	Asset Revaluation Reserve	General Reserve Fund	Additional Interest Reserve	Business Combination Reserve	Retained Earnings	Total
		K	K	K	K	K	K	K
Balance at 1 January 2019		**-**	**5,603,567**	**33,534,306**	**38,099,597**	**(16,849,175)**	**302,048,977**	**362,437,272**
Transfer to members from additional interest reserve fund	24	-	-	-	(24,766,272)	-	-	(24,766,272)
Transfer to additional interest reserve fund from retained earnings	24	-	-	-	36,546,339	-	(36,546,339)	-
Balance at 31 December 2019		-	**5,603,567**	**33,534,306**	**49,879,664**	**(16,849,175)**	**265,502,638**	**337,671,000**
Balance at 1 January 2020		**-**	**5,603,567**	**33,534,306**	**49,879,664**	**(16,849,175)**	**338,595,317**	**410,763,679**
Share capital as transferred out from retained earnings	20	61,855	-	-	-	-	(61,855)	-
Total comprehensive income for the year after taxation		-	-	-	-	-	44,943,159	44,943,159
Transfer to retained earnings from business combination reserve	23	-	-	-	-	16,849,175	(16,849,175)	-
Transfer to members from additional interest reserve fund	24	-	-	-	(24,771,649)	-	-	(24,771,649)
Transfer to additional interest reserve fund from retained earnings	24	-	-	-	35,427,129	-	(35,427,129)	-
Balance at 31 December 2020		**61,855**	**5,603,567**	**33,534,306**	**60,535,144**	**-**	**331,200,317**	**430,935,190**

The notes on pages 24 to 67 are an integral part of these financial statements.

STATEMENT OF CASH FLOW AS AT DECEMBER 2020

		Consolidated Group		Society	
	Note	2020	2019	2020	2019
		K	K	K	K
Cash flows from operating activities					
Interest received on loans		65,215,300	38,074,864	52,113,618	32,565,473
Net rental and other income		17,252,386	13,924,070	14,695,072	13,210,862
Interest on IBDs and debt securities		6,685,859	6,884,213	6,951,390	6,884,213
Dividends received		24,367,633	31,013,839	5,258,059	31,013,839
Net loans to members		(62,921,626)	(43,531,791)	(46,951,804)	(26,371,844)
Net members savings deposited		6,334,008	14,043,548	(5,063,145)	4,344,948
Interest paid to members		(10,843,530)	(8,606,091)	(8,563,654)	(8,490,333)
Payments to employees and suppliers		(17,384,911)	(35,530,792)	(22,268,717)	(35,806,382)
Income taxes paid		(273,017)	-	-	-
Net cash flow from /(used in) operating activities		**28,432,102**	**16,271,860**	**(3,829,180)**	**17,350,776**
Cash flows from investing activities					
Net purchase of Government Securities		(19,031,064)	(38,301,851)	251,626	(25,763,289)
Change in interest bearing deposits		46,265,011	21,096,314	46,265,011	12,508,314
Payments for investment property, property and equipment		(47,308,292)	(10,399,666)	(37,049,856)	(7,530,422)
Capital contribution to subsidiary		-	-	(5,992,241)	-
Net cash flow from/ (used in) investing activities		**(20,074,345)**	**(27,605,203)**	**3,474,540**	**(20,785,397)**
Cash flows from financing activities					
Lease payments		(3,203,887)	(1,810,219)	(2,506,927)	(1,160,768)
Net cash flow from/(used in) financing activities		**(3,203,887)**	**(1,810,219)**	**(2,506,927)**	**(1,160,768)**
Net increase/(decrease) in cash and cash equivalents		**5,153,870**	**(13,143,562)**	**(2,861,567)**	**(4,595,389)**
				-	
Cash and cash equivalents at the beginning of the year		36,588,161	49,731,723	30,014,697	34,610,086
Cash and cash equivalents at the end of the year	15	41,742,031	36,588,161	27,153,130	30,014,697

The notes on pages 24 to 67 are an integral part of these financial statements.

1. Reporting

Teachers Savings and Loan Society ("TISA" or "the Society") is domiciled in Papua New Guinea. The Society's registered office is TISA Haus, Waigani, NCD, Papua New Guinea. The Group financial statements as at and for the year ended 31 December 2020 comprise the Society and its subsidiaries, TISA Community Finance ("TCF"), TISA Property Limited ("TPL") and TISA Investments Limited ("TIL") (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 to earn returns on behalf of its members.

The Group Financial Statements have been authorised for issue by the Board of Directors on 28 May 2021.

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.

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:

(1) Estimated expected credit loss allowance for loans to members and clients
(2) Estimated fair value of assets (land and buildings and investment property)

Going concern basis
The financial statements have been prepared on a going concern basis which assumes that the Society and the Group will be able to meet its liabilities and obligations as and when they fall due in the normal course of the business.

5 Other standards

A number of new standards and amendments to standards are effective for accounting periods beginning 1 January 2021 and earlier application are permitted, however, the Group has not adopted them in preparing this financial statement.

The following amended standards are not expected to have a significant impact on the Group's consolidated financial statements: -

- Property, Plant and Equipment Proceeds before Intended Use (Amendments to IAS 16)
- COVID-19 Related Rent Concession (Amendments to IFRS 16)
- Reference to Conceptual Framework (Amendments to IFRS 3)
- Amendments to Reference to Conceptual Framework in IFRS Standards
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
- Definition of Material Misstatements (Amendments to IAS 1 and IAS 8)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

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 does 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 TCF, TPL and TIL have been consolidated based on 31 December 2020 results.

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 NCI 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.

6. Significant accounting policies (continued)

(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 was recognised as follows:

i. 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.

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.

iii. Change in Fair Value of Financial Assets
Change in fair value of financial assets comprises gains less losses related to trading assets and liabilities and includes all realised and unrealised fair value changes.

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

(c) Leases

At 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 a 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.

6. Significant accounting policies (continued)

(c) Leases (continued)

The policy is applied to contracts entered into (or changed) on or after 1 January 2019.

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 of 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 of 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 of 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.

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 in Creditors and Accruals.

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.

6. Significant accounting policies (continued)

(c) Leases (continued)

Group acting as a lessor (continued)

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.

(d) Tax exemption

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

(e) 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.

6. Significant accounting policies (continued)

(e) Financial instruments (continued)

(i) Recognition and initial measurement (continued)

Financial assets: Subsequent measurement and gains and losses

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

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

(ii) Classification and subsequent measurement

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

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

(iii) De-recognition

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.

6. Significant accounting policies (continued)

(e) Financial instruments (continued)

(v) Amortised cost measurement (continued)

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 of 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:

– debt securities that are determined to have low credit risk at the reporting date; and
– other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECL.

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

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

The Group considers a financial asset to be in default when:

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

(vii) Identification and measurement of impairment

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

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

6. Significant accounting policies (continued)

(e) Financial instruments (continued)

(vii) Identification and measurement of impairment (continued)

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 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.

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.

6. Significant accounting policies (continued)

(e) Financial instruments (continued)

(vii) Identification and measurement of impairment (continued)

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 Groups'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
- unemployment rates
- personal income tax
- teachers 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%	20%	10%
Subsidiary	70%	25%	5%

6. Significant accounting policies (continued)

(e) Financial instruments (continued)

(vii) Identification and measurement of impairment (continued)

The 'base case' represents the most likely outcome. The upturn scenario represents a more optimistic outcome while the downturn represents a more pessimistic outcomes. The Group has identified and documented key drivers of credit risk and credit losses for each portfolio or financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables, credit risk and credit losses.
Assessment of significant increase in credit risk
At each reporting date, the Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition 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.

(f) 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.

(g) 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 and initially recognised at fair value plus incremental direct transaction costs and subsequently measured at their amortised cost using the effective interest method.

(h) Investment securities

Investment securities are accounted for in the following manner:

i. Fair value through profit or loss:
The Group designates some investment securities as at fair value, with fair value changes recognised immediately in profit or loss.

6. Significant accounting policies (continued)

(h) Investment securities (continued)

ii. At cost:
Unquoted equity securities whose fair value cannot be measured reliably are carried at cost.

iii. Other fair value changes, other than impairment losses are recognised in other comprehensive income and presented in the fair value reserve within equity. When the investment is sold, the gain or loss accumulated in equity is reclassified to profit or loss.

(i) 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, 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 and 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 reduces the amount of accumulated equity under the heading of asset revaluation reserve.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. Any gain or loss on disposal of an item of property and equipment is recognised within other income in profit or loss.

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.

6. Significant accounting policies (continued)

(i) Property and equipment (continued)

iii. Depreciation: (continued)

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
Computer software	3-5 years
Right of Use of Asset	2-5 years

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

(j) Investment properties

Investment property is initially measured at cost and subsequently at fair value, with any change therein recognised in profit or loss within change in fair value of investment property. When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(k) 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.

(l) 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.

6. Significant accounting policies (continued)

(l) Impairment of Non-Financial Assets (continued)

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.

(m) 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.

(n) 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.

(o) 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.

6. Significant accounting policies (continued)

(p) 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 was 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.

7. Interest and similar income

	Consolidated Group		Society	
	2020 K	**2019 K**	**2020 K**	**2019 K**
Interest income - loans	65,215,300	40,238,764	52,113,618	33,802,940
Interest income - IBDs and debt securities	6,303,990	5,957,780	6,301,475	6,884,213
Total interest income	**71,519,290**	**46,196,544**	**58,415,093**	**40,687,153**

7.1 Interest expense

Interest expense – members and client savings	(10,843,530)	(8,606,091)	(8,563,654)	(8,490,333)
Additional interest distribution made from additional interest reserves	(24,771,649)	(24,766,272)	(24,771,649)	(24,766,272)
Total interest credited and distributed to members	(35,615,179)	(33,372,363)	(33,335,303)	(33,256,605)
Interest expense on lease liability	(14,717)	(458,431)	(14,717)	(410,585)
Total interest expense	**(35,629,896)**	**(33,830,794)**	**(33,350,020)**	**(33,667,190)**

7.1 Interest expense (continued)

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: K8,548,937 (2019: K8,490,333) and Group: K10,986,658 (2019: K8,606,091) with additional interest of K24,771,649 (2019: K24,766,272) credited to members as a distribution from Additional Interest Reserve Account.

7.2 Other income

	Consolidated Group		Society	
	2020 K	2019 K	2020 K	2019 K
Net Loan processing and account administration fees	8,478,108	7,066,543	7,902,275	7,066,543
Tisa and LPI insurance commission, and other income	1,485,037	1,769,079	2,100,857	1,055,871
Total other income	**9,963,145**	**8,835,622**	**10,003,132**	**8,122,414**

8. Impairment of financial assets at amortised cost

	Consolidated Group		Society	
	2020 K	2019 K	2020 K	2019 K
Impairment on loans to members at amortised cost	(6,493,344)	(3,295,231)	(5,048,924)	(3,531,939)
	(6,493,344)	**(3,295,231)**	**(5,048,924)**	**(3,531,939)**

9. 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.

9. Operating expenses (continued)

	Consolidated Group		Society	
	2020 K	2019 K	2020 K	2019 K
Auditor's remuneration - statutory audit services	394,800	334,007	375,543	334,007
Bank charges	79,743	92,618	73,387	88,079
Depreciation	4,780,498	4,126,486	3,902,968	3,045,326
Electricity	1,585,661	1,610,444	318,279	1,559,398
Insurance	659,210	512,205	659,210	491,785
Property expense	34,542	(332,196)	33,627	318,135
Travel, airfare and accommodation	867,203	896,195	427,886	795,337
Security costs	505,104	459,005	505,104	458,125
Data processing expenses	2,128,124	1,412,638	2,060,436	1,412,638
Printing and stationery	565,455	577,460	460,934	524,144
Establishment cost	14,713	205,179	14,713	205,179
Fuel	195,451	210,249	1,303,725	194,185
Advertising and promotion, Credit Union Day	1,870,182	1,730,576	1,025,307	1,108,226
Donations	124,536	172,879	124,536	172,879
Entertainment	92,817	156,713	92,817	156,713
Telephone	364,765	293,238	327,266	293,210
Repair and maintenance	995,988	756,819	586,733	712,563
Rates and taxes	219,003	175,651	219,003	175,651
Motor vehicle expenses	212,628	190,909	186,455	183,506
Filing and legal cost	87,745	73,062	71,663	73,062
Freight	174,795	59,872	172,186	59,872
Consulting	3,752,908	387,505	2,806,451	351,507
Cleaning	315,248	336,234	219,884	329,288
Board fees and allowances	431,264	161,146	287,088	8,735
General and administrative expenses	4,802,011	4,811,467	3,852,062	3,604,480
Total operating expenses	**25,254,392**	**19,410,360**	**20,107,264**	**16,656,027**

10. Property and equipment

	Consolidated Group							
	ROU-Asset	Land & Buildings	Furniture & Fittings	Office Equipment	Motor Vehicle	Computer Software	Other equipment	Total
	K	K	K	K	K	K	K	K
Cost or valuation								
Balance at 1 January 2020	10,127,860	9,300,473	4,999,632	5,444,590	3,489,174	7,732,175	1,815,411	42,909,315
Additions	966,790	-	-	361,053	573,922	-	-	1,901,764
Disposals	-	-	-	-	(256,381)	-	-	(256,381)
Balance at 31 December 2020	**11,094,650**	**9,300,473**	**4,999,632**	**5,805,643**	**3,806,714**	**7,732,175**	**1,815,411**	**44,554,699**
Accumulated depreciation and impairment losses								
Prior Year Adjustments								
Balance at 1 January 2020	1,872,521	434,771	269,270	1,933,482	2,431,574	2,784,843	424,551	10,151,013
Depreciation for the year	2,383,889	235,764	477,400	461,699	468,792	590,564	163,206	4,781,313
Disposals	-	-	-	-	(255,225)	-	-	(255,225)
Balance at 31 December 2020	**4,256,410**	**670,535**	**746,670**	**2,395,181**	**2,645,141**	**3,375,407**	**587,757**	**14,677,101**
Carrying amounts at 31 December 2020	**6,838,240**	**8,629,939**	**4,252,962**	**3,410,462**	**1,161,574**	**4,356,768**	**1,227,654**	**29,877,598**
Cost or valuation								
Balance at 1 January 2019	5,497,564	9,100,000	3,341,513	3,142,916	3,219,601	4,069,275	603,688	28,974,557
Additions	4,630,296	200,473	4,675,666	2,301,911	1,468,033	3,662,903	1,211,722	18,151,004
Disposals	-	-	(3,017,547)	(237)	(1,198,460)	-	-	(4,216,244)
Balance at 31 December 2019	**10,127,860**	**9,300,473**	**4,999,632**	**5,444,590**	**3,489,174**	**7,732,178**	**1,815,410**	**42,909,317**
Accumulated depreciation and impairment losses								
Balance at 1 January 2019	-	-	831,194	1,451,418	2,649,188	2,497,235	306,902	7,735,937
Depreciation for the year	1,872,521	434,771	32,015	482,063	899,857	287,608	117,651	4,126,486
Disposals	-	-	(593,938)	-	(1,117,471)	-	-	(1,711,409)
Balance at 31 December 2019	**1,872,521**	**434,771**	**269,271**	**1,933,481**	**2,431,574**	**2,784,843**	**424,553**	**10,151,014**
Carrying amounts at 31 December 2019	**8,255,339**	**8,865,702**	**4,730,361**	**3,511,109**	**1,057,600**	**4,947,335**	**1,390,857**	**32,758,303**

10. Property and equipment (continued)

	Society							
	ROU-Asset	Land & Buildings	Furniture & Fittings	Office Equipment	Motor Vehicle	Computer Software	Other equipment	Total
	K	K	K	K	K	K	K	K
Cost or valuation								
Balance at 1 January 2020	9,209,803	9,300,473	3,580,484	5,081,314	3,037,126	7,732,177	1,805,071	39,746,448
Additions	-	-	-	57,970	573,922	-	-	631,892
Disposals	-	-	-	-	(256,381)	-	-	(256,381)
Balance at 31 December 2020	**9,209,803**	**9,300,473**	**3,580,484**	**5,139,284**	**3,354,667**	**7,732,177**	**1,805,071**	**40,121,958**
Accumulated depreciation and impairment losses								
Balance at 1 January 2020	1,292,695	434,771	268,162	1,903,828	2,147,227	2,784,842	421,698	9,253,223
Depreciation for the year	1,740,335	235,764	335,485	424,978	413,669	590,564	162,172	3,902,968
Disposals	-	-	-	-	(255,225)	-	-	(255,225)
Balance at 31 December 2020	**3,033,030**	**670,535**	**603,647**	**2,328,806**	**2,305,671**	**3,375,407**	**583,870**	**12,900,966**
Carrying amounts at 31 December 2020	**6,176,773**	**8,629,938**	**2,976,837**	**2,810,478**	**1,048,996**	**4,356,770**	**1,221,201**	**27,220,992**
Cost or valuation								
Balance at 1 January 2019	4,579,507	9,100,000	2,753,115	3,298,715	3,336,045	4,069,275	614,852	27,751,509
Additions	4,630,296	200,473	3,312,775	1,782,599	804,664	3,662,902	1,190,219	15,583,928
Disposals	-	-	(2,485,406)	-	(1,103,583)	-	-	(3,588,989)
Balance at 31 December 2019	**9,209,803**	**9,300,473**	**3,580,484**	**5,081,314**	**3,037,126**	**7,732,177**	**1,805,071**	**39,746,448**
Accumulated depreciation and impairment losses								
Balance at 1 January 2019	-	-	699,714	1,443,347	2,830,881	2,499,154	305,677	7,778,773
Depreciation for the year	1,292,695	434,771	13,028	460,481	442,642	285,688	116,021	3,045,326
Disposals	-	-	(444,580)	-	(1,126,296)	-	-	(1,570,876)
Balance at 31 December 2019	**1,292,695**	**434,771**	**268,162**	**1,903,828**	**2,147,227**	**2,784,842**	**421,698**	**9,253,223**
Carrying amounts at 31 December 2019	**7,917,108**	**8,865,702**	**3,312,322**	**3,177,486**	**889,899**	**4,947,335**	**1,383,373**	**30,493,225**

10. Property and equipment (continued)

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.

10.1 Work in progress

	Consolidated Group		Society	
	2020 K	2019 K	2020 K	2019 K
Opening balance	20,852,551	22,184,930	20,941,700	21,964,135
Additions during the year	45,018,512	10,183,401	36,417,965	10,183,401
Reclassification and transfer during the year	(28,286,023)	(11,515,780)	(52,427,038)	(11,205,836)
Closing balance	37,585,040	20,852,551	4,932,627	20,941,700

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 at Waigani and Core Banking Improvements.

11. Other financial assets

	Consolidated Group		Society	
	2020 K	2019 K	2020 K	2019 K
Quoted shares (note 11a)	267,291,342	259,060,172	266,451,342	259,060,172
Unquoted shares (note 11b)	8,099,036	9,825,176	-	9,825,176
Government debt securities (note 11d)	78,439,955	97,220,344	59,157,265	84,681,782
Total other financial assets	**353,830,333**	**366,105,692**	**325,608,607**	**353,567,130**

11a. 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	
	2020 K	**2019 K**	**2020 K**	**2019 K**
Quoted shares:				
Bank South Pacific Limited				
Balance at the beginning of the year	180,438,572	157,156,175	180,438,572	157,156,175
Fair value gain from change in net market value	3,369,821	23,282,397	3,369,821	23,282,397
Valuation (2020: 15,317,366 shares @ K12.00 per share)	**183,808,392**	**180,438,572**	**183,808,392**	**180,438,572**
(2019: 15,317,366 shares @ K11.78 per share)				
Credit Corporation (PNG) Limited				
Balance at the beginning of the year	77,781,600	65,628,225	77,781,600	65,628,225
Fair value gain from change in net market value	4,861,350	12,153,375	4,861,350	12,153,375
At Valuation (2020: 48,613,500 shares @ K1.70 per share)	**82,642,950**	**77,781,600**	**82,642,950**	**77,781,600**
(2019: 48,613,500 shares @ K1.60 per share)				
PNG Air Limited				
Balance at the beginning of the year	-	840,000	840,000	840,000
Fair value gain from change in net market value	-	-	-	-
Transferred from parent company to subsidiary	840,000		(840,000)	
At Valuation (2020: 7,000,000 shares @ K0.12 per share)	**840,000**	**840,000**	**-**	**840,000**
(2019: 7,000,000 shares @ K0.12 per share)				

During the year, the parent company, TISA vested its share in PNG Air Limited to its subsdiary, TISA Investments Limited at K0.12 per share.

Total financial assets at fair value through profit or loss	**267,291,343**	**259,060,172**	**266,451,342**	**259,060,172**

11b. Unquoted shares

At 31 December 2020, the Society's interest holding in Capital Insurance Group ("CIG") stands at 29% (2019: 29%). The entity is a provider of life and general insurance products. The entity is headquartered in Port Moresby however has operations across the Pacific. For consolidation purposes the investment is classified as an associate and the equity method has been applied in the consolidated financial statements.

As at 31 December 2020, 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 Group		Society	
	2020	2019	2020	2019
	K	K	K	K
Unquoted shares:				
Credit & Data Bureau Limited	33,300	33,300	33,300	33,300
Capital Insurance Group (associate)	8,065,736	9,791,876	9,791,876	9,791,876
Transferred from parent company to subsidiary	-	-	(9,825,176)	-
	8,099,036	**9,825,176**	**-**	**9,825,176**

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

	Consolidated	
	2020	2019
	K	K
Reconciliation of investment in associate at consolidated level		
Balance at beginning of year	9,791,876	10,308,076
Share of net loss	(1,726,140)	(516,200)
Total investment in associate	**8,065,736**	**9,791,876**

11c. Investment in Subsidiaries

The Society holds controlling stakes in subsidiaries as follows:

	2020 % Holding	2019 % Holding	Nature of Business	Status
TISA Community Finance Ltd	100%	100%	Financial Services	Active
TISA Property Ltd	100%	-	Financial Services	Active
TISA Investment Ltd	100%	-	Financial Services	Active

	Society	
	2020 K	2019 K
Unquoted shares:		
Opening balance TCF Investment	8,000,001	8,000,001
Additional share capital contribution during the year	158,700,000	-
TCF (subsidiary)	**166,700,001**	**8,000,001**
Opening balance TPL Investment	-	-
Additional share capital contribution during the year	65,525,803	-
TPL (subsidiary)	**65,525,803**	**-**
Opening balance TIL Investment	-	-
Additional share capital contribution during the year	10,665,176	-
TIL (subsidiary)	**10,665,176**	**-**
Total Investments in Subsidiary	**242,890,980**	**8,000,001**

TCF commenced operations in the fourth quarter of the 2016 financial year whereas TPL and TIL commenced operations in second half of the 2020 financial year. The Society's investments in TCF, TPL and TIL are accounted for at cost.

11d. 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	
	2020 K	2019 K	2020 K	2019 K
Government debt securities				
Treasury bill – cost at acquisition	57,380,990	76,393,192	38,098,300	63,854,630
Inscribed stock – face value on maturity	21,750,000	21,750,000	21,750,000	21,750,000
Net discount on Inscribed Stock	(691,035)	(922,848)	(691,034)	(922,848)
Total government debt securities	**78,439,955**	**97,220,344**	**59,157,266**	**84,681,782**

Investments in Government Inscribed Stock bear interest varying between 9.5% - 12% per annum. (2018: 5-12% per annum). Also included in Government debt securities investments are treasury bills that have maturity of no more than 90 days from the balance date and provide a return ranging from 2.50% to 6.96% per annum.

Interest receivables have been recorded in note 16.

12. Changes in fair value of financial assets

	Consolidated Group		Society	
	2020 K	2019 K	2020 K	2019 K
Changes in fair value of shares				
Bank South Pacific Limited	3,369,821	23,282,397	3,369,821	23,282,396
Credit Corporation (PNG) Limited	4,861,350	12,153,375	4,861,350	12,153,375
PNG Air Limited	-	-	-	-
Total changes in fair value of shares	**8,231,171**	**35,435,772**	**8,231,171**	**35,435,771**

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

13. Investment Property

Properties	Consolidated Group Fair Value 31-Dec-19 K	Additions/ Transfers K	Gain/ (loss) K	Fair Value 31-Dec-20 K
Tisa Haus, Waigani	50,000,000	4,553,376	(9,373,621)	45,179,755
Tisa Haus, Lae	7,000,000	-	-	7,000,000
Tisa Haus, Madang	4,500,000	-	(2,151,000)	2,349,000
Kouaka Place, Gordons	6,500,000	-	624,062	7,124,062
Land adjacent to NDB, Waigani	18,000,000	2,373,137	126,863	20,500,000
Land adjacent to TISA, Waigani	12,800,000	-	609,000	13,409,000
Alotau Lot 5, Section 10, Alotau	10,000,000	-	(445,312)	9,554,689
Office (Lae)	3,430,000	-	(1,790,000)	1,640,000
4 Unit Flat (Lae)	1,960,000	-	(160,000)	1,800,000
Residential (POM)	863,000	-	(196,000)	667,000
Total	**115,053,000**	**6,926,513**	**(12,756,007)**	**109,223,506**

Properties	Society Fair Value 31-Dec-19 K	Additions/ Transfers K	Gain/ (loss) K	Fair Value 31-Dec-20 K
Tisa Haus, Waigani	**50,000,000**	**4,553,376**	**(9,373,621)**	**45,179,755**

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.

14. Loans to members and clients

The effective interest rates 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.

14. Loans to members and clients (continued)

TCF's effective interest rates charged to clients 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	
	2020 K	2019 K	2020 K	2019 K
Member loans and provisioning				
Loans receivable to members	319,271,093	256,349,467	278,550,762	231,598,958
ECL Allowance for impairment losses	(10,445,028)	(5,047,632)	(9,262,679)	(4,187,913)
Net member loans	**308,826,066**	**251,301,835**	**269,288,083**	**227,411,045**

	Consolidated Group		Society	
	2020 K	2019 K	2020 K	2019 K
Allowance for impairment losses				
Opening balance	5,047,632	14,297,117	4,187,913	12,829,106
Increase/(Decrease) in provisions	7,284,138	(1,522,794)	6,301,480	(1,252,012)
Bad debts written off	(1,886,742)	(7,726,691)	(1,226,715)	(7,389,181)
Closing balance	**10,445,028**	**5,047,632**	**9,262,679**	**4,187,913**

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

	Consolidated Group		Society	
	2020 K	2019 K	2020 K	2019 K
Cash and cash equivalents				
Cash on hand and at bank	41,742,031	24,588,161	27,153,130	18,014,697
IBDs with maturities of less than 3 months	-	12,000,000	-	12,000,000
Total cash and cash equivalents	**41,742,031**	**36,588,161**	**27,153,130**	**30,014,697**
IBDs with maturities of more than 3 months	**-**	**4,209,011**	**5,000,000**	**27,737,011**

15. Cash and cash equivalents and interest bearing deposits (IBD) (continued)

IBDs earn an interest ranging from 1.39% to 6.25% per annum. Investments in short term government treasury bills have been disclosed in Note 11d.

As at 31 December 2020, the Society had a combined total of K6,016,631 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.

16. Rental and other receivables

	Consolidated Group		Society	
	2020 K	2019 K	2020 K	2019 K
Rental and other receivables				
Rental debtors	3,553,178	5,272,226	3,553,178	8,245,118
Less: Allowance for rental debtors	(426,930)	(426,930)	(426,930)	(426,930)
Net rental debtors	**3,126,248**	**4,845,296**	**3,126,248**	**7,818,188**

	Consolidated Group		Society	
	2020 K	2019 K	2020 K	2019 K
Other debtors	2,052,274	-	33,620,590	1,986,738
Less: Allowance for other debtors	(34,589)	(34,589)	(34,589)	(34,589)
Net other debtors	**2,017,685**	**(34,589)**	**33,586,001**	**1,952,149**
Prepayments	1,281,821	341,159	909,923	272,038
Interest receivable	1,778,595	2,160,465	1,510,550	2,160,465
Subtotal prepayments, interest and member receivables	**3,060,417**	**2,501,624**	**2,420,472**	**2,432,503**
Total rental and other receivables	**8,204,349**	**7,312,331**	**39,132,722**	**12,202,840**

17. Employee provisions

	Consolidated Group		Society	
	2020 K	2019 K	2020 K	2019 K
Employee provisions				
Annual leave	1,914,412	1,102,370	1,765,555	1,047,641
Long service leave	2,348,655	2,166,374	2,301,513	2,127,330
Total employee provisions	**4,263,067**	**3,268,744**	**4,067,068**	**3,174,971**

18. Savings and deposits

	Consolidated Group		Society	
	2020 K	2019 K	2020 K	2019 K
Member savings				
Members' savings pre-additional interest	416,280,808	385,180,528	388,021,764	375,481,928
Additional interest distributed	24,771,649	24,766,272	24,771,649	24,766,272
Total members' savings	**441,052,457**	**409,946,800**	**412,793,413**	**400,248,200**

19. Creditors and accruals

	Consolidated Group		Society	
	2020 K	**2019 K**	**2020 K**	**2019 K**
Creditors and accruals				
Intercompany - TCF*	-	-	124,075,783	-
Medical claims	-	14,461	-	14,461
Rental bonds	125,114	125,114	125,114	125,114
Goods and services tax	4,115	58,102	(32,168)	84,600
Group tax	(10,902)	(105,884)	(31,602)	19,514
Accrued expenses	9,018,021	2,335,619	6,806,919	1,953,470
Sundry creditors	457,727	474,275	1,753,478	679,311
Lease liability	7,563,893	7,914,183	5,644,567	8,151,494
Rent received in advance	269,137	36,959	269,137	36,959
Unearned revenue	-	168,875	-	168,875
Total creditors and accruals	**17,427,105**	**11,021,704**	**138,611,228**	**11,233,797**

* The balance of K124,075,783 is made of up payables to subsidiary company of K123,858,653 related to shares issued during the year and other payables of K217,130.

20. 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 K61,855 (i.e 61,855 shareholders at nominal value of K1.00 per share) was taken out of retained earnings.

21. Asset revaluation reserve

	Consolidated Group		Society	
	2020 K	2019 K	2020 K	2019 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**

22. General reserve

	Consolidated Group		Society	
	2020 K	2019 K	2020 K	2019 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 oblidged 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.

23. Business Combination Reserve

	Consolidated Group		Society	
	2020 K	**2019 K**	**2020 K**	**2019 K**
Business combination reconciliation				
Opening balance at 1 January	(16,849,175)	(16,849,175)	(16,849,175)	(16,849,175)
Transfers out to retained earnings	16,849,175	-	16,849,175	-
Reserve balance at 31 December	**-**	**(16,849,175)**	**-**	**(16,849,175)**

IFRS 3, B47 states that the acquirer in a combination of mutual entities shall recognise the acquiree's net assets as a direct addition to capital or equity in its statement of financial position. During the year, the full amount of K16,849,175 has been transferred to retained earnings.

24. Additional interest reserve reconciliation

	Consolidated Group		Society	
	2020 K	**2019 K**	**2020 K**	**2019 K**
Additional interest reserve reconciliation				
Opening balance at 1 January	49,879,664	38,099,597	49,879,664	38,099,597
Transfers in from Retained Earnings	35,427,129	36,546,339	35,427,129	36,546,339
Transfer out to Members' Savings	(24,771,649)	(24,766,272)	(24,771,649)	(24,766,272)
Reserve balance at 31 December	**60,535,144**	**49,879,664**	**60,535,144**	**49,879,664**

The Board has resolved to declare an additional interest of 7% of members' general savings balance as at 31 December 2020 and credited to the members' transaction accounts. This amounts to K24,771,649 and was directly paid out of the Additional Interest Reserve (AIR). The Board further resolved to distribute 50% of the distributable profit's remaining balance, K10,655,480 to Additional Interest Reserve. The Additional Interest Reserve was then replenished with K35,427,129 from the distributable profit.

25. Income tax

25.1 Income tax expense

	Consolidated Group	
	2020 **K**	**2019** **K**
Current tax	1,064,741	330,122
Adjustments in the previous year	-	-
Deferred tax	(508,088)	81,735
	556,653	411,857
Accounting profit before tax	41,991,324	1,720,790
Tax on the profit for the year at 30%	12,597,397	516,240
Taxation effect of permanent differences		
- Non deductibe items	232,317	4,917
- Non taxable items	(11,764,973)	-
Dividend rebate	-	-
Adjustments in the previous years	-	(191,035)
	1,064,741	330,122

25.2 Income tax payable

Opening balance of income tax	-	-
Current tax payable	1,064,741	330,122
Adjustments in the previous years	131,258	-
Offset of withholding taxes	-	-
Offset against taxation loss	-	(330,122)
Payments during the year	(273,017)	-
Closing balance of income tax	**922,983**	**-**

25.3 Deferred tax balance

Deferred tax assets and deferred tax liabilities as at 31 December 2020 and 2019 are attributable to the items as details in the table below:

	Consolidated Group		
	Assets	Liability	Net
As at 31 December 2020			
Provisions	413,505	-	413,505
Prepayments	-	(90,833)	(90,833)
TPL Taxation loss	185,417	-	185,417
Other	-	(10,664)	(10,664)
	598,922	**(101,497)**	**497,425**
As at 31 December 2019			
Provisions	78,725	-	78,725
Prepayments	-	(4,376)	(4,376)
Other	20,253	-	20,253
	98,978	**(4,376)**	**94,602**

26. 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.

26.1 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.

26. Financial instruments and risk management (continud)

26.1 Credit risk (continued)

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	
	2020	2019	2020	2019
	K	K	K	K
Assets bearing credit risk				
Cash and cash equivalents	41,742,031	36,588,161	27,153,130	30,014,697
Interest bearing deposits	-	4,209,011	5,000,000	27,737,011
Rental and other receivables	8,784,873	7,312,331	39,132,722	12,202,840
Net Loans to members	308,826,066	251,301,835	269,288,083	227,411,045
Total assets	**359,352,970**	**299,411,338**	**340,573,935**	**297,365,593**

Loans to members:
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.

	Consolidated Group		Society	
	2020 K	2019 K	2020 K	2019 K
Member loans				
Loans backed by deposits	242,007,585	218,104,007	242,007,585	218,139,562
Loans without deposit backing	77,263,509	38,245,460	36,543,177	13,459,396
Total assets	**319,271,094**	**256,349,467**	**278,550,762**	**231,598,958**

The followng 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

26. Financial instruments and risk management (continud)

26.1 Credit risk (continued)

The followng 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	
	2020 K	**2019 K**	**2020 K**	**2019 K**
Stage 1-12 month ECL	277,304,876	218,627,382	239,147,723	196,153,510
Stage 2 - Life time ECL	31,909,714	29,179,242	31,145,779	28,053,133
Stage 3 - Life time ECL	10,056,504	8,542,843	8,257,260	7,392,315
Gross carrying amount	319,271,093	256,349,467	278,550,762	231,598,958
Allowance for credit loss	(10,445,028)	5,047,632	(9,262,679)	(4,187,913)
Net carrying amount	308,826,066	261,397,099	269,288,083	227,411,045

The followng table shows reconciliations from opening to the closing balances of the allowance for credit loss. The basis for determining transfers due to changes in credit risk is set out in the accounting policy, see Note 7, (e), (vi)

	Consolidated Group			
	Stage 1 K	**Stage 2 K**	**Stage 3 K**	**Total K**
Balance as at 1 January 2020	1,564,074	706,179	2,777,379	5,047,632
Transfer to Stage 1	1,314,847	(42,289)	(244,636)	1,027,922
Transfer to Stage 2	1,213,157	240,193	41,465	1,494,816
Transfer to Stage 3	654,635	149,676	970,450	1,774,760
Net remeasurements	(1,531,054)	(641,815)	815,772	(1,357,096)
New financial assets purchased or	2,609,348	1,711,882	127,432	4,448,662
Write-offs and transfers from	-	-	(1,991,667)	(1,991,667)
Balance as at 31 December 2020	**5,825,007**	**2,123,826**	**2,496,195**	**10,445,028**

26. Financial instruments and risk management (continud)

26.1 Credit risk (continued)

	Society			
	Stage 1 K	**Stage 2 K**	**Stage 3 K**	**Total K**
Balance as at 1 January 2020	1,215,554	614,054	2,358,305	4,187,913
Transfer to Stage 1	1,364,187	(9,068)	(187,556)	1,167,563
Transfer to Stage 2	1,157,663	244,191	(42,768)	1,359,086
Transfer to Stage 3	284,242	57,480	887,373	1,229,094
Net remeasurements	(1,017,933)	(577,486)	185,028	(1,410,391)
New financial assets purchased or originated	2,307,970	1,702,099	108,105	4,118,175
Write-offs and transfers from	-	-	(1,388,761)	(1,388,761)
Balance as at 31 December 2020	**5,311,683**	**2,031,269**	**1,919,726**	**9,262,679**

26.2. Liquidity risk

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

The Group is restricted by the exchange controls of BPNG in terms of offshore investments (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 sizable 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.

TISA Management Team

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

26. Financial instruments and risk management (continued)

26.2 Liquidity risk (continued)

The table below summaries the maturity profile of the Group's financial assets and liabilities as at 31 December 2020 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	%
2020							
Assets							
Cash and cash equivalents	41,742,031	41,742,031	-	-	-	-	2%
Interest bearing deposits	-	-	-	-	-	-	5%
Rental and other receivables	8,784,873	-	8,784,873		-	-	nil
Net Loans	308,638,191		4,778,617	20,758,114	283,101,461		26%
Quoted shares	267,291,343	-	-	-	-	267,291,343	nil
Unquoted shares	9,825,176	-	-	-	-	9,825,176	nil
Government debt securities	78,439,955	-	-	57,380,990	21,058,965	-	11%
Total undiscounted cash inflows	**714,721,570**	**41,742,031**	**13,563,491**	**78,139,104**	**304,160,426**	**277,116,519**	
Liabilities							
Deposits & Savings*	(423,857,809)	(161,826,816)	(186,229)	(27,910,156)	(233,934,608)	-	2.0%
Creditors and accruals	(17,427,105)	-	(17,427,105)	-	-	-	nil
Employee provisions	(4,263,067)	-	-	(1,914,412)	(1,409,193)	(939,462)	nil
Total undiscounted cash outflows	**(445,547,981)**	**(161,826,816)**	**(17,613,334)**	**(29,824,568)**	**(235,343,801)**	**(939,462)**	
2019							
Assets							
Cash and cash equivalents	36,588,161	24,588,161	12,000,000	-	-	-	2%
Interest bearing deposits	4,209,011	-	-	4,209,011	-	-	3%
Rental and other receivables	7,312,331	-	7,312,331	-	-	-	nil
Net Loans	251,301,835	-	2,922,643	7,230,674	236,111,358	5,037,160	12%
Quoted shares	259,060,172	-	-	-	-	259,060,172	nil
Unquoted shares	9,825,176	-	-	-	-	9,825,176	nil
Government debt securities	97,220,344	-		76,393,192	20,827,152	-	10%
Total undiscounted cash inflows	**665,517,029**	**24,588,161**	**22,234,974**	**87,832,877**	**256,938,510**	**273,922,507**	
Liabilities							
Deposits & Savings	(409,946,800)	(409,946,800)	-	-	-	-	1.5%
Creditors and accruals	(10,916,438)	-	(10,916,438)	-	-	-	nil
Employee provisions	(4,362,626)	-	-	(4,362,626)		-	nil
Total undiscounted cash outflows	**(425,225,864)**	**(409,946,800)**	**(10,916,438)**	**(4,362,626)**	**-**	**-**	
Net exposure 2020	**269,173,589**	**(120,084,785)**	**(4,049,843)**	**48,314,536**	**68,816,625**	**276,177,057**	
Net exposure 2019	**240,291,165**	**(385,358,640)**	**11,318,536**	**83,470,251**	**256,938,510**	**273,922,507**	

26. Financial instruments and risk management (continued)

26.2 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	%
2020							
Assets							
Cash and cash equivalents	32,153,130	27,153,130	5,000,000	-	-	-	2%
Interest bearing deposits	-	-	-	-	-	-	5%
Rental and other receivables	39,132,722	-	39,132,722	-	-	-	nil
Net Loans	269,288,083		4,778,617	20,758,114	243,751,353		17%
Quoted shares	266,451,342	-	-	-	-	266,451,342	nil
Unquoted shares	242,890,980	-	-	-	-	242,890,980	nil
Government debt securities	59,157,265	-	-	38,098,300	21,058,965	-	10%
Total undiscounted cash inflows	**909,073,522**	**27,153,130**	**48,911,339**	**58,856,414**	**264,810,318**	**509,342,322**	
Liabilities							
Deposits & Savings*	(395,185,055)	(161,826,816)	-		(233,358,239)	-	2%
Creditors and accruals	(138,611,228)	-	(138,611,228)	-	-	-	nil
Employee provisions	(4,067,067)	-	-	(1,765,555)	(1,362,051)	(939,462)	nil
Total undiscounted cash outflows	**(537,863,350)**	**(161,826,816)**	**(138,611,228)**	**(1,765,555)**	**(234,720,289)**	**(939,462)**	
2019							
Assets							
Cash and cash equivalents	34,610,086	34,610,086	-	-	-	-	2%
Interest bearing deposits	40,245,325	-	-	40,245,325	-	-	3%
Rental and other receivables	7,278,191	-	7,278,191	-	-	-	nil
Net Loans	204,571,140	-	83,443	11,933,690	192,554,007	-	12%
Quoted shares	223,624,400	-	-	-	-	223,624,400	nil
Unquoted shares	10,308,076	-	-	-	-	17,068,769	nil
Government debt securities	58,951,793	-	32,951,793	10,000,000	16,000,000	-	10%
Total undiscounted cash inflows	**579,589,011**	**34,610,086**	**40,313,427**	**62,179,015**	**208,554,007**	**240,693,169**	
Liabilities							
Deposits & Savings	(371,063,902)	(371,063,902)	-	-	-	-	1.5%
Creditors and accruals	(4,597,687)	-	(4,597,687)	-	-	-	nil
Employee provisions	(3,255,771)	-	-	-	-	(3,255,771)	nil
Total undiscounted cash outflows	**(378,917,360)**	**(371,063,902)**	**(4,597,687)**	**-**	**-**	**(3,255,771)**	
Net Surplus/ (exposure) 2020	**371,210,172**	**(134,673,686)**	**(89,699,889)**	**57,090,859**	**30,090,028**	**508,402,860**	
Net Surplus/ (exposure) 2019	**200,671,651**	**(336,453,816)**	**35,715,740**	**62,179,015**	**208,554,007**	**237,437,398**	

26. Financial instruments and risk management (continued)

26.3 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	
	2020 K	2019 K	2020 K	2019 K
Treasury bills	76,393,192	76,393,192	63,854,630	63,854,630
Government inscribed stock	21,750,000	21,750,000	21,750,000	21,750,000
Loans to members	251,301,835	251,301,835	227,411,045	227,411,045
Total interest-bearing assets	**349,445,027**	**349,445,027**	**313,015,675**	**313,015,675**

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	
	2020 K	2019 K	2020 K	2019 K
Member savings	441,052,457	409,946,800	412,793,413	400,248,200
Total interest-bearing liabilities	**441,052,457**	**409,946,800**	**412,793413**	**400,248,200**

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.

26. Financial instruments and risk management (continued)

26.4 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	
	2020 K	**2019 K**	**2020 K**	**2019 K**
+ 5% change in fair value	13,322,567	12,953,009	13,322,567	12,953,009
- 5% change in fair value	(13,322,567)	(12,953,009)	(13,322,567)	(12,953,009)

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 properties

	Consolidated Group		Society	
	Effect on Profit or Loss Increase/(Decrease)		Effect on Profit or Loss Increase/(Decrease)	
	2020 K	**2019 K**	**2020 K**	**2019 K**
Increase of 1% in capitalisation rates	(4,875,971)	(4,545,455)	(3,928,674)	(4,545,455)
10% increase in rentals	557,019	503,723	557,019	503,723
10% increase in sales prices and/or replacement costs	4,501,600	6,505,300	-	6,505,300

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

26. Financial instruments and risk management (continued)

26.5 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 investments refer note 5;
- Member deposits are recognized at inception at fair value and subsequently at amortized cost.

The Society 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					
		2020			2019	
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Quoted shares (Note 11.a)	267,291,343	-	-	259,060,171	-	-
Unquoted shares (Note 11.b)	-	9,825,176	-	-	9,825,176	-
Investment properties (Note 13)	-	-	109,223,506	-	-	115,053,000
Totals	**259,060,171**	**9,825,176**	**115,053,000**	**223,624,400**	**17,068,769**	**115,053,000**

	Society					
		2020			2019	
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Quoted shares (Note 11.a)	266,451,342	-	-	259,060,171	-	-
Unquoted shares (Note 11.b)	-	9,825,176	-	-	9,825,176	-
Investment properties (Note 13)	-	-	45,179,755	-	-	115,053,000
Totals	**259,060,171**	**9,825,176**	**115,053,000**	**223,624,400**	**30,703,208**	**108,800,000**

There has been no observed movements in the fair value hierarchy within the group of assets. The sensitivity analysis for Investment Properties is disclosed on Note 26.4 Other Market Price Risk (a) (ii)

26. Financial instruments and risk management (continued)

26.6 Capital risk management

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.

27. Employees

The number of people employed by the Society as at 31 December 2020 is 321 (2019: 255).

The number of people employed by the Group as at 31 December 2020 is 351 (2019: 267).

28. Retirement benefits

The Board elected to transfer its employees superannuation to Nambawan Super Limited (NSL) and will commence contributions to NSL in 2021. During the year the Group has consisitently remitted the employer contribution rate of 12% to National Superannuation Fund (NSF). Employer contribution during the year amounted to K 1,342,583 (2019: K 1,998,822).

29. Related parties

Member and client loans that are made to staff and directors are in accordance with the Group's Rules. The total value of these loans at 31 December 2020 is K1,766,560 (2019: K2,288,940). 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 not either directors or staff. As disclosed in Note 11c, TISA owns 100% of the share capital in subsidiary TCF. Intercompany transactions, including a deposit of K5,000,000 (2019: K23,528,000) made from TISA to TCF.

As part of the Group restructuring, various assets were transferred from parent company, TISA as capital contribution to its subsidiaries. These assets were as follows: -

Assets vested	Vested to	K
Share in Capital Insurance Group	TIL	9,791,876
Share in PNG Air	TIL	840,000
Share in Credit Data Bureau Limited	TIL	33,300
Tisa Haus, Lae	TPL	7,000,000
Tisa Haus, Madang	TPL	4,500,000
Kouaka Place, Gordons	TPL	6,500,000

29. Related parties (continued)

Assets vested	**Vested to**	**K**
Land adjacent to NDB, Waigani	TPL	18,000,000
Land adjacent to TISA, Waigani	TPL	12,800,000
Alotau Lot 5, Section 10, Alotau	TPL	10,000,000
Office (Lae)	TPL	3,430,000
4 Unit Flat (Lae)	TPL	1,960,000
Residential (POM)	TPL	863,000
Rental receivables	TPL	472,803

During the year, TISA has made additional capital contribution of **K158,700,000** to TCF. The Company has recognised a payable to subsidiary company, TCF in the amount of **K124,075,783,** note 19, Creditors and Accruals.

The directors of the Group had an aggregate savings balance of **K615,564 (2019: K63,057),** and aggregate loan balance of **K1,778,550 (2019: K56,514).** The directors are subject to the normal lending policy requirements of the Group. Total savings by directors and staff amounted to **K1,861,150 (2019 K1,369,933).**

29.1 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 receive, exceeded K100,000, falls within each relevant K50,000 band of income as follows:

	Group		**Society**	
	2020 No.	**2019 No.**	**2020 No.**	**2019 No.**
K100,000 – K149,999	-	-	-	-
K150,000 – K199,999	1	1	-	-
K200,000 – K249,999	2	1	1	1
K250,000 – K299,999	4	3	4	3
K300,000 – K349,999	1	-	1	-
K350,000 – K399,999	1	2	1	1
K400,000 – K449,999	2	2	2	2
K450,000 – K499,999	-	-	-	-
K500,000 – K549,999	1	1	1	1
K550,000 – Above	4	2	3	1
	16	12	13	9

29. Related parties (continued)

29.1 Key management personnel remuneration (continued)

The specified executives of the Society during the year were:

- Mr Michael Koisen – Group Chief Executive Officer
- Mr Luke Kaul – Chief Operating Officer
- Mr Igimu Momo – Chief Strategic Officer
- Mr John Topal - Chief Risk Officer
- Mr Michael Malara – Chief Finance Officer, resigned 11 November 2020
- Mr Edward Toliman - Head of Information Technology
- Mr Philip Hehonah – Head of Legal and Company Secretary
- Ms Anna Leidimo – Acting Head of Human Resource
- Mr Vilikesa Nawaqaliva - Head of E-Channels, resigned 6 February 2020
- Mr Viktor Bezkorovaynyy - Head of Payment and Settlement, joined 22 December 2020

The specified Directors of TISA during the year were:

- Mr. Gabriel Tai (Chairman)
- Mr. Sam Nalong (Vice Chairman)
- Mr. Francis Samoak
- Mr. William Varmari
- Dr. Peter Mason
- Mr. Stirling Tavener (ceased 24 January 2020)

Specified executives and directors' remuneration in aggregate:

	Primary			Post-employment			Equity	Other	
	Salary & Fees	Bonus	Non-Monetary	Super Annuation	Prescribed Benefits	Other	Options	Benefits	Total
	K	K	K	K	K	K	K	K	K
	Specified Executive								
2020	5,044,471	-	-	605,337	1,066,800	-	-	-	6,716,608
2019	4,585,883	-	-	454,815	1,066,800	-	-	-	6,107,498
	Specified Executive								
2020	194,586	-	-	-	-	-	-	35,550	230,136
2019	130,830	-	-	-	-	-	-	26,050	156,880

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

30. Segment information

The Group operates as one segment and in one geographical location being PNG.

On 31 December 2020, the Group declared an additional bonus interest distribution to members with S1 general savings accounts of K24,771,649. The distribution was deemed material to the financial statements and hence has been adjusted for in the figures in the financial statements and associated disclosures included.

31. 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.

32. Subsequent events

The Group continues to monitor Papua New Guinea's economic condition and outlook as the global COVID-19 pandemic enters its second year.

Papua New Guinea's development partners, particularly Australia, continues to provide the significant support through public health strengthening and economic reforms to address the negative impact of COVID-19 and improve the country's growth prospects.

Although the Group has not experienced any direct significant impact of the pandemic, the Group's risk provisions, including the ECL loan loss provisioning, have been heightened to ensure greater resilience and to provide much needed support to its clients going forward.

The Group has increased its attention on credit portfolio management by consolidating and strenthening its back office functions with the establishment of a dedicated credit portfolio management, payroll collection and debt recoveries team.

The Directors of the Group are in 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 unusal 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.

TISA PHOTOS

Executive Management Team

Management Team

Left to right: Henry Allen (Assistant Manager - Branch Support), Jennifer Galindo (Finance & Accounting Manager), Steward Tito (Lending Operations Manager) and Edward Toliman (Head of Information Technology)

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