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Teachers Savings and Loan Society Limited

Independent Expert's Report

20 April 2026

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PART I: ASSESSMENT OF THE PROPOSED DEMUTUALISATION

The Members
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20 April 2026

Dear Members,

1.0 Introduction

BDO Corporate Finance Ltd ('BDOCF', 'we', 'us' or 'our') has been engaged to provide an independent expert's report ('this Report') to the Teachers Savings and Loan Society Limited ('TISA' or 'the Company') mutual members ('the Members') in relation to the proposed corporatisation of TISA through a demutualisation process ('the Proposed Demutualisation').

The Proposed Demutualisation of TISA is a long-standing strategic initiative. Its purpose is to deliver tangible value to the Members as a whole and to commercialise TISA Bank's operations. If approved and implemented, it will convert TISA from a mutually owned, not-for-profit entity into a for-profit corporate entity limited by shares.

The Proposed Demutualisation is to be implemented by way of a scheme of arrangement ('the Scheme') under Section 250 of Part XVI of the *Companies Act 1997* ('the *Companies Act*'). Under the Scheme, Eligible Members (as defined in Section 4.2) will receive an allocation of shares in TISA Group Limited ('TISA Group')[1] determined by the adopted share allocation method (refer to Section 4.2).

A more detailed description of the Proposed Demutualisation and share allocation methodology is set out in Section 4.

In this Report, BDOCF has expressed an opinion as to whether or not the Proposed Demutualisation is 'fair and reasonable' to, and in the 'best interests' of, the Members as a whole. This means we have considered the overall effect of the Proposed Demutualisation on the membership base collectively, rather than on individual Members or specific sub-groups.

We note that, as at the date of this Report, all active TISA Members will be eligible to receive shares under the Proposed Demutualisation (referred to as 'Eligible Members'). However, as Management anticipate the Proposed Demutualisation to complete in the second half of 2026 ('H2 2026'), a period will arise during which individuals who become Members will not qualify for a share allocation ('Non-Eligible Members'). Although Management expect very few Non-Eligible Members, we have considered the potential impacts on Non-Eligible Members in our analysis, with further detail provided in Section 2.3.6.

This Report has been prepared solely for use by the Members to provide them with information relating to the Proposed Demutualisation. The scope and purpose of this Report are detailed in Sections 3.3 and 3.4 respectively.

This Report, including Part I, Part II and the appendices, should be read in full along with all other documentation provided to the Members including the scheme booklet prepared by TISA and dated on or around May 2026 ('the Scheme Booklet').

[1] The status of TISA will change from being a not-for-profit company owned by its members to a for-profit company owned by shareholders. If the Proposed Demutualisation is approved, TISA will no longer be a mutual. It will become a company limited by shares, with no mutual ownership. As part of this process, the existing entity will be renamed from TISA to TISA Group.

2.0 Assessment of the Proposed Demutualisation

This section is set out as follows:

- Section 2.1 sets out the methodology for our assessment of the Proposed Demutualisation;
- Section 2.2 sets out our assessment of the fairness of the Proposed Demutualisation;
- Section 2.3 sets out our assessment of the reasonableness of the Proposed Demutualisation; and
- Section 2.4 provides our assessment of whether the Proposed Demutualisation is in the best interests of the Mutual Shareholders as a whole.

2.1 Basis of evaluation

This Report has been prepared to assess the fairness and reasonableness of the Proposed Demutualisation of TISA under which Eligible Members (as defined in Section 4.2) will receive ordinary shares in TISA Group (being the existing entity converted to a company limited by shares and renamed from TISA) in exchange for their current membership interests.

The legal framework governing the Proposed Demutualisation includes the *Companies Act* (as amended in 2022) and the *Savings and Loan Societies Act 2015* of Papua New Guinea (‘*Savings and Loan Societies Act*’). These statutes do not prescribe a specific content or methodology for the preparation of an independent expert report.

In the absence of detailed local requirements, we have referred to recognised best practice standards to guide the preparation of this Report. In particular, we have referred to Regulatory Guide 111: *Content of Expert Reports* (‘RG 111’) and Regulatory Guide 112: *Independence of Experts* (‘RG 112’), both issued by the Australian Securities and Investments Commission (‘ASIC’). Although not legally binding in Papua New Guinea, these guides are widely accepted as authoritative references for ensuring transparency, independence, and analytical rigour in transactions involving the transfer or conversion of ownership rights.

RG 111 provides that fairness should be assessed by comparing the value of what Members as a whole give up (in this case, their collective, non-realisable interest in the mutual structure) with what they receive (a corporatised entity and individual shareholdings for Eligible Members in TISA Group). Reasonableness involves an assessment of whether the overall benefits of the Proposed Demutualisation outweigh the potential disadvantages. This includes consideration of the implications for Members as a whole if the Proposed Demutualisation is not approved.

RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if, despite being ‘not fair’, the expert believes that there are sufficient reasons for security holders (or in this case, Eligible Members) to vote in favour of the transaction. Our assessment concludes by providing our opinion as to whether or not the Proposed Demutualisation is ‘fair and reasonable’ to, and in the ‘best interests’ of, the Members as a whole. While all relevant issues need to be considered before drawing an overall conclusion, we will assess the fairness and reasonableness issues separately for clarity.

If our opinion of the Proposed Demutualisation is that it is ‘fair and reasonable’ then we will also be able to conclude that the Proposed Demutualisation is in the ‘best interests’ of the Members as a whole. If our opinion of the Proposed Demutualisation is that it is ‘not fair but reasonable’, we may still conclude that the Proposed Demutualisation is in the ‘best interests’ of the Members as a whole. In this circumstance, we will clearly state that the consideration to be received is not equal to or greater than the value of Members current interest in TISA, but that there are sufficient reasons for the Members to vote in favour of the Proposed Demutualisation in the absence of a superior proposal. If our opinion of the Proposed Demutualisation is that it is ‘not fair and not reasonable’, we will conclude that the Proposed Demutualisation is ‘not in the best interests’ of the Members as a whole.

We have assessed the fairness and reasonableness of the Proposed Demutualisation in Sections 2.2 and 2.3 below and provided an opinion on whether the Proposed Demutualisation is in the ‘best interests’ of the Members as a whole in Section 2.4 below.

2.2 Assessment of fairness

2.2.1 Basis of assessment

The assessment of fairness in the context of the Proposed Demutualisation requires a modified approach compared to the typical framework set out in RG 111. In a conventional control transaction, fairness is assessed by comparing the value of the consideration offered with the value of the securities subject to the transaction, assuming both a willing buyer and seller transacting at arm’s length. However, in this instance, Members do not currently hold individual tradeable securities but rather an undivided collective interest in TISA as a mutual organisation.

Accordingly, the appropriate comparison involves evaluating:

a) the value of what Members currently hold under the existing mutual ownership model, which includes their nominal membership interest and their collective ownership of TISA’s accumulated reserves; and

b) the value of what Eligible Members will receive under the Proposed Demutualisation, being an individualised shareholding in TISA Group, comprising three direct subsidiary companies that will own and operate the same business and assets previously held by the mutual society.

While there is no universally accepted method for assessing fairness in a demutualisation context, our assessment focuses on whether Members are, in general, receiving a level of value under the Proposed Demutualisation that exceeds what they could reasonably expect to extract under the existing mutual structure.

2.2.2 Value of Members existing ownership interest in TISA prior to the Proposed Demutualisation

This section sets out what Members currently 'own' under the existing mutual structure, both in legal and economic terms.

The below subsections outline:

- The legal and structural nature of membership in TISA;
- The economic rights and benefits Members receive (such as bonus interest and access to services);
- The limitations on Members' ability to realise or transfer value; and
- The collective financial value of TISA as a mutual organisation (including an estimate of each Member's implied interest in the accumulated reserves).

Legal and structural nature of membership in TISA

TISA operates as a mutual savings and loan society registered under applicable laws in Papua New Guinea. As a mutual organisation, it does not have conventional shareholders. Instead, each eligible person becomes a Member upon acceptance and is issued a single, nominal membership share for K1. This K1 share does not confer any measurable equity stake in the value of TISA's business.

Membership interests in TISA are uniform and indivisible. All Members hold the same legal form of membership, and no Member holds a proprietary interest in specific assets or a proportionate claim to accumulated surpluses. Members do not have rights to receive dividends, distributions of reserves, or sale proceeds. Their ownership is collective and non-individualised.

Governance is conducted on the basis of one-member-one-vote, regardless of how long a person has been a Member or the custom provided by that Member to TISA. This approach ensures democratic participation, but it does not reflect differing levels of economic contribution or engagement among Members. Nor does it establish a mechanism to monetise the value of membership.

Further, membership in TISA is not transferable. If a Member leaves or ceases to meet the eligibility criteria, their membership lapses. The K1 membership share may be returned or forfeited, but the Member forfeits any residual interest in the mutual's reserves or operations. This means that a Member cannot sell or assign their stake, nor can they individually access the underlying value held in TISA's accumulated net assets.

In substance, membership in TISA is a legal and economic arrangement that confers access to services and shared participation in governance, without granting a tradable or divisible financial interest in the enterprise itself. Members collectively own TISA, but do so in a manner that does not permit individual extraction of value or realisation of accumulated capital unless a structural transformation, such as demutualisation, is undertaken.

Economic rights and benefits Members receive

Under TISA's mutual structure, Members derive economic value primarily through their access to financial services and the indirect distribution of profits, rather than through conventional equity returns. The key economic rights and benefits available to Members are summarised in Table 2.1 below.

Table 2.1: Member benefits under TISA's mutual structure

Benefit	Description
Access to savings and loan products	▸ Members can deposit funds with TISA and access loans with relative ease. A savings account is opened for all Members upon joining, with loan products also available to Members (subject to credit assessment), and are salary deductible for easy repayments.
Bonus interest distributions	▸ A key mechanism by which Members have shared in TISA's financial success is through annual bonus interest, an additional return on savings declared at the Board's discretion. This feature distributes financial interest to Members proportional to their savings balance, meaning those with higher balances receive a greater share. This principle of rewarding Members based on their financial engagement is also reflected, in part, in the share allocation methodology outlined in Section 4.2. ▸ In 2024, for example, TISA paid 7% bonus interest to its Members. While not guaranteed, bonus interest has served a similar function to dividends in a mutual structure. ▸ Historically, bonus interest has been distributed based on individual account balances, meaning the benefits received by Members are proportionally similar to what they might receive as dividends under the Proposed Demutualisation based on their overall investment in the mutual structure (i.e. savings on deposit with TISA).
Lower fees and preferential terms	▸ TISA's mutual status allows it to prioritise Member benefit over profit maximisation. As a result, Members generally enjoy lower fees than they might find elsewhere in the Papua New Guinean commercial banking sector. We note TISA and TISA Bank have similar fee and lending rates.

Benefit	Description
Reinvestment in Member services	▸ TISA reinvests retained earnings into service improvements to enhance the value proposition for all Members over time, even if profits are not distributed directly.

Source: BDOCF analysis

In summary, while Members do not receive dividends, capital growth, or tradeable equity returns, they participate in TISA's success through periodic bonus interest. These benefits are broadly distributed across the membership and reflect the cooperative nature of the organisation. Despite these 'additional' benefits being on offer to Members, there is no guarantee to the level of additional benefit or ability to realise the value created as a Member in the mutual organisation.

Limitations on Members' ability to realise or transfer value

Although Members collectively 'own' TISA under the mutual model, their ownership interest is inherently restricted in terms of transferability, liquidity, and access to underlying value. These limitations, which are summarised in Table 2.2 below, are structural and form a core distinction between mutual ownership and a conventional shareholding.

Table 2.2: Limitations imposed by the mutual structure on TISA Member's ability to realise value

Limitation	Description
No tradeable or transferable interest	▸ Membership in TISA does not constitute a financial asset that can be sold, transferred, or pledged. Each Member holds a nominal K1 membership share that serves as a marker of membership rather than a quantifiable equity stake. ▸ This interest cannot be assigned to another party, and there is no secondary market for membership rights.
No right to share in reserves upon departure	▸ When a Member ceases to be a part of TISA (for example, by closing their account or withdrawing their savings), they are entitled only to the return of their own deposit balances and, where applicable, the nominal K1 membership share. They do not receive any portion of TISA's accumulated reserves or net assets. In this sense, the value built up within TISA remains permanently within the mutual structure and is not distributed to departing Members.
No direct entitlement to profits or capital gains	▸ Profits generated by TISA are either retained to strengthen reserves or distributed to all Members in the form of bonus interest, at the discretion of the Board. Members do not receive dividends or other capital distributions. There is no mechanism for individual Members to benefit from increases in TISA's net asset value while it remains a mutual society.
Residual interest is theoretical and contingent	▸ Members do, in principle, have a residual claim on TISA's net assets, but only in the event of termination or winding up of the mutual organisation. If TISA were to be dissolved, and all liabilities satisfied, any remaining surplus would be distributed in accordance with the rules of TISA and applicable law. However, this interest is: • Non-quantified: There is no defined entitlement per Member, and the rules do not specify how any surplus would be allocated; • Non-transferable: This potential entitlement cannot be sold or assigned; and • Non-realisable while TISA is a going concern: Members cannot access any part of the underlying reserves or capital base while TISA continues to operate. ▸ This residual interest is best understood as a theoretical group entitlement, not a practical or divisible asset. It does not contribute to Members' personal wealth in a tangible sense and has no immediate economic value.
Illiquidity of Member interests	▸ A Member's interest in TISA is entirely illiquid. It cannot be monetised, valued independently, or used as collateral. Members' ability to extract value from TISA is limited to ongoing usage of its services and receipt of discretionary bonus interest.

Source: BDOCF analysis

Under the mutual structure, Members benefit collectively from TISA's financial strength but have no means to individually access, realise, or transfer any portion of the organisation's net asset value, and have restrictions on product range and capital and lending capacity that further limit TISA's ability to grow and realise value for Members. We note that aside from a termination or a wind-up event, demutualisation and the subsequent issue of shares is the only available method by which Members may be able to realise any equity value and participate in future value creation, which are key factors motivating the Board to demutualise.

Collective financial value of TISA as a mutual organisation

TISA's collective financial position provides a proxy for understanding the value held on behalf of Members under the mutual structure. As at 31 December 2025, per management accounts, TISA's net assets total approximately K621.6 million. This figure represents the accumulated surpluses, retained earnings, and reserves built over time through TISA's operations and Member engagement.

These Members' funds are not attributed to individual Members but are instead held collectively. Every Member has an undivided interest in this pool, meaning no specific Member can claim a fixed portion of it during the ordinary course of TISA's operations.

To illustrate the scale of value involved, a notional calculation can be made by dividing TISA's net assets as at 31 December 2025 by the number of Members. Based on the estimated Membership base in November 2025 (~67,900), this equates to an average implied interest of approximately K9,154 per Member. However, this figure is purely illustrative as:

- it does not reflect the true Membership base and net asset value as at the eligibility cut-off date (being the Announcement Date);
- it does not reflect any actual entitlement or access under the mutual structure;
- it does not vary based on a Member's savings balance, tenure, or engagement with TISA. For completeness, we note that the accumulated Members' funds have been built over time through the contributions and activity of Members, particularly those with larger or longer-standing balances. It is therefore reasonable to expect that any allocation mechanism would seek to recognise such contributions in a fair and proportionate way; and
- it cannot be realised individually unless TISA is wound up or restructured through a transaction such as demutualisation.

The K621.6 million in Members' funds as at 31 December 2025 forms the economic foundation that will be reallocated to Members in the form of shares under the Proposed Demutualisation. The intention is to convert this collective and illiquid value into individualised and potentially tradeable ownership interests.

Conclusion

Under the current mutual structure, TISA Members collectively own a substantial pool of net assets, estimated at approximately K621.6 million as at 31 December 2025. However, this ownership is held in common and cannot be individually accessed, monetised, or transferred. The value of the net assets is locked within the organisation and can only benefit Members indirectly through annual mechanisms such as bonus interest, competitive savings and loan rates, and ongoing access to services.

In practice, these benefits are distributed , to some degree, based on custom across the membership base. Members with larger average savings balances receive proportionately more bonus interest in kina terms, and those who engage more actively with TISA's services derive greater economic utility from their membership. Although governance rights remain uniform (one member, one vote), the practical financial benefits of membership are inherently weighted towards those who have contributed more capital or maintained longer relationships with TISA on an absolute basis.

2.2.3 Value of the shares to be received under the Proposed Demutualisation

This section sets out what Eligible Members will receive if the Proposed Demutualisation proceeds, focusing on the form and value of the new ownership interests.

The subsections that follow outline:

- The nature of Eligible Members' new shareholdings in TISA Group and how these differ from mutual membership;
- The valuation of TISA used to determine the value of the shares to be received by Eligible Members;
- The methodology used to allocate shares among Eligible Members and the rationale for the chosen approach;
- The estimated outcomes for Eligible Members across different profiles, including average, high-balance, and minimum eligible Members; and
- The new economic rights and potential benefits associated with owning tradeable shares.

New shareholding structure and comparison to mutual model

Under the Proposed Demutualisation, TISA will convert from a mutual savings and loan society into a shareholder-owned company, TISA Group. This structural change means Eligible Members will no longer hold a collective, non-tradeable interest in the mutual organisation but will instead receive individual shareholdings in the renamed parent entity, TISA Group. These shares will represent each Eligible Member's ownership stake in TISA Group and confer rights in accordance with corporate law and TISA Group's constitution.

Table 2.3 below summarises some of the key differences between the mutual model and the post-demutualisation shareholding structure.

Table 2.3: Comparison of Member and shareholder rights: Mutual society vs. demutualised company structure

Category	Description
Ownership Form	▸ Members currently hold a nominal K1 membership interest, which does not translate into a personal equity stake or tradable entitlement. ▸ After the Proposed Demutualisation, each Eligible Member, will receive ordinary shares in TISA Group, which are personal, discrete financial assets.
Voting Rights	▸ Under the mutual model, all Members have one vote regardless of their savings or tenure. In the corporate model, voting rights are proportional to the number of shares held, meaning Eligible Members with larger share allocations will have greater influence over shareholder decisions.

Category	Description
Transferability and liquidity	▸ Membership interests in the mutual structure are non-transferable and cannot be sold. In contrast, the ordinary shares to be issued can be traded, subject to any future liquidity arrangements and market mechanisms introduced by TISA Group. ▸ In essence, the Proposed Demutualisation is a pre-requisite condition for TISA Members to be able to transfer or sell their interests in TISA.
Economic participation	▸ Currently, Members benefit economically through access to financial services, competitive rates, and discretionary bonus interest. After demutualisation, Eligible Members (now shareholders) may receive dividends when declared and can benefit from any price appreciation in shares over time, giving them a more direct financial return from the TISA Group performance, albeit potentially at the expense of more concessional products (i.e. higher interest on savings and lower interest on loans)
Separation from Deposits	▸ Members' deposit accounts will remain unchanged. The shares issued under the Proposed Demutualisation are a separate form of ownership and do not affect Members' ability to withdraw savings or access loans.

Source: BDOCF analysis

Overall, the shift from a mutual to a corporate model replaces intangible, collective membership rights with tangible, individual shareholdings that provide Eligible Members with ownership, governance, and economic participation in a more conventional corporate form.

Valuation of TISA and total share value

In our view, for the purposes of the analysis set out in this Report, it is appropriate to adopt a value in the range of K1.62 to K2.24 per share in TISA Group on a minority interest basis.

Our valuation range was based on a summation valuation methodology, with each major component of the business assessed separately and then aggregated to produce an overall equity value. The key components of our summation valuation include:

- We have separately valued TISA Group's interest in TISA Bank Ltd ('TISA Bank'), TISA Insurance Ltd (formerly Capital Insurance Group Limited) ('TISA Insurance'), TISA Property Ltd ('TISA Property') and TISA Investments Ltd ('TISA Investments') (refer Sections 8.2 to 8.5 of this Report respectively). The sum of these values is the value we have calculated for TISA Group on a controlling interest basis;
- We have cross-checked our summation valuation range on a controlling interest basis against TISA Group's net asset value (refer Section 8.6.1);
- We have calculated the value of a share in TISA Group on a minority interest basis and made allowances for the limited liquidity. Specifically:
  - The valuation reflects a minority interest basis, meaning it represents the value of each share as if held by an individual investor without the ability to influence the strategic or operational direction of TISA Group. To reflect this lack of control, we have applied a discount consistent with how minority shares are typically valued in public markets. This approach provides a more realistic and market-aligned indication of value; and
  - We have also considered the limited liquidity of the shares to be received. Unlike shares in a listed company, Eligible Members are less likely to be able to sell or transfer their shares freely in the short term. To account for this, we have applied a discount for lack of marketability. Although mechanisms may be introduced over time to support liquidity and enable Members to realise value, these are unlikely to be fully developed or widely accessible for some years. Further discussion on liquidity is set out in Section 4.3.

Our conclusion on the value of a TISA Group share on a minority interest basis is set out in Section 8.6.3.

Share allocation methodology and rationale

The number of shares each Eligible Member will receive under the Proposed Demutualisation is determined by an allocation methodology developed by TISA's Board, in consultation with external advisers. The Share allocation methodology is further detailed in Section 4.2.

The objective was to convert Members' collective interest in TISA's net assets into individual shareholdings in a manner that is equitable, transparent, and reflective of Members' financial contributions and loyalty to TISA.

The adopted methodology is based on two core factors:

- 60 month average savings balance, up to the Announcement Date, as a proxy for the Member's financial contribution to TISA; and
- Length of membership, measured in total months, to capture the Member's loyalty and sustained engagement.

Each Eligible Member receives an allocation score calculated using a formula that applies exponential weightings to both savings and tenure. This score determines the Eligible Member's share of the total pool of shares to be issued. The approach is deliberately non-linear as the Board was of the view that higher balances and longer membership terms should be given proportionately greater weight to ensure meaningful differentiation among Eligible Members.

Additional features of the methodology include:

- Eligibility thresholds: Members must have joined on or before the Announcement Date.
- Minimum balance uplift: Eligible Members with balances below K2,000 who meet the eligibility criteria receive a notional uplift to a K2,000 floor for the savings balance in the allocation formula. This ensures that small savers are not excluded from meaningful participation.
- Share buyback: Eligible Members whose allocated shareholding constitutes an Unmarketable Parcel, as defined under the Constitution and PNGX Listing Rules (being a value of less than K1,000), will receive cash consideration pursuant to clause 9.11 and Schedule 2 of the TISA Group Constitution. The relevant shares will be cancelled or held as treasury shares. No voluntary buyback facility is offered under the Scheme Implementation Deed.

The Board also considered alternative approaches, including equal allocations per Eligible Member, allocations based solely on tenure, or allocations strictly proportional to savings. However, each alternative was found by the Board to have significant drawbacks, either ignoring contribution levels or overemphasising recent deposits without regard to loyalty. The Board considers that the chosen framework strikes a balance between recognising financial input and rewarding long-term support, while also providing an uplift for less financially engaged Eligible Members to promote inclusivity.

Estimated outcomes by member profile outcomes by Member profile

Under the Proposed Demutualisation, the total value of TISA will be converted into approximately 206.7 million ordinary shares, all of which will be issued to Eligible Members for no cost. The number of shares each Eligible Member receives will vary based on the allocation methodology outlined above and further detailed in Section 4.2, which incorporates a weighted approach to both financial contributions (average savings balance) and loyalty (membership tenure).

While each Eligible Member’s specific allocation will depend on their individual circumstances, Table 2.4 below illustrates the estimated outcomes for a range of typical Eligible Member profiles, based on the mid-point valuation of K399 million (equivalent to an indicative value of approximately K1.93 per share per share on a minority basis). We note the numbers below are indicative and will not be final until the Proposed Demutualisation is completed.

Table 2.4: Estimated Eligible Member profile outcome post-demutualisation[1]

Eligible Member Profile	Average Estimated Shares	Average Implied Value
Average Member (n=67,900)	~3,004	~K5,801
Top 10% (by savings)	~12,395	~K23,938
Bottom 10% (by savings)	~1,133	~K2,188
Minimum Eligible Member (K2,000 Savings Floor)	~3.4	~K7

Source: Management, BDO Analysis

These examples reflect the natural variation in Eligible Member outcomes under a weighted allocation model. Eligible Members who have maintained higher average savings and/or longer membership durations will receive larger shareholdings than those with limited engagement.

Nonetheless, even the smallest allocation provides an Eligible Member with a tangible equity interest in TISA Group, which did not exist under the mutual model. The uplift mechanism applied to low-balance accounts (treating balances below K2,000 as K2,000 for calculation purposes) ensures that smaller Eligible Members receive an allocation that is higher than it would be under a strictly proportional formula.

Economic rights and benefits of share ownership

Under the Proposed Demutualisation, Eligible Members will cease to hold mutual membership interests and will instead receive ordinary shares in TISA Group. These shares confer a new set of economic rights and financial opportunities that differ meaningfully from those available under the mutual model. Table 2.5 below sets out a summary of some of these differences.

Table 2.5: Comparison of Member economic benefits: Mutual society vs. demutualised company structure

Category	Description
Dividends	▸ As shareholders in a corporate entity, Eligible Members may become entitled to receive dividends. Dividends are periodic payments from company profits, typically at the Board's discretion and subject to financial performance and capital needs. ▸ Unlike bonus interest in the mutual model (which was distributed based on deposit balances), dividends are paid on a per-share basis and represent a direct return on equity ownership.
Capital appreciation	▸ The value of TISA Group shares may increase over time if the company grows in profitability or market value. As shareholders, Eligible Members may benefit from any appreciation in share price, providing an opportunity to build personal wealth. ▸ This type of individual capital gain was not possible under the mutual model, where equity was held collectively and not realisable by individual Members.
Liquidity	▸ While immediate liquidity will be limited post-demutualisation, Eligible Members will be permitted to sell their shares privately in accordance with the Constitution. These transactions will need to be arranged directly between Eligible Members, as TISA Group will not facilitate a trading platform at the time of the transaction. ▸ Eligible Members whose allocated shareholding constitutes an Unmarketable Parcel (being a holding with a value of less than K1,000) will receive cash consideration in lieu of shares. The relevant shares will be cancelled or held as treasury shares in accordance with the Constitution. ▸ The Unmarketable Parcel regime is an administrative mechanism designed to reduce the cost and complexity of maintaining very small holdings. It is not a voluntary buyback facility or capital management initiative. ▸ Post-demutualisation, the Board intends to establish further mechanisms to support future liquidity and value realisation for shareholders, including opportunities for share buyback, exploring public listing for access to capital and secondary trading platforms. We note, at the time of this Report, TISA has made no commitment to any share buyback (excluding the Unmarketable Parcel regime referred to above) or public listing. ▸ For a comprehensive overview of the liquidity of TISA Group shares, refer to Section 4.3.
Transferability and inheritance	▸ Unlike mutual membership, which could not be transferred or passed on, the new shares may be transferrable under TISA Group's constitution and applicable laws. This means Members can manage their ownership more freely, including potentially transferring shares to family Members or heirs in accordance with their estate plans.

Source: BDOCF analysis

In summary, Eligible Members will gain access to the rights typically associated with share ownership in a company. These include income through dividends, capital growth through appreciation, and the ability to realise value over time through trading. This is a material shift from the collective and indirect benefits of mutual membership to direct, individual ownership with financial flexibility.

Conclusion

The shares to be issued under the Proposed Demutualisation represent a new and identifiable form of value for Eligible Members. These shares convert Eligible Members' previously collective and intangible interest in the mutual into personal equity holdings in TISA Group, with an indicative value in the range of approximately K1.62 to K2.24 per share on a minority interest basis.

The shares ultimately allocated to each Eligible Member will vary based on their historical average savings balance and tenure. While outcomes differ, the average entitlement is estimated at approximately 3,004 shares.

2.2.4 Assessment of the fairness of the Proposed Demutualisation

In accordance with RG 111, a transaction is considered fair if the value of the consideration being offered is equal to or greater than the value of what is being relinquished. In the context of a demutualisation, this involves assessing whether the shares to be issued under the Proposed Demutualisation provide Eligible Members with value at least equivalent to the rights and entitlements they currently hold under the mutual ownership structure.

This fairness assessment does not attempt to determine whether the allocation framework is the only equitable solution or whether alternative approaches might deliver different results. Rather, it considers whether Members, as a group, are receiving a meaningful and reasonable value outcome in exchange for giving up their mutual membership rights.

Table 2.6 below summarises the key differences between Members' interests before and after the Proposed Demutualisation.

Table 2.6: Key differences between Members' interests before and after the Proposed Demutualisation

Aspect	Mutual Structure (Pre-Demutualisation)	Corporate Structure (Post-Demutualisation)
Value Held	▸ Collective ownership of approximately K621.6 million in net assets	▸ 206.7 million ordinary shares in TISA Group, valued at K645.7 million to K685.2 million in aggregate on a control basis (closest comparison to the pre value held)
Member Stake	▸ Intangible, non-realisable interest held collectively	▸ Tangible, individual ownership of shares with indicative value in the range of K1.62 to K2.24 per share on a minority interest basis ▸ Total value of all shares is K335.8 million to K462.5 million which is less than the aggregate control value as a result of the application of discounts for lack of control and lack of marketability
Voting Rights	▸ One vote per Member, regardless of savings/contribution	▸ Voting rights proportional to shares held
Profit Participation	▸ Bonus interest, discretionary and based on deposits	▸ Entitlement to dividends if declared and potential capital gains
Liquidity	▸ None	▸ Shares are intended to become tradeable in future
Tax Treatment	▸ Interest paid or credited to Member accounts under K10,000 is not subject to Interest Withholding Tax ('IWT') (excluding interest from term deposits).	▸ All Members are required to pay IWT at 15% on interest payments greater than K200. Cumulative interest payments below K200 will be exempt from IWT.
Representation on Board	▸ Board elected by Members	▸ Board elected by shareholders
Transferability	▸ Not transferable	▸ Shares can be transferred or inherited (subject to constitution and legal conditions)
Exit Rights	▸ Members can only withdraw deposits	▸ Members can potentially sell shares once liquidity is established (see Section 4.3)
Regulatory Structure and Source of Rights	▸ Regulated under *Savings and Loan Societies Act* and *Companies Act*, and TISA Constitution and company law	▸ Regulated under *Companies Act* and TISA Group Constitution and company law

Source: BDOCF Analysis

The Proposed Demutualisation represents a fundamental transformation in how Members, as a group, participate in and benefit from TISA's value. Under the existing mutual structure, Members hold a collective and non-realisable interest in TISA, with economic benefits delivered indirectly through access to services and discretionary distributions such as bonus interest. The new structure replaces this with individually held, identifiable shareholdings in TISA Group for Eligible Members. These shares confer direct economic rights, including the potential for dividends, capital appreciation, and future liquidity, while preserving existing deposit balances and product access.

The share pool to be issued is valued in the range of K645.7 million to K685.2 million, which is broadly aligned with TISA's net asset position of approximately K621.6 million at 31 December 2025. This indicates that Members, as a group, are not giving up value in aggregate. The allocation methodology reflects Members' historical engagement with TISA, balancing proportionality with inclusivity. Most Members, including those with modest savings, will receive share allocations with real and meaningful value. On average, Members are expected to receive shares worth approximately K5,801, with the lowest Eligible Members receiving enhanced allocations through a floor mechanism applied to the savings balance in the allocation formula.

While outcomes will vary across the membership base, each Eligible Member will receive a personal equity stake that is identifiable, potentially tradable, and aligned with their historical contribution. In our opinion, the value of the TISA Group shares Eligible Members will receive is at least equal to, and in many cases exceeds, the value of their existing mutual interest (refer to Section 2.3.6 below for more information on the position of Non-Eligible Members). Accordingly, after considering the information summarised above and set out in detail in the balance of this Report, it is our view that, in the absence of any other information or a superior proposal, the Proposed Demutualisation is **Fair** to the Members as a whole as at the date of this Report.

2.3 Assessment of reasonableness

2.3.1 Basis of assessment

Under RG 111, a transaction is considered reasonable if it is fair. It may also be reasonable, despite not being fair, if after considering other significant factors the interests of the shareholders are reasonably balanced.

In addition to our fairness assessment set out in Section 2.2 above, to assess whether the Proposed Demutualisation is 'reasonable' we consider it appropriate to examine other significant factors to which the Members may give consideration prior to forming a view on whether to vote in favour of or against the Proposed Demutualisation. This includes comparing the likely advantages and disadvantages of approving the Proposed Demutualisation with the position of a Member if the Proposed Demutualisation is not approved, as well as a consideration of other significant factors.

Our assessment of the reasonableness of the Proposed Demutualisation is set out as follows:

- Section 2.3.2 sets out the advantages of the Proposed Demutualisation to the Members;
- Section 2.3.3 sets out the disadvantages of the Proposed Demutualisation to the Members;
- Section 2.3.4 sets out discussion of other considerations relevant to the Proposed Demutualisation;
- Section 2.3.5 sets out the breakdown of Member eligibility
- Section 2.3.6 sets out the position of Non-Eligible Members under the Proposed Demutualisation
- Section 2.3.7 sets out the position of the Members if the Proposed Demutualisation is not approved; and
- Section 2.3.8 provides our opinion on the reasonableness of the Proposed Demutualisation to the Members.

2.3.2 Advantages of the Proposed Demutualisation

Table 2.7 below outlines the potential advantages to Eligible Members of approving the Proposed Demutualisation.

Table 2.7: Potential advantages of the Proposed Demutualisation

Advantage	Explanation
Conversion of membership into share ownership	▸ Members currently hold only one nominal share in TISA, that cannot be traded or sold. ▸ Demutualising provides real value to Eligible Members as they will own a direct portion of TISA Group, which may be held for long-term value, or sold to realise a cash amount.
Opportunity for dividends	▸ Members holding shares will be eligible to participate in the profits generated by TISA Group, which can be paid in the form of dividends. ▸ Currently profits are 'locked up' in mutual reserves, and cannot be directly distributed to Members (but may flow to members via bonus interest or other product concessions).
Opportunity to expand product offering	▸ Under the current structure, TISA is subject to the *Savings and Loan Societies Act*, which imposes strict limitations on the products and services it may offer. These constraints include a restricted product range, a membership-only model, and various capital and lending restrictions. ▸ Post-demutualisation, TISA Group will operate as a corporate entity and will no longer be constrained by the narrow set of offerings prescribed under the SnL framework. This shift provides greater operating flexibility and ability to introduce broader financial and commercial products, supporting growth and long-term value creation for shareholders.
Ability to transfer or inherit shares	▸ Under the current structure, Member's shares in the mutual organisation (i.e. one nominal share) are cancelled upon retirement, cessation of membership or death and cannot be transferred. ▸ Post-demutualisation, Eligible Shareholders will retain their allocated shares in TISA Group even after retiring or ceasing to be a Member. Shares may also be transferred to next-of-kin upon death, subject too the applicable nomination or estate process.
Operational, governance and transparency improvements	▸ Under the current structure, savings and lending operations are conducted through both TISA and TISA Bank. ▸ Post-demutualisation, all savings and lending operations will be consolidated under TISA Bank, a licenced commercial bank regulated by the Bank of Papua New Guinea's ('BPNG') set of prudential standards, as well as the *Companies Act*-based corporate structure. ▸ This structural change may lead to improved operational oversight, strengthened governance standards, and streamlined compliance under a single entity and prudential framework. It may also enhance performance monitoring and accountability at both the TISA Group and TISA Bank levels.
Improved growth prospects	▸ As a corporatised entity, TISA Group will be able to raise further capital more easily through equity and other financial instruments, enabling faster expansion of services and infrastructure.
No cost to Members	▸ TISA Group shares will be allocated to Members free of charge. Further, all savings and loans held by TISA will be transferred to TISA Bank and account holders will experience no disruption.

Source: *BDOCF analysis*

2.3.3 Disadvantages of the Proposed Demutualisation

Table 2.8 below outlines the potential disadvantages to the Members of approving the Proposed Demutualisation.

Table 2.8: Potential disadvantages of the Proposed Demutualisation

Disadvantage	Explanation
Loss of the one-member-one-vote principal	▸ Under the current mutual model, all Members have equal voting rights regardless of their savings or tenure. Post-demutualisation, voting rights will be proportional to shareholding. ▸ Eligible Members with fewer shares will have less voting power, potentially reducing their influence in TISA Group matters. ▸ Non-Eligible Members will not receive any shares and will have no voting power.
Shift in corporate purpose and member-service focus	▸ TISA will transition from a service-oriented mutual to a profit-oriented company. While Member's may still benefit, the organisation's priorities may gradually shift toward financial performance, potentially affecting pricing, service policies and community programs. Members could perceive this as a dilution of TISA's original values. ▸ For example, Members may no longer have the benefit of the mutual society benefits (i.e. bonus interest, discounted product offerings).
Potential dilution of Eligible Member ownership and control in the future	▸ At demutualisation, 100% of shares will be owned by Eligible Members. However, any future capital raisings may introduce new investors and dilute existing ownership. Over time, this could reduce the collective influence of the original Eligible Member base and open the door to external control/takeover.
Exposure to market risk and share value volatility	▸ Eligible Members' new shares will be subject to market risk as share values can fluctuate and may decline. This introduces potential for capital loss if TISA Group underperforms. Market liquidity may also affect Eligible Members' ability to sell shares at desired prices or times.
Additional personal tax and compliance requirements	▸ As shareholders of TISA Group, Eligible Members may need to report dividend and interest income and manage records for share sales. While withholding tax may be final in many cases, Eligible Members will face new administrative tasks (e.g. updating registry details, considering financial advice) not previously required under the mutual structure.
Cultural adjustment and possible perception of corporatisation	▸ Members may experience a cultural shift as TISA Group adopts more formal corporate governance and communication practices. The institution may begin to resemble a commercial bank, which could reduce the community or grassroots feel that some Members value.
Potential loss to customer base and diminution in value	▸ Transitioning to a shareholder-owned corporate structure may reduce the appeal for Member's who valued TISA's community orientation and member-specific benefits (e.g. bonus interest). The potential removal or dilution of these features may result in challenges retaining Members in a competitive banking market, which could in turn impact future financial performance and growth of TISA Group.
Taxation of interest on Member accounts	▸ Under the current mutual structure, interest credited or paid to Member accounts under K10,000 is not subject to IWT (excluding term deposits). Post-demutualisation, interest credited or paid to Member accounts by TISA Bank will be subject to IWT at 15%. ▸ While interest accrued prior to demutualisation on balances less than K10,000 will be credited under the current tax-exempt treatment, all Member's future interest earnings will be reduced due to the new tax obligation.

Source: *BDOCF analysis*

2.3.4 Other considerations

Table 2.9 below outlines the other considerations that are relevant to the Members when considering the Proposed Demutualisation

Table 2.9: Other considerations relevant to the Proposed Demutualisation

Consideration	Explanation
Share trading and liquidity	▸ Eligible Members will receive shares in TISA Group, but these shares will initially be unlisted and may be illiquid. Eligible Members whose allocated shareholding constitutes an Unmarketable Parcel (being a holding with a value of less than K1,000 in accordance with clause 9.11 and Schedule 2 of the Constitution and the Listing Rules) will receive cash consideration in lieu of shares. The relevant shares will be cancelled or held as treasury shares in accordance with the Constitution.. ▸ Management has advised that listing TISA Group on a public stock exchange is not planned in the immediate term, and as such Eligible Members who are not subject to the Unmarketable Parcel regime may face delays when attempting to realise value and sell TISA Group shares. For further details relating to the liquidity of TISA Group shares, refer to Section 4.3.

Consideration	Explanation
Future capital raisings and ownership dilution	▸ Post-demutualisation, TISA Group may look to raise capital through share issuances. Additional share issuances may dilute the ownership percentages of original Eligible Members over time, although the value of Eligible Members' holdings may increase if new capital is used effectively to grow the business.
Voting rights	▸ Voting rights will shift from "one-member-one-vote" to "one-share-one-vote."
Regulatory approvals and implementation timeline	▸ Demutualisation requires approval from the National Court of Papua New Guinea ('the National Court'). While these are expected to be obtained, unforeseen delays or conditions could impact the timing or certainty of the Proposed Demutualisation. Members should be aware of this procedural risk.
Taxation of Shares and Dividends	▸ The issuance of shares is not expected to trigger immediate tax for Eligible Members ▸ Eligible Members whose shares are divested under the Unmarketable Parcel regime may be subject to applicable stamp duty in respect of the transfer. Management has advised that capital gains tax is not currently levied in PNG on share disposals by individuals. ▸ Dividends paid in the future will be subject to PNG's 15% dividend withholding tax. PNG currently does not levy capital gains tax on share sales by individuals. TISA will also become subject to corporate income tax as a company.
No Cash Alternative	▸ The proposal involves only the distribution of shares to Eligible Members. No voluntary cash alternative is being offered under the Proposed Demutualisation. ▸ Cash consideration will only arise where an Eligible Member's shareholding constitutes an Unmarketable Parcel (being less than K1,000 in value), in which case the shares will be divested in accordance with the Constitution and the Eligible Member will receive the net proceeds. ▸ Eligible Members seeking liquidity above this threshold must arrange private transfers in accordance with the Constitution or await the development of a broader liquidity event (such as a future listing), noting that no such event is currently committed. For further detail on the liquidity of TISA Group shares, refer to Section 4.3.
Status Quo if Not Approved	▸ If the Proposed Demutualisation is not approved, TISA will continue operating as a mutual under its current model. No alternate transaction is currently contemplated by TISA. ▸ Members would forgo share ownership and return to business as usual, with the same governance model and limitations on growth under the S&L regime. ▸ For completeness, we note that plans to develop TISA Bank as a fully-licensed commercial bank will proceed irrespective of the Proposed Demutualisation, meaning Members will be able to experience the benefits that commercial banking operations will bring to TISA Bank even if the Proposed Demutualisation does not proceed. For further information regarding the commencement of commercial banking operations, refer to Section 4.1.4.
Directors and Management Alignment	▸ Citizen directors and executives of TISA are also Eligible Members and will receive shares on the same basis. Expatriate directors and executives are not Eligible Members. There are no special benefits or bonuses for insiders.
Member Support Structures and Education	▸ TISA plans to provide guidance to help Eligible Members transition from mutual members to shareholders, including shareholder communication, voting procedures, and registry support.
Limited benefit and loss of mutual participation for Non-Eligible Members	▸ If the Scheme is approved and implemented, Non-Eligible Members will not participate in the share allocation and will therefore not be able to participate in the potential financial upside of TISA Group (e.g. dividends, capital growth). ▸ They may also lose access to mutual benefits such as bonus interest, cheaper financial products that were previously available to Members. ▸ Post-demutualisation, Non-Eligible Members, who hold no shares and lack voting rights, will have no direct influence over corporate decisions or access to future profits. ▸ Further detail on the position of Non-Eligible Shareholders is provided in Section 2.3.6 below.

Source: BDOCF analysis

2.3.5 Member Eligibility

The eligibility threshold has been structured to ensure that all active Members as at the Announcement Date are eligible to participate in the Proposed Demutualisation. As a result, only a small subset of the membership base, namely those who are no longer Member's or those who apply to cease membership prior to the Announcement Date, may be excluded from receiving shares.

While Management anticipates that the number of such Non-Eligible Members will be minimal, the potential exists given the current expectation that the Proposed Demutualisation will complete by the end of 2026. For these Members, the Proposed Demutualisation may be considered not fair in the circumstances, as they will forgo mutual membership benefits and become subject to tax obligations on interest income once savings balances are transferred to TISA Bank (refer to Section 2.3.6 for the position of Non-Eligible Members post-demutualisation).

2.3.6 Position of Non-Eligible Members under the Proposed Demutualisation

Under the Proposed Demutualisation, Members who do not meet the eligibility criteria will not receive shares in TISA Group. Members who are an active Member as at the date of the Announcement Date, with no membership cessation request submitted prior to the Announcement Date, are classified as 'Eligible Members' for the purpose of share allocation.

Members who are not eligible will be classified as Non-Eligible Members for the purposes of the Proposed Demutualisation. Based on the information that we have been provided, we understand that the number of Non-Eligible Members is expected to be minimal, and our analysis below is for completeness purposes.

Table 2.10 below outlines key aspects of the new structure and how this relates to Non-Eligible Members if the Scheme is approved and implemented.

Table 2.10: Position of Non-Eligible Members Post-Demutualisation

Key Features	Position
Share allocation and voting rights	▶ Non-Eligible Members will not receive shares in TISA Group and will not be entitled to dividends or any future returns generated by shareholding in TISA Group. ▶ Following demutualisation, Non-Eligible Members will lose one-member-one-vote voting rights and will no longer be able to participate in formal governance matters such as AGMs or shareholder resolutions.
Cessation of mutual-specific benefits	▶ As part of the Proposed Demutualisation, all savings and loan accounts will be consolidated under TISA Bank, a licensed commercial bank providing services to both Members and the general public. ▶ Member benefits previously provided under the mutual model will no longer be available under TISA Bank (e.g. bonus interest and Member-specific pricing or discounts on financial products) as services become standardised to align with commercial banking practices. ▶ Any accrued interest to Members upon transfer to TISA Bank will also be subject to interest withholding tax.
Ongoing access to financial services	▶ Non-Eligible Members, who have not terminated their account, will continue to access their accounts and services through TISA Bank, noting those with savings and loan accounts directly with TISA will be transitioned to TISA Bank post-demutualisation.
Governance and shift in organisation identity	▶ TISA will transition from a member-owned mutual to a shareholder-owned company. As part of this change, corporate governance practices, decision-making processes, and communication methods may become more formal. This shift may alter the community-focused identity previously associated with TISA.
Continued service under enhanced regulatory and governance standards	▶ TISA Bank will be subject to the prudential oversight of BPNG and will operate under a corporate governance framework aligned with the *Companies Act*. While Non-Eligible Members will not have shareholder rights, they will remain customers of an institution operating under a formalised regulatory, compliance and governance structure applicable to licenced commercial banks.

Source: BDOCF analysis

2.3.7 Position of the TISA Members if the Proposed Demutualisation is not approved

If the Proposed Demutualisation is approved, all Eligible Members will receive shares based on the same allocation methodology (refer to Section 4.2), regardless of whether they voted for or against the Proposed Demutualisation. If the Proposed Demutualisation is not approved, TISA will continue to operate as a mutual organisation, and no shares will be issued to any Members.

Table 2.11 below outlines the potential position of TISA Members if the Proposed Demutualisation is not approved.

Table 2.11: Position of TISA Members if the Proposed Demutualisation is not approved

Outcome	Explanation
Continued mutual ownership and governance	▶ TISA will remain a member-owned savings & loan society, governed by the "one-member-one-vote" principle. Each Member retains equal voting rights regardless of account size or tenure. ▶ There will be no issuance of shares and no change in corporate structure, and TISA will continue to be subject to the *Savings and Loan Societies Act*.
No share allocation or immediate financial windfall to Members	▶ Members will not receive ordinary shares or a monetisable equity interest in TISA. The collective equity in TISA remains "locked" in the organisation, with no mechanism for individual Members to realise their ownership value.
Bonus interest and Member-focused distribution model continues	▶ The Board may continue its historical practice of paying annual bonus interest on Member savings (e.g. 7% in 2024), subject to ongoing profitability. Members continue to receive patronage returns rather than dividends, preserving the mutual model's benefit-sharing approach.

Outcome	Explanation
Limited access to capital for expansion	▸ As a mutual organisation, TISA cannot issue shares to raise external equity capital. Growth must be funded through retained earnings or debt. This may limit the pace of expansion, technology investment, or loan book growth relative to shareholder-owned institutions. ▸ However, TISA's direct and indirect subsidiaries (i.e. TISA Bank, TISA Property, TISA Investments and TISA Insurance) will return to business as usual with the ability to raise external equity capital.
Strategic growth ambitions may be curtailed	▸ Plans for broader service offerings, market entry, or partnerships may be scaled back. TISA may revert to an organic "steady growth" model and focus on core S&L activities. Larger-scale initiatives could be delayed or foregone without demutualisation. ▸ However, we note these larger-scale initiatives may be directly managed by TISA's subsidiaries who are not governed by the *Savings and Loans Society Act*.
Missed opportunity for individual wealth creation	▸ Members will not gain exposure to capital growth or dividend income through a shareholding. Unlike in the Proposed Demutualisation, there will be no potential for individual monetisation of TISA's accumulated equity via tradable shares.
Reduced ability to compete with larger financial institutions	▸ Competitor banks with access to shareholder funding may outpace TISA in service innovation, geographic expansion, and pricing flexibility. TISA may face increasing difficulty competing at scale without new capital sources.
Avoidance of demutualisation risks	▸ Members retain equal voting rights and remain protected from share market volatility or external shareholder influence. The cooperative ethos and Member-centric culture remain intact. For some, this preservation of values may be viewed as a positive outcome.

Source: BDOCF analysis

2.3.8 Assessment of the reasonableness of the Proposed Demutualisation

In our opinion, after considering all of the issues set out in this Report, it is our view that, in the absence of any other information or a superior proposal, the Proposed Demutualisation is **Reasonable** to the Members as a whole as at the date of this Report.

2.4 Opinion

After considering the above assessments, it is our view that, in the absence of any other information or a superior proposal, the Proposed Demutualisation is Fair and Reasonable to the Members as a whole as at the date of this Report. On this basis, it is our view that in the absence of any other information or a superior proposal, the Proposed Demutualisation is in the **Best Interests** of the Members as a whole as at the date of this Report.

Before forming a view on whether to vote in favour of or against the Proposed Demutualisation, Members must:

- Read the Scheme Booklet in its entirety, including this Report, before deciding whether to vote in favour of or against the Proposed Demutualisation;
- Consult their own professional advisers; and
- Consider their specific circumstances.

The decision to vote in favour of or against the Proposed Demutualisation is a separate decision to the investment decision to hold or divest shares in TISA Group in the event the Proposed Demutualisation is approved. We recommend Members consult their own professional advisers in relation to the decision on whether to hold or divest shares in TISA Group if the opportunity arises.

3.0 Important information

3.1 Read this Report, and other documentation, in full

This Report, including Part I, Part II and the appendices, should be read in full to obtain a comprehensive understanding of the purpose, scope, basis of evaluation, limitations, information relied upon, analysis, and assumptions underpinning our work and our findings.

Other information provided to the Members in conjunction with this Report should also be read in full, including the Scheme Booklet prepared by TISA and dated on or about May 2026.

3.2 Shareholders' individual circumstances

Our analysis has been completed and our conclusions expressed at an aggregate level having regard to the Members as a whole. BDOCF has not considered the impact of the Proposed Demutualisation on the particular circumstances of individual Members. Individual Members may place a different emphasis on certain elements of the Proposed Demutualisation relative to the emphasis placed in this Report. Accordingly, individual Members may reach different conclusions as to whether or not the Proposed Demutualisation is fair and reasonable in their individual circumstances.

The decision of an individual Member to vote in favour of or against the Proposed Demutualisation is likely to be influenced by their particular circumstances and accordingly, the Members are advised to consider their own circumstances and seek their own independent advice.

Voting in favour of or against the Proposed Demutualisation is a matter for individual Members based on their expectations as to the expected value, future prospects and market conditions together with their particular Membership circumstances (including tenure) and broader circumstances, including risk profile, liquidity preference, portfolio strategy and tax position. The Members should carefully consider the Scheme Booklet. Members who are in doubt as to the action they should take in relation to the Proposed Demutualisation should consult their professional adviser.

With respect to the taxation implications of the Proposed Demutualisation, it is strongly recommended that the Members obtain their own taxation advice, tailored to their own particular circumstances.

3.3 Scope

In this Report we provide our opinion on whether the Proposed Demutualisation is fair and reasonable, and in the best interest to the Members as a group.

This Report has been prepared at the request of the Directors for the sole benefit of the Members entitled to vote, to assist them in their decision to vote in favour of or against the Proposed Demutualisation. This Report is to accompany the Scheme Booklet to be sent to the Members to consider the Proposed Demutualisation and was not prepared for any other purpose. Accordingly, this Report and the information contained herein may not be relied upon by anyone other than the Directors and the Members without our written consent. We accept no responsibility to any person other than the Directors and the Members in relation to this Report.

This Report should not be used for any other purpose and we do not accept any responsibility for its use outside this purpose. Except in accordance with the stated purpose, no extract, quote or copy of this Report, in whole or in part, should be reproduced without our written consent, as to the form and context in which it may appear.

We have consented to the inclusion of this Report with the Scheme Booklet. Apart from this Report, we are not responsible for the contents of the Scheme Booklet or any other document associated with the Proposed Demutualisation or any other document associated with the Scheme Booklet. We acknowledge that this Report may be lodged with regulatory authorities to obtain the relevant approvals prior to it being made available to the Members.

The scope of procedures we have undertaken has been limited to those procedures required in order to form our opinion. Our procedures did not include verification work nor constitute an audit or assurance engagement in accordance with Australian Auditing and Assurance Standards. In preparing this Report we considered a range of matters, including the regulatory guides ('RGs') published by ASIC, the listing requirements of the relevant exchanges (where relevant) and commercial practice.

In forming our opinion, we have made certain assumptions and outline these in this Report including:

- We have performed our analysis on the basis that the conditions precedent to the Proposed Demutualisation are satisfied;
- That matters such as title to all relevant assets, compliance with laws and regulations and contracts in place are in good standing, and will remain so, and that there are no material legal proceedings, other than as publicly disclosed;
- All information which is material to the Members' decision on the Proposed Demutualisation has been provided and is complete, accurate and fairly presented in all material respects;
- Publicly available information relied on by us is accurate, complete and not misleading;

- If the Proposed Demutualisation is approved, that it will be implemented in accordance with the stated terms outlined in the Scheme Implementation Deed ('SID');
- The legal mechanism to implement the Proposed Demutualisation is correct and effective;
- There are no undue changes to the terms and conditions of the Proposed Demutualisation or complex issues unknown to us; and
- A range of other assumptions as outlined in this Report have also been adopted in forming our opinion.

In this Report we have not provided any taxation, legal or other advice of a similar nature in relation to the Proposed Demutualisation. TISA has engaged other advisors in relation to those matters.

TISA has acknowledged that the Company's engagement of BDOCF is as an independent contractor and not in any other capacity, including a fiduciary capacity.

The statements and opinions contained in this Report are given in good faith and are based upon our consideration and assessment of the information provided by the Board, executives and management of all the entities.

3.4 Purpose of this Report

This Report has been commissioned to assess whether the Proposed Demutualisation of TISA is in the best interests of Members as a whole.

TISA proposes to convert from a mutual society governed under the *Savings and Loan Societies Act* into a corporate structure, under which Eligible Members will receive shares in TISA Group. As part of this transformation, Members will be asked to vote on a resolution to approve the demutualisation and related restructuring arrangements.

While Papua New Guinea's legislation, including the *Savings and Loans Societies Act* and the *Companies Act (amended 2022)*, does not mandate the preparation of an independent expert report in these circumstances, we understand BPNG has required that one be prepared to support regulatory approvals and to assist members in understanding the financial implications of the Proposed Demutualisation. In particular, BPNG has emphasised the need to ensure Members are treated fairly and not made worse off as a result of the Proposed Demutualisation.

This Report forms part of the documentation to be provided to members in advance of the vote on the Proposed Demutualisation and has been prepared to assist members in making an informed decision.

3.5 Current market conditions

Our opinion and the analysis set out in this Report is based on economic, commodity, market and other conditions prevailing at the date of this Report. Such conditions can change significantly over relatively short periods of time and may have a material impact on the results presented in this Report and result in any valuation or other opinion becoming quickly outdated and in need of revision.

In circumstances where we become aware of and believe that a change in these conditions, prior to the Scheme Meeting to be held between June 2026 and December 2026 ('the Meeting'), results in a material statement in this Report becoming misleading, deceptive or resulting in a material change in valuation, we will provide supplementary disclosure to TISA. BDOCF is not responsible for updating this Report following the Meeting or in the event that a change in prevailing circumstance does not meet the above conditions.

3.6 Reliance on information

TISA recognises and confirms that, in preparing this Report, except to the extent to which it is unreasonable to do so, BDOCF, BDO Services Pty Ltd or any of the partners, directors, agents or associates (together 'BDO Persons'), will be using and relying on publicly available information and on data, material and other information furnished to BDO Persons by TISA, its management, and other parties, and may assume and rely upon the accuracy and completeness of, and is not assuming any responsibility for independent verification of, such publicly available information and the other information so furnished.

Unless the information we are provided suggests the contrary, we have assumed that the information provided was reliable, complete and not misleading, and material facts were not withheld. The information provided was evaluated through analysis and inquiry for the purpose of forming an opinion as to whether or not the Proposed Demutualisation is fair and reasonable to, and in the best interests of, the Members as a group.

We do not warrant that our inquiries have identified or verified all of the matters which an audit, extensive examination or due diligence investigation might disclose. In any event, an opinion as to whether a corporate transaction is fair and reasonable is in the nature of an overall opinion rather than an audit or detailed investigation.

It is understood that the accounting information provided to us was prepared in accordance with generally accepted accounting principles.

Where we relied on the views and judgement of management, the information was evaluated through analysis and inquiry to the extent practical. Where we have relied on publicly available information, we have considered the source of the information and completed our own analysis to assist us to determine the accuracy of the information we have relied on. However, in many cases the information we have relied on is often not capable of external verification or validation and on that basis we provide no opinion or assurance on the information.

The Directors represent and warrant to us for the purpose of this Report, that all information and documents furnished by TISA (either by management directly or through its advisors) in connection or for use in the preparation of this Report do not contain any untrue statements of a material fact or omit to state a material fact necessary in order to make the statements therein. We have received representations from the Directors in relation to the completeness and accuracy of the information provided to us for the purpose of this Report.

Under the terms of our engagement, TISA has agreed to indemnify BDO Persons against any claim, liability, loss or expense, costs or damage, arising out of reliance on any information or documentation provided, which is false or misleading or omits any material particulars, or arising from failure to supply relevant documentation or information.

3.7 Glossary

Capitalised terms used in this Report have the meanings set out in the glossary. A glossary of terms used throughout this Report is set out in Appendix A.

All currency denominations referenced in this Report are in Papua New Guinean Kina ('K') unless otherwise stated.

3.8 Sources of information

This Report has been prepared using information obtained from sources including the following:

- TISA annual reports for the years ended 31 December 2010, through to 31 December 2024;
- Government of PNG Legislation;
- TISA's company documents including the Corporate Governance Statement;
- Scheme Booklet;
- Scheme Implementation Deed;
- The TISA Demutualisation Scoping Study;
- Forecasts prepared by TISA Management;
- Other information relating to TISA, its entities and operations as made available by TISA Management;
- Other research publications and publicly available data as sourced throughout this Report; and
- Discussions and other correspondence with TISA, management and their advisers.

3.9 APES 225 Valuation Services

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 *Valuation Services* ('APES 225'). A Valuation Engagement is defined by APES 225 as 'an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.'

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

3.10 Forecast information

Any forecast financial information referred to in this Report has originated from TISA's management and is adopted by the Directors in order to provide us with a guide to the potential financial performance of TISA. There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to event(s) and transaction(s) that have not yet occurred and may not occur. Actual results are likely to be different from the forecast financial information since anticipated event(s) or transaction(s) frequently do not occur as expected and the variation between actual results and those forecast may be material.

The Directors' best-estimate assumptions on which the forecast is based relate to future event(s) and/or transaction(s) that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of TISA. Evidence may be available to support the directors' best-estimate assumptions on which the forecast is based however, such evidence is generally future-oriented and therefore speculative in nature. In certain circumstances, we may adjust the forecast assumptions provided by management to complete our valuation work. In this instance, the forecasts we have adopted for our valuation work will not be the same as the forecasts provided by management.

BDOCF cannot and does not provide any assurance that any forecast is representative of results or outcomes that will actually be achieved. While we have considered the forecast information to the extent we considered necessary to complete the analysis set out in this Report, we have not been engaged to provide any form of assurance conclusion on any forecast information set out in this Report. We disclaim any assumption of responsibility for any reliance on this Report, or on any forecast to which it relates, for any purpose other than that for which it was prepared. We have assumed, and relied on representations from certain members of management, that all material information concerning the prospects and proposed operations of TISA has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

3.11 Qualifications

BDOCF has extensive experience in the provision of corporate finance advice, including takeovers, valuations and acquisitions. BDOCF holds an Australian Financial Services Licence issued by ASIC for preparing expert reports pursuant to the Listing Rules of the ASX and the *Corporations Act*.

BDOCF and its related parties in Australia have a wide range of experience in transactions involving the advising, auditing or expert reporting on companies that have operations domestically and in foreign jurisdictions. BDO in Queensland and in Australia is a national association of separate partnerships and entities and is a member of the international BDO network of individual firms.

Mark Whittaker and Scott Birkett have prepared this Report with the assistance of staff members. Mr Whittaker, BCom (Hons), FCA, CFA, and Mr Birkett, BBusMan/BCom, CFA, are directors of BDOCF. Both Mr Whittaker and Mr Birkett have extensive experience in corporate advice and the provision of valuation and professional services to a diverse range of clients, including large private, public and listed companies, financial institutions and professional organisations. Mr Whittaker and Mr Birkett are considered to have the appropriate experience and professional qualifications to provide the advice offered within this Report.

BDO Corporate Finance Ltd

Mark Whittaker
Director

Scott Birkett
Director

PART II: INFORMATION SUPPORTING OUR OPINION ON THE PROPOSED DEMUTUALISATION

4.0 Overview of the Proposed Demutualisation

This section sets out an overview of the Proposed Demutualisation and is structured as follows:

- Section 4.1 provides a brief description of the Proposed Demutualisation;
- Section 4.2 describes the share allocation methodology involved in the Proposed Demutualisation;
- Section 4.3 details the liquidity of TISA Group shares following the Proposed Demutualisation;
- Section 4.4 summarises the conditions precedent to the Proposed Demutualisation; and
- Section 4.5 details the rationale for the Proposed Demutualisation.

This section is a summary only and should not be treated as a complete description of the Proposed Demutualisation. The Members should refer to the Scheme Booklet and any subsequent disclosures for additional information relating to the Proposed Demutualisation.

4.1 Overview of the Proposed Demutualisation

4.1.1 Background to the Proposed Demutualisation

The TISA Board began work on the Proposed Demutualisation in 2008, through the initiation of Project Laurabada, with the end goal of demutualising TISA into a corporate entity limited by shares. The project has received consistent Member support since its initial approval in 2010.

Table 4.1 below provides a summary of the key milestones leading to the Proposed Demutualisation.

Table 4.1: Key milestones in the development of the Proposed Demutualisation

Period	Key Milestone
2008	▸ The TISA Board formerly approves Project Laurabada, a strategic initiative with the end goal of demutualising TISA and providing members with tangible value.
2010	▸ At a Special General Meeting in October 2010, Members formally endorsed the concept of demutualisation and the establishment of a bank. This resolution provided the Board with a clear mandate to pursue this strategic transformation.
2015	▸ The enactment of the *Savings and Loan Societies Act* established a legal framework for S&L societies in PNG to demutualise. Prior to this, under the *Savings and Loan Societies Act*, there was no statutory pathway allowing mutual entities such as TISA to convert into corporate structures.
2020	▸ In 2020, TISA's members passed a special resolution reconfirming their support for demutualisation and the creation of a commercial bank. TISA also lodged an application for a banking licence with the BPNG which subsequently granted approval-in-principle in 2022, subject to specified conditions.
2021-2023	▸ Over this period, TISA undertook significant preparatory work to support the eventual demutualisation. This included restructuring TISA's balance sheet, upgrading core banking infrastructure, and operationalising TISA Bank through its wholly owned subsidiary, TISA Community Finance Limited ('TCF').
2024	▸ In late 2024, Deloitte Touche Tohmatsu Limited ('Deloitte') were engaged to conduct a comprehensive scoping study, which evaluated the transaction structure, financial and regulatory implications, and member outcomes ('the TISA Demutualisation Scoping Study'). The advisors also modelled alternative allocation frameworks for distributing shares to members, assessing their fairness and alignment with member contributions and tenure. The Board selected a final framework following this process, which is outlined in Section 4.2. ▸ TISA also appointed an Independent Expert to assess whether the demutualisation is in the best interests of members. This step was taken to meet regulatory expectations and ensure member interests were independently considered.
2025	▸ By mid-2025, the Board finalised the structure of the Proposed Demutualisation, including the detailed terms of the demutualisation scheme.

Source: BDOCF analysis

TISA's demutualisation has been a long-term strategic objective with consistent member support. The establishment of TISA Bank as a licensed commercial bank is central to this strategy, and we understand the Board intends to pursue full banking operations through TISA Bank irrespective of the Proposed Demutualisation outcome.

A more comprehensive corporate timeline and further detail regarding steps taken toward demutualising is set out in Section 5.1.

4.1.2 Implementation of the Proposed Demutualisation

The TISA Board's strategy for implementing the Proposed Demutualisation broadly follows the steps described in Table 4.2 below. A summary of the required conditions precedent to the Proposed Demutualisation is set out in Section 4.4.

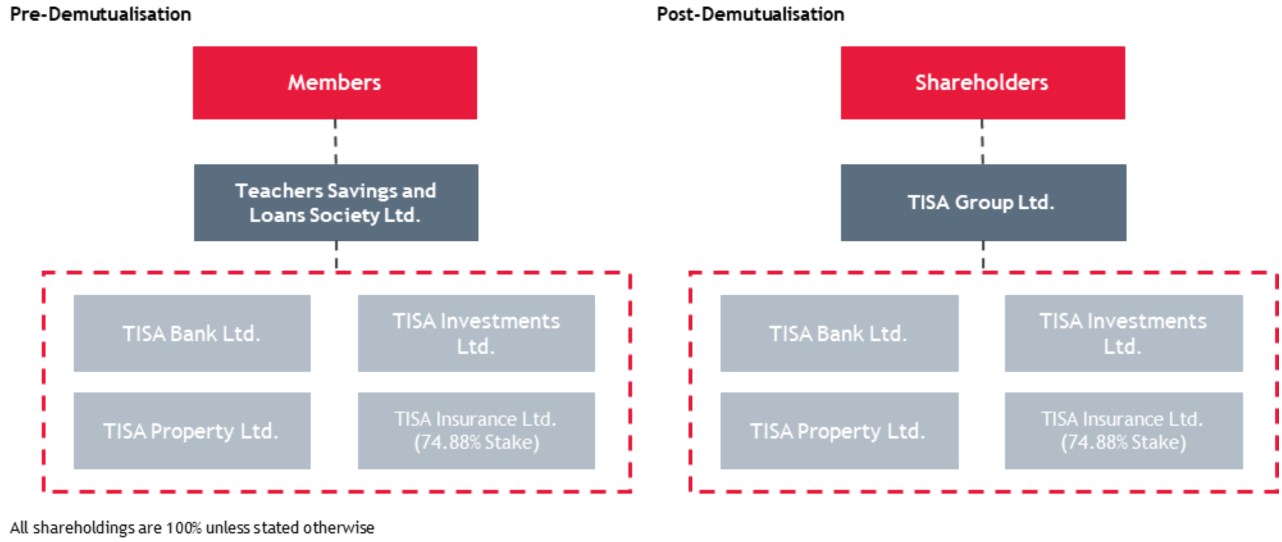
Table 4.2: Implementation Strategy of the Proposed Demutualisation

Step	Description
Final Board approval	▸ The TISA Board will issue its final recommendation to Members in relation to the Proposed Demutualisation. This recommendation will be guided by the opinion of the Independent Expert as set out in their report (i.e. this Report). ▸ The TISA Board approval will include the share allocation methodology, and the criteria to by which Members are eligible to participate in the demutualisation process.
Initial court date	▸ TISA will file a court application to convene a shareholders meeting, at which the Members will vote on the Proposed Demutualisation (the 'Scheme Meeting'). ▸ During this application, the Independent Expert's Report and Scheme of Arrangement will be submitted to the court for endorsement. Once the Scheme is approved, it will become the *Court Approved Scheme of Arrangement*.
Scheme meeting and Special Shareholders Meeting	▸ Members will convene and cast their vote on whether TISA should demutualise or remain as a mutually held savings and loans society. This meeting will also involve voting on the new constitution, changing the company name to TISA Group Limited ('TISA Group') and surrendering the savings and loan licence.
Second court hearing	▸ Following a successful vote, TISA will return to the Court to confirm it has complied with the approved Scheme and the demutualisation has been properly completed. The National Court will issue a final binding order on the demutualisation, deeming it to be in the best interest of TISA Members.
TISA Group	▸ TISA will be renamed to TISA Group Ltd as the holding entity for each of the subsidiary companies, and the operations of TISA will be divided amongst each subsidiary, as follows: • TISA Bank will assume responsibility for all loan and deposit operations, as well as all government debt securities held by TISA prior to the Proposed Demutualisation; • TISA Property will assume ownership of all investment properties, including those classified as PPE and work-in-progress assets, and will manage all current and future property investments of the TISA Group; and • TISA Investments will receive all equity securities previously held by TISA and will be solely responsible for managing the TISA Group's equity investment portfolio. ▸ Following the demutualisation, TISA Investments will remain as the holding entity for TISA Group's majority stake in TISA Insurance.
Surrender of savings and loan license	▸ TISA will surrender its savings and loan license and will cease operations as a S&L society.
Distribution of TISA Group Shares	▸ TISA Group shares will be distributed amongst the Eligible Members according to the selected share allocation methodology. The Eligible Member's will be classified as ordinary shareholders post-demutualisation and will no longer have equal one member, one vote rights in TISA.

Source: The Scheme Booklet, BDOCF Analysis

Figure 4.1 below provides a visualisation of how the Proposed Demutualisation will impact TISA's corporate structure, having regard to the strategy set out in Table 4.2 above.

Figure 4.1: Impact of the Proposed Demutualisation on TISA's corporate structure



Source: Management, BDOCF analysis

4.1.3 The *Banks and Financial Institutions Act 2000*

Following successful implementation of the Proposed Demutualisation, TISA (which would then be TISA Group) will no longer be governed by the *Savings and Loan Societies Act*. TISA's loans and deposit taking operations will be transferred to TISA Bank, which will adhere to the BPNG's *Banks and Financial Institutions Act 2000 ('Banks and Financial Institutions Act').*

Under *the Banks and Financial Institutions Act*, TISA Bank will be required to comply with a set of prudential standards as issued by the BPNG (the 'Prudential Standards'). These Prudential Standards prescribe minimum capital adequacy requirements, as well as comprehensive reporting obligations and corporate governance standards. Refer to Section 6.4.4 for an overview of the Prudential Standards most relevant to TISA Bank's operations as a fully licensed commercial bank.

4.1.4 The TISA Bank capital raise

Licensing requirements imposed by the BPNG require TISA Group to divest 40% of its ownership of TISA Bank within the three years immediately following the completion of the demutualisation. TISA initially appointed JMP Securities Limited ('JMP') as the bookrunner for a private equity placement in order to meet the divestment requirements, however after careful consideration, Management determined the timing was not optimal and ceased the capital raising process. The divestment requirement is not a condition precedent to the Proposed Demutualisation under the Scheme Implementation Deed and does not affect the implementation of the Scheme itself. Rather, it represents a potential post-demutualisation regulatory requirement applicable to TISA Group as the parent of a licensed bank.

Management are of the view that following the Proposed Demutualisation and commencement of operations at TISA Bank, an equity stake in the bank will become more attractive to investors and as such, have deferred the capital raise with the hope of delivering greater value to TISA Group Shareholders later within the three-year window.

4.2 Proposed Demutualisation Share Allocation Methodology

Under the Proposed Demutualisation, TISA will be transformed from a member-owned savings and loan society into a shareholder-owned corporate entity. If the Scheme is approved and implemented, Member's will cease to hold membership rights and instead receive fully paid ordinary shares in TISA Group. These shares will represent ownership interests proportionate to each Member's assessed contribution and tenure, as determined under the adopted allocation framework.

Key features of the Proposed Demutualisation include:

- TISA will be corporatised and restructured as a public company limited by shares (i.e. TISA Group);
- All Eligible Members as at the Announcement Date will receive an allocation of fully paid ordinary shares in TISA Group in exchange for the extinguishment of their membership rights. Members who are not eligible will not receive an allocation of shares and will still have their membership rights extinguished; and
- The demutualisation will be implemented via a court-approved scheme of arrangement under the *Companies Act*, subject to member and regulatory approvals.

4.2.1 Share allocation framework

The TISA Board, in consultation with an external advisor, evaluated multiple frameworks for allocating shares to Members in a way that recognises membership loyalty and the financial value of their contribution to the development of TISA over time. Two approaches were considered:

Approach 1 – Weighted formula-based allocation (adopted approach)

This approach allocates TISA Group shares to Eligible Members using a formula that incorporates:

- A member's 60 month (5-year) average savings balance; and
- The length of their membership, measured in complete months.

The formula applies weightings (exponents) to both savings and tenure, effectively rewarding Members who have made significant and sustained contributions to TISA's financial base.

For Members with modest balances, a K2,000 minimum savings floor is applied, meaning that Members with lower balances receive their allocation based on the higher of their actual 60-month average balance or K2,000. This ensures a higher effective allocation for many lower-balance Members, who make up a large portion of the overall membership.

Members who are an active Member as at the date of the Announcement Date, with no membership cessation request submitted prior to the Announcement Date, are classified as 'Eligible Members' for the purpose of share allocation.

The final score calculated using the share allocation formula detailed in Section 4.2.2 determines the Eligible Member's proportionate share of the total equity to be issued under the Scheme.

Approach 2 – Fixed-value allocation (not selected)

The alternative approach considered by the TISA Board, which was ultimately not selected, proposed a straightforward share allocation formula, awarding:

- 110 shares for each year of TISA membership (capped at 40 years); and
- 1 TISA Group share for every K1.695 of average savings over the past 5 years.

This approach removes the weighting effect of Approach 1, providing a more uniform allocation that is simple to understand and verify. However, the TISA Board considered this approach to diverge from the objective of proportionally recognising both membership loyalty and contribution to TISA's development over time, resulting in relatively lower allocations for larger, long-standing Members. While both approaches allocate a similar proportion of equity to Members with lower balances, Approach 2 disproportionately benefits those who joined within 5 years of the Proposed Demutualisation Record Date, disadvantaging long-standing Members who have consistently supported TISA and its development.

4.2.2 Key parameters of the adopted allocation framework

After careful evaluation, the Board determined that Approach 1 more appropriately reflected the underlying principles of fairness and proportionality. In particular, it placed greater emphasis on rewarding both long-standing membership and active financial participation in TISA.

Under the adopted approach, TISA has applied a weighted formula to determine how the total equity value (i.e. the ownership in TISA Group) is distributed among Eligible Members with respect to:

- **Average savings (S) over the prior 60 full months before the Announcement Date**, measured in Kina (with a minimum assumed balance of K2,000); and
- **Length of membership (Y)** measured in months (with membership status prior to the Announcement Date required to be eligible).

The following formula is used to determine the equity allocation for each Eligible Member:

$$\frac{S^{1.06} \times \left(\frac{Y^{0.8}}{TS}\right)}{\sum S^{1.06} \times \left(\frac{Y^{0.8}}{TS}\right)} \times E$$

Where, on the Announcement date:

- S = Eligible Member's average savings over the prior 60 full months (deemed to be K2,000 where the observed balance is less than K2,000)
- Y = Number of months an Eligible Member has been an active member, subject to being an active Member as at the Announcement Date to be considered eligible
- TS = Total savings of all Active Members over the same 60-month period

- E = Equity balance to be distributed among Eligible Members

To reward Members for both financial contributions and loyalty, the share allocation formula applies exponential weighting to average savings (S) and length of membership (Y). Average savings are raised to the power of 1.06, amplifying equity allocations for Members with higher balances. Conversely, membership tenure is raised to the power of 0.8, which softens the effect of long-term membership while still providing a positive reward. These exponentials ensure the relationship is not linear, that is doubling the savings or tenure does not simply double the allocation, allowing the formula to recognise both capital support and long-standing commitment.

Under the adopted methodology, the K2,000 minimum allocation is expected to benefit a meaningful portion of Eligible Members by providing a higher equity entitlement than their deposit history alone would allow. While our analysis reflects an earlier eligibility cut-off period, the revised date is not expected to significantly change this outcome.

Management have advised that Members with an average balance of less than K500 will be given the option to sell their shares back to TISA Group, providing a liquidity mechanism for lower-balance Eligible Members who may prefer immediate value realisation.[2]

The calculations presented in Figures 4.2 to 4.6 are based on TISA Management's equity allocation model. In determining the equity value allocated to each cohort, Management has adopted the following assumptions:

- **Equity value of K620.0 million** - based on the midpoint assessed by Deloitte in the Scoping Study in July 2025.
- **Issuance of K206.7 million shares** – representing the number of shares required to maintain a share price of K3.00 at the assumed valuation.

Management has indicated plans to issue 206.7 million ordinary shares during the Proposed Demutualisation, based on an equity valuation of K620.0 million, resulting in an implied price of K3.00 per share. We note that the equity balance to be distributed is to be set as at the Equity Balance Date as defined in the Scheme Implementation Deed (i.e. 31 December 2025).

Figure 4.2 below illustrates the indicative percentage breakdown of Eligible Members with respect to average savings balance over the last 5 years and tenure of Members. We note this analysis is based on indicative data for active Members as at 31 December 2024 and should be treated as indicative only, given the subsequent extension of the eligibility cut-off date to the Announcement Date.

Figure 4.2: Percentage breakdown (indicative) of Eligible Members by average savings balance and membership tenure

Membership Years	5 Year Average Savings Balance									Total
	<K100	K100 - K500	K500 - K2,000	K2,000 - K5,000	K5,000 - K20,000	K20,000 - K50,000	K50,000 - K100,000	K100,000 - K500,000	K500,000 +	
<1	3.4%	0.6%	0.0%	0.0%	-	0.0%	-	-	-	4.1%
1-5	4.4%	6.3%	5.5%	1.3%	0.3%	0.0%	0.0%	0.0%	-	17.8%
6-10	0.9%	2.1%	8.2%	11.4%	8.9%	0.5%	0.0%	0.0%	-	32.0%
11-15	0.7%	0.9%	2.1%	4.3%	6.9%	0.5%	0.0%	0.0%	-	15.4%
16-20	1.0%	1.1%	2.0%	4.4%	11.1%	0.9%	0.1%	0.0%	-	20.7%
21-30	0.4%	0.4%	0.7%	1.1%	3.8%	0.3%	0.0%	0.0%	0.0%	6.7%
31-40	0.1%	0.1%	0.2%	0.2%	0.8%	0.1%	0.0%	0.0%	-	1.5%
Above 40	0.1%	0.2%	0.2%	0.3%	0.8%	0.1%	0.0%	0.0%	-	1.8%
Total	**11.1%**	**11.8%**	**18.9%**	**23.0%**	**32.5%**	**2.4%**	**0.2%**	**0.0%**	**0.0%**	**100.0%**

Source: TISA Management, BDOCF analysis.

1 Information presented for 66,378 Eligible Members to receive TISA Group shares out of a 66,972 active membership base as of 31 December 2024.

Figure 4.2 above illustrates the indicative breakdown of TISA's Member cohort eligible for share distribution. Approximately 41.8% of Eligible Members have held an average savings balance between K0 and K2,000 and 2.6% have held an average savings balance greater than K20,000 over the last 5 years.

Figure 4.3 below illustrates the indicative percentage breakdown of Equity Allocation with respect to average savings balance over the last 5 years and tenure of Members. Again, we note this analysis is based on indicative data as at 31 December 2024 and should be treated as indicative only, given the subsequent extension of the eligibility cut-off date up to the Announcement Date.

2 Eligible Members that hold an average savings balance over the last 5 years between K501 and K2,000 will be treated the same as Eligible Members with a balance between K0 and K500, albeit will not be given the option to sell their shares back to TISA Group for immediate value realisation.

Figure 4.3: Percentage breakdown (indicative) of equity allocation by average savings balance and membership tenure

Membership Years	5 Year Average Savings Balance									
	<K100	K100 - K500	K500 - K2,000	K2,000 - K5,000	K5,000 - K20,000	K20,000 - K50,000	K50,000 - K100,000	K100,000 - K500,000	K500,000 +	Total
<1	0.1%	0.0%	0.0%	0.0%	-	0.0%	-	-	-	**0.1%**
1-5	0.3%	0.5%	0.6%	0.2%	0.1%	0.0%	0.0%	0.0%	-	**1.8%**
6-10	0.2%	0.4%	1.6%	3.9%	8.2%	1.4%	0.2%	0.1%	-	**16.1%**
11-15	0.2%	0.3%	0.6%	2.3%	10.3%	2.4%	0.5%	0.2%	-	**16.8%**
16-20	0.4%	0.5%	0.8%	3.2%	23.1%	6.0%	1.5%	0.4%	-	**35.9%**
21-30	0.2%	0.2%	0.3%	1.0%	10.5%	2.8%	0.9%	0.6%	0.3%	**16.7%**
31-40	0.0%	0.1%	0.1%	0.3%	3.4%	1.1%	0.4%	0.2%	-	**5.6%**
bove 40	0.1%	0.1%	0.2%	0.4%	4.0%	1.3%	0.4%	0.4%	-	**7.1%**
Total	**1.5%**	**2.0%**	**4.2%**	**11.4%**	**59.6%**	**15.1%**	**3.9%**	**2.0%**	**0.3%**	**100.0%**

Source: *TISA Management, BDOCF analysis.*

1 Information presented for 66,378 Eligible Members to receive TISA Group shares out of a 66,972 active membership base as of 31 December 2024.

Figure 4.3 above presents the indicative equity allocation outcome under the adopted weighted share distribution formula. While Figure 4.2 shows the distribution of Eligible Members, Figure 4.3 illustrates how equity is allocated based on each Member's average savings and length of membership under the weighted allocation methodology. Approximately 60% of equity distributed is expected to be allocated to the K5,000 to K20,000 savings cohort. Within this group, Members with 16-20 years of tenure represent 11.1% of the Eligible Members and are expected to receive approximately 23.1% of the total equity allocation. This reflects the impact of the weighting formula, which recognises both savings and tenure, and supports a balanced approach to rewarding Member contributions over time.

As shown in Figure 4.2, approximately 41.8% of Eligible Members have a 5-year savings balance between K0 and K2,000, and will therefore receive an equity allocation based on the K2,000 minimum balance threshold. Figure 4.4 illustrates the average equity allocated to each cohort, segmented by membership tenure and average 5-year account balance, and expressed as a multiple of that cohort's average balance. The results show that Members with smaller balances receive proportionately more equity than those with higher balances, particularly among longer-tenured members.

Figure 4.4: Equity allocation (indicative) multiple of 5-year average deposit balance by average savings balance and membership tenure

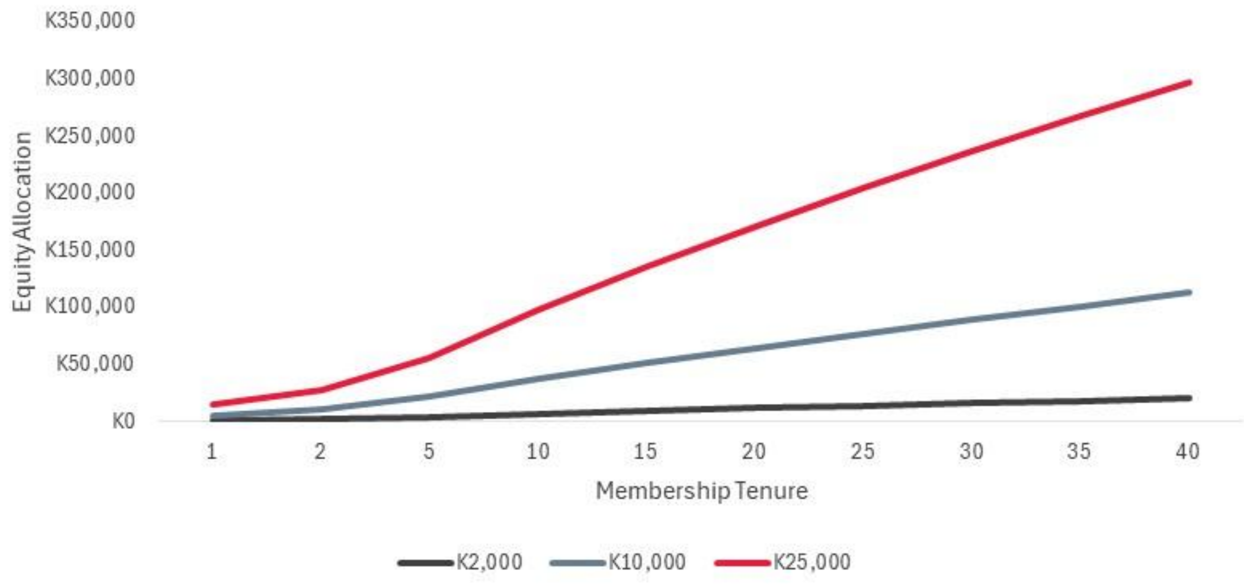
Membership Years	5 Year Average Savings Balance								
	<K100	K100 - K500	K500 - K2,000	K2,000 - K5,000	K5,000 - K20,000	K20,000 - K50,000	K50,000 - K100,000	K100,000 - K500,000	K500,000 +
<1	33.7x	1.9x	0.5x	0.1x	-	0.2x	-	-	-
1-5	105.5x	3.1x	1.1x	0.6x	0.6x	0.7x	0.7x	0.8x	-
6-10	3,691.0x	7.1x	1.7x	1.0x	1.0x	1.1x	1.2x	1.0x	-
11-15	4,395.0x	11.5x	2.6x	1.4x	1.5x	1.7x	1.7x	1.9x	-
16-20	8,552.1x	16.3x	3.5x	1.9x	2.0x	2.2x	2.3x	2.3x	-
21-30	6,418.7x	21.2x	4.7x	2.4x	2.5x	2.8x	2.9x	2.9x	3.2x
31-40	3,641.8x	28.3x	7.1x	3.3x	3.5x	3.8x	3.9x	4.2x	-
Above 40	23,615.5x	32.1x	7.9x	3.9x	4.2x	4.4x	4.7x	4.9x	-

Source: *TISA Management, BDOCF analysis.*

1 Information presented for 66,378 Eligible Members to receive TISA Group shares out of a 66,972 active membership base as of 31 December 2024.

Figure 4.5 and 4.6 below further illustrate the indicative equity allocation outcomes under the adopted methodology through specific examples across different savings balance and membership tenures respectively. Figure 4.5 shows the allocation outcomes for Eligible Members with average savings balances of K2,000, K10,000, and K25,000, highlighting the absolute growth in equity received based on membership tenure. Figure 4.6 similarly shows the allocation outcomes for Eligible Members with membership tenures of 1, 5, and 15-years, highlighting the absolute growth in equity received based on average savings balance. These examples demonstrate how the exponential weightings applied to both average savings (1.06) and tenure (0.80) result in a compounding effect from membership tenure and average savings balance.

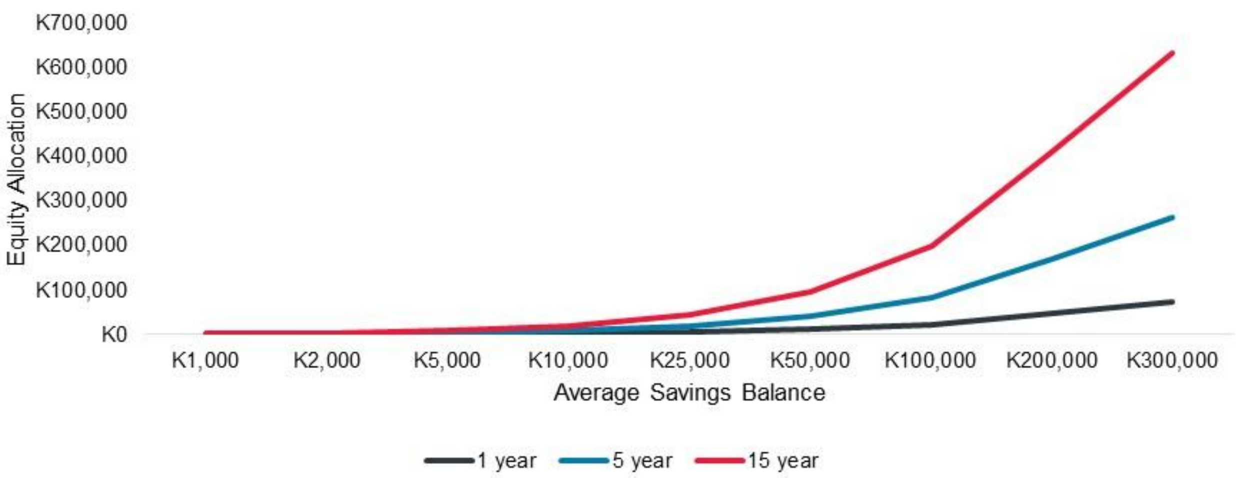
Figure 4.5: Equity allocation for K2,000, K10,000 and K25,000 savings balance



Source: *TISA Management, BDOCF analysis*

1 Figure 4.5 above demonstrates equity allocation based on a total equity value of K620.0 million and a share price of K3.00 per share. It is our understanding that TISA Management expects to issue a number of shares such that the implied value per share is K3.00, as determined by 206,666,667 shares.

Figure 4.6: Equity allocations for 1-, 5- and 15-Year membership tenures



Source: *TISA Management, BDOCF analysis.*

Figure 4.5 and 4.6 above illustrate the growth in equity allocation Eligible Members received as both average savings balance and tenure increase, holding all else constant. The growth in equity allocation is more pronounced for higher deposit balances due to the exponential weighting of 1.06 applied to savings, which accelerates the allocation as balances increase. In contrast, the exponential weighting of 0.8 applied to membership tenure results in a diminishing growth profile over time. This weighting structure means that while both savings and tenure are rewarded, the allocation is more sensitive to variations in average deposit size than to tenure of membership.

4.3 Liquidity of TISA Group Shares

While the Proposed Demutualisation is intended to deliver tangible value to TISA Members, that value may not be immediately realisable. To access the cash value of their equity, Eligible Members (i.e. shareholders post demutualisation) must sell their shares, typically through a public exchange, a private transaction, or a company-led buyback. The key considerations regarding liquidity of TISA Group shares are outlined below.

4.3.1 Public exchange listing

Following the Proposed Demutualisation, TISA Group will be eligible to apply for listing on the PNG National Stock Exchange (‘PNGX’), which would provide a secondary market for its shares and a potential avenue for liquidity.

The TISA Board has indicated that while a PNGX listing is under consideration, it will not proceed until the post-demutualisation restructure is complete and TISA Bank is operationally successful. This process may take several years, if it occurs, meaning a public market for TISA Group shares is unlikely to be available in the short term.

With only 11 listed entities, the PNGX is a relatively small exchange when compared to alternatives such as the Australian Stock Exchange. Even if listed, TISA Group shares may face limited trading volumes, reducing liquidity for shareholders seeking to sell.

4.3.2 Alternative liquidity options

Management has advised that under TISA Group's Constitution, the following alternative liquidity mechanisms will be available:

- **Private sale:** TISA Group shareholders may sell their shares by first offering them to TISA Group or other eligible shareholders before approaching external parties. These transactions must be arranged directly between the buyer and seller, as TISA will not facilitate the process.
- **Unmarketable Parcel regime**: Where a Shareholder's holding constitutes and Unmarketable Parcel (being a holding with a value less than K1,000), the Board may initiate a divestment process in accordance with the procedures set out in the Constitution. In such circumstances, the affected Shareholder will receive cash consideration in lieu of shares, and the relevant shares will be cancelled or held as treasury shares. Shareholders with a balance greater than that of the Unmarketable Parcel threshold (i.e. K1,000) will be able to liquidate their holdings only by private sale.

While these mechanisms provide limited pathways to realise value, their practical availability may be constrained. The absence of an immediate public market, combined with the restricted scope of the Unmarketable Parcel regime and the need to independently arrange private sales, means that shareholders of TISA Group may not be able to realise the value of their shares in the near term.

4.4 Conditions Precent of the Proposed Demutualisation

The Proposed Demutualisation is subject to certain conditions that are set out in full in the Scheme Booklet. In summary, these include:

- **Court approval to convene the Scheme Meeting:** In accordance with Section 250 of Part XVI of the *Companies Act*, TISA must obtain approval from the National Court of Papua New Guinea to convene a meeting of Members ('the Scheme Meeting') to consider and vote on the Proposed Demutualisation;
- **Member approval:** The Proposed Demutualisation is subject to approval by Members at the Scheme Meeting in accordance with the requirements of the Companies Act 1997 and the existing Constitution of TISA. The requisite approval thresholds are prescribed by the Act and are not separately specified in the Scheme Implementation Deed. In addition, the *Companies Act* requires the adoption of a new constitution for TISA Group, which will facilitate the issuance of shares to Eligible Members. This constitution will be tabled at the Scheme Meeting; and
- **Final court approval:** Following Member approval, the National Court must issue final orders approving the Proposed Demutualisation as being in the best interests of Members.

The Proposed Demutualisation is conditional upon satisfaction of all of the above. If one or more of these conditions are not met, the Proposed Demutualisation will not proceed and TISA will continue to operate as a mutually owned savings and loan society. For completeness, the surrender of TISA's Savings and Loan licence is not a condition precedent to the Scheme becoming effective. In accordance with Clause 5.5. of the Scheme Implementation Deed, surrender of the S&L licence will occur following implementation of the Scheme as part of the post-demutualisation restructuring process.

We note that, as at the date of this Report, TISA has received a commercial banking license from the BPNG, and that this is the only condition precedent that has been satisfied.

Further, Management has advised that while the TISA Bank capital raise is not a defined condition precedent for the Proposed Demutualisation, the capital raise and divestment of 40% of TISA Bank must be completed within the three years following the Proposed Demutualisation, in agreement with the BPNG.

4.5 Strategic rationale for the Proposed Demutualisation

The Board of TISA believe the Proposed Demutualisation to be in the best interests of Members and unanimously recommends that Members vote in favour of the Proposed Demutualisation. We understand the reasons for the Board's support of the Proposed Demutualisation include:

- **Improved access to capital:** Transitioning to a corporate structure will enable TISA Group to raise equity capital from external investors, including potentially through a public market listing in the future. Enhanced access to capital could further support TISA's growth ambitions by enabling investment in service expansion, technology upgrades and infrastructure development, without relying solely on retained earnings;
- **Improved corporate governance:** As a corporate entity, TISA Group will be subject to more stringent regulatory oversight. This is expected to result in the adoption of enhanced governance frameworks and corporate practices, aligned with applicable regulatory standards;

- **Greater operational flexibility**: The Proposed Demutualisation is expected to provide TISA Group with greater flexibility to enter into joint ventures and restructure business operations in order to respond more effectively to market opportunities. These capabilities are limited under the current mutual structure;
- **Alignment with regional and global trends:** The demutualisation of financial mutual organisations is a well-established global trend. The Board views this as a natural progression in TISA's corporate evolution, consistent with comparable transitions in other markets;
- **Commercial banking growth:** The full consolidation of TISA's savings and loan operations into a commercial bank positions TISA to better capitalise on anticipated growth in the Papua New Guinean banking sector than would be possible if TISA Bank and TISA remained separate entities with separate operations. Management believes this growth will be driven by national financial inclusion initiatives, ongoing digital transformation, and the introduction of new banking products, benefits that TISA on its own would have limited capacity to access.
- **Delivery of value to the Members:** Through the allocation of ordinary shares in TISA Group, the Proposed Demutualisation provides a mechanism to unlock and deliver tangible value to Eligible Members (as shareholders). These shares will provide an opportunity for participation in the financial performance of TISA Group through dividends and, potentially, capital gains from future share liquidity events.

5.0 Background of TISA

This section is set out as follows:

- Section 5.1 provides an overview and background information on TISA;
- Section 5.2 provides an overview of TISA's operations; and
- Section 5.3 provides an overview of TISA's financial information.

5.1 Overview and background on TISA

5.1.1 TISA overview

TISA is the largest Savings and Loans Society in PNG and the largest credit union in the Pacific. Head-Quartered in Port Moresby, TISA has branches in 17 provincial centres across PNG. TISA has grown from a community of 3,000 in the 1970's, to service over 67,000 Members today.

TISA's successful business model as a credit union has enabled it to expand beyond providing financial products to its Members, broadening its operations to include banking services for the general public, insurance offerings, and investments in property and equity markets.

TISA is a limited liability company registered under the *Companies Act (amended 2022)*. Operating as a licensed savings and loans society under the *Savings and Loans Societies Act*, the shares of TISA are held by its Members, each of which are mutual shareholders.

Table 5.1 below provides a summary of TISA's corporate history and steps taken towards demutualisation.

Table 5.1: Corporate history

Year	Description of Event
1972	▸ TISA was established to serve teachers and employees of Papua New Guinea's Department of Education, and is the longest-running savings and loan society in PNG and the Pacific region.
2003	▸ TISA opened membership to employees of the government, and of state-owned enterprises.
2008	▸ The TISA Board initiates Project Laurabada, a project with the end goal of demutualising TISA.
2010	▸ At a special general meeting, TISA members approved the Board's resolution to pursue demutualisation, and transition from a savings and loan society to a licensed financial institution under the *Banks and Financial Institutions Act*. Following the approval TISA incorporated two wholly owned subsidiaries, TISA Community Finance Limited ('TCF') and TISA Property. ▸ TCF was created as a strategic vehicle to fulfil TISA's long-term goal of establishing a member-owned commercial bank. Specifically, it enabled TISA to: • Undertake more advanced financial activities than those permitted under its mutual structure, including providing services to non-members, holding a broader mix of assets, and operating as a for-profit commercial entity; and • Act as the formal applicant for the commercial banking license submitted to the BPNG.
2015	▸ The BPNG passed the *Savings and Loans Societies Act*, restructuring regulatory oversight of savings and loan societies, and allowing them to demutualise.
2016	▸ KPMG Limited ('KPMG'), was appointed as TISA's external auditor. TISA's external audits are conducted in accordance with International Standards on Auditing and the *Companies Act*. TISA's external audits are conducted in accordance with International Standards on Auditing and the *Companies Act*.
2017	▸ TCF was granted a financial institution license by the BPNG.
2018	▸ TISA acquired the Police and State Services Savings and Loan Society Limited ('POLSAV') out of administration, preserving K45 million in member savings and expanding TISA's membership base[3]. ▸ TISA also launched the YumiCard, a debit-card that was the first electronic banking offering in the savings and loan industry and a significant step for TISA in the digital space.
2020	▸ TISA formerly applied to the BPNG to upgrade TCF from a licensed financial institution to a commercial bank. Further, TISA Investments was incorporated with the intention to eventually hold TISA's equity investments. ▸ At a special general meeting, Members passed a special resolution, reconfirming their support for the Proposed Demutualisation.
2021	▸ TISA acquired a majority interest in Capital Insurance Group Limited (now TISA Insurance) when it acquired Nambawan Super Ltd's 27.16% shareholding, adding to its existing 28.96% stake.

[3] *PNG Education News (2018): Tisa eyes loans society takeover - Papua New Guinea Education News*

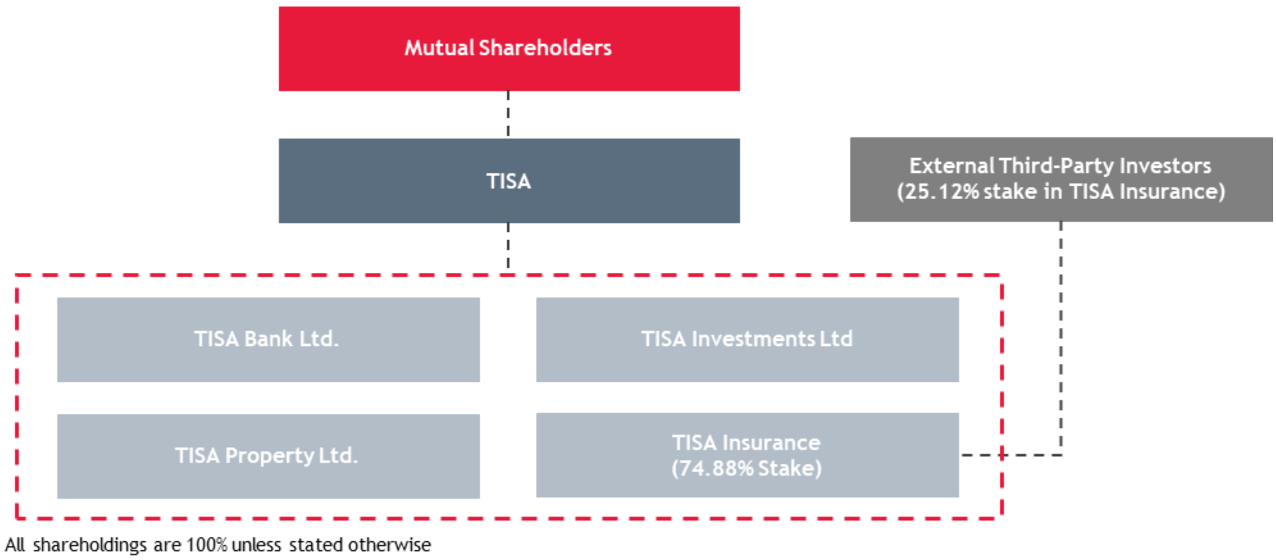
Year	Description of Event
	▸ As a result, TISA Insurance is now treated as a subsidiary of TISA, meaning its full financial results are included in TISA's accounts. While TISA does not own 100% of TISA Insurance, only its proportionate share of TISA Insurance's profits is attributable to Members, with the remainder allocated to the other shareholders as a non-controlling interest.
2022	▸ TCF received "approval in principle" for a full commercial banking license from the BPNG, marking a significant milestone in the process to become a fully operational commercial bank.
2023	▸ In preparation to receiving its commercial banking license, TISA made investments in the following key initiatives: • Replacing the existing legacy banking system with the latest version of the Oracle Flexcube core banking system; • Commencing construction of a new Tier 2 Data Centre to support IT infrastructure; • Installing new digital banking applications to improve customer accessibility and digital reach; • Hiring experienced banking professionals to provide expertise and support for the transition; and • Advancing its membership with the Global Alliance for Banking on Values ('GABV'), progressing to become a full member.
2024	▸ TCF was granted a full commercial banking license, and rebranded as TISA Bank. TISA Bank operates under the *Banks and Financial Institutional Act*, and is subject to the BPNG's set of prudential standards (refer to Section 6.3.4). ▸ Subsequently, TISA Bank opened its first branch, in Port Moresby. ▸ TISA also appointed Ernst and Young Papua New Guinea ('EY') as TISA's external auditor, replacing KPMG.
2025	▸ TISA engaged Deloitte Tohmatsu Consulting Co., Ltd ('Deloitte') to consult on the Proposed Demutualisation, and assist with developing a method to fairly distribute TISA's equity among the Members.
2026 onwards	▸ The Proposed Demutualisation is expected to be complete by the end of 2026 ▸ In order to meet BPNG licencing requirements, TISA Group will divest 40% of TISA Bank via private equity placement within the three years immediately following the completion of the Proposed Demutualisation.

Source: BDOCF analysis

5.1.2 Corporate structure of TISA prior to the Proposed Demutualisation

Figure 5.1 below displays TISA's current corporate structure before the Proposed Demutualisation.

Figure 5.1: TISA's current corporate structure



Source: Management, BDOCF analysis

1 We note that, as at the date of this Report, TISA has not yet divested any of its ownership stake in TISA Bank and as such, we have presented TISA Bank on a 100% ownership basis under TISA in Figure 5.1.

Having regard to Figure 5.1 above we note:

- TISA operates as a credit union, owned by its mutual shareholders. It is also the parent company to the below subsidiaries:
  - **TISA Bank**: (formerly TISA Community Finance Ltd), is TISA's commercial banking arm, following the grant of a full commercial banking license in 2024. TISA Bank is the holding entity for TISA Ta, the headquarters of TISA Bank, and also manages TISA's holding in government debt securities;

- **TISA Property**: The real estate and property management arm of TISA. Its primary role is to manage and develop TISA's investment property portfolio, which includes commercial, residential and mixed-use assets;
- **TISA Investments**: Pre-Demutualisation, TISA Investments holds a small number of TISA's unquoted securities, but post-Demutualisation will be the entity responsible for the management of all equity investments; and
- **TISA Insurance:** TISA Insurance offers insurance products across several countries in the South-Pacific region. Following a recently completed equity capital raise, TISA owns a majority stake of 74.88% in TISA Insurance (up from 56.17%). For further details on TISA Insurance, including the aforementioned capital raise, refer to section 5.2.2.

- While TISA currently holds 100% of TISA Bank, the TISA Bank capital raise and subsequent divestment of 40% of TISA Bank must be complete within the three years immediately following the completion of the Proposed Demutualisation. This requirement however is separate from the Proposed Demutualisation and does not form part of the Scheme mechanics.

5.1.3 Equity structure of TISA prior to the Proposed Demutualisation

As a licensed savings and loans society under the *Savings and Loan Societies Act*, TISA shares are mutually held by Members.

We understand that:

- TISA is structured as a mutual organisation with over 67,000 active Members as at 30 November 2025;
- Each mutual shareholder (i.e. Member) holds a nominal share with a face value of K1.00;
- Each nominal share carries with it one vote such that one share equals one vote; and
- In alignment with the *Savings and Loan Societies Act*, K66,217 (reflecting 66,217 Members at a nominal value of K1.00 per share) is withheld from retained earnings as at 31 December 2025. This balance is fully refundable to Members upon cessation of their Membership.

5.2 Overview of TISA's operations

As of December 2025, TISA's operations can be broadly categorised into four key areas:

- Lending and deposit-taking activities;
- Insurance operations, including the purchase of reinsurance contracts;
- Investments in land and property assets; and
- Investment in equity and debt securities.

We have discussed each of these four categories below.

5.2.1 Lending and deposit-taking activities

Overview of loan operations

TISA's loan operations are provided by TISA, to Members, and by TISA Bank, who is permitted to offer loans to Members as well as the general public.

The lending activities of TISA are intended to provide accessible financing to the Members, and are comprised solely of personal loans with terms of up to five years. The L1 Personal Loan is an unsecured personal loan offered to all Members, and is the most popular offering, making up approximately 90% of the value of the TISA loan book.

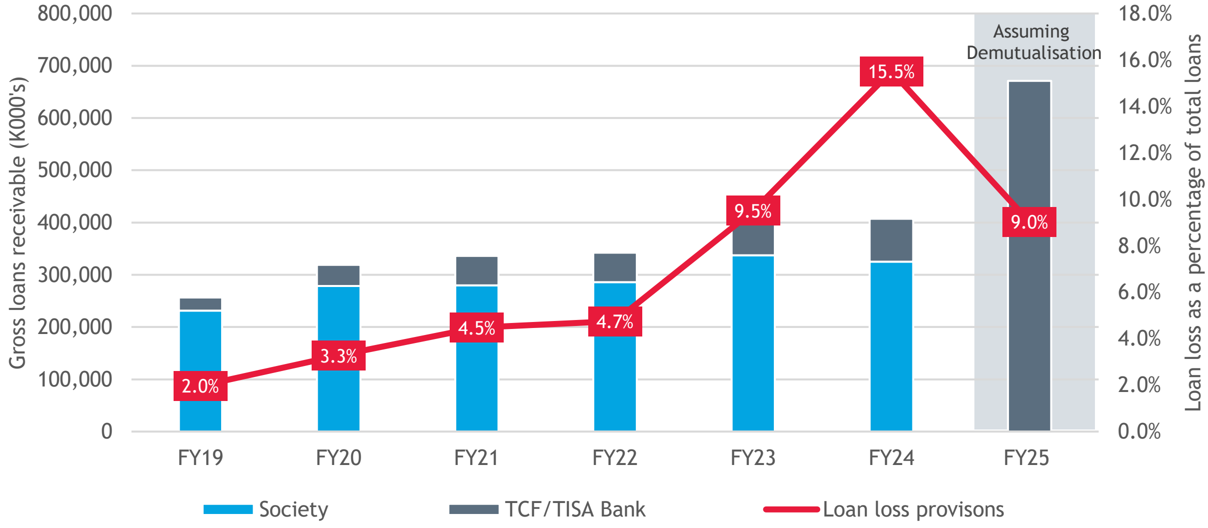
TISA Management has advised that the effective interest rate ('EIR') charged on loans to members changes annually based on market conditions. As per the FY24 annual report, the EIR charged on loans to Members was in the range of 21.60% to 30.00% p.a. As at 31 December 2025, the EIR offered on new Member loans ranged from 12.00% to 17.00% p.a.

With its commercial banking license, TISA Bank offers a broad range of retail and corporate loan products to its customers. TISA Bank's loan offerings include secured and unsecured personal loans, as well as providing financing for residential and commercial investment properties, vehicle, equipment and working capital. The EIR budgeted for these loans for FY25 ranges from 5.00% to 29.00% per annum. As at 31 December 2024, the EIR charged on loans ranged from 6.00% to 43.50% per annum.

TISA and TISA Bank both offer 6.00% p.a. rates on staff loan products, which include home loans and unsecured loans. These loans make up a relatively small portion of TISA's loan book.

Figure 5.2 below shows the growth of TISA's loan operations from 2019 to forecasted 2025 figures.

Figure 5.2: TISA's loan operations FY19 – FY25



Source: TISA annual reports FY20-FY24, Management forecasts, BDOCF Analysis

Having regard to the figure above, we note:

- Gross loans receivable increased steadily during the observed period, from K256.4 million in FY19 to K407.1 million in FY24;
- The growth of TISA's lending operations through TCF and TISA Bank since obtaining a financial institution licence in 2018 is reflected in the increase in non-society loans receivable, from K24.8 million in FY19 to K82.2 million in FY24;
- As TISA expanded loan operations beyond its membership base, provisions for loan losses also increase, from 2.0% of gross loan receivables in FY19 to 15.5% in FY24 (K63.1 million); and
- Following the Proposed Demutualisation and the commencement of operations as a commercial bank, total loans receivable were forecasted to grow significantly, to K671.4 million in FY25. For completeness, we note that the timeline for the Proposed Demutualisation has been extended to Q1 of FY26, meaning the effects of the Proposed Demutualisation on loan operations were not felt by TISA during FY25.

Overview of savings and deposit-taking operations

TISA's savings and deposit taking operations can also be separated into those offered by TISA and those offered by TISA Bank. In addition to a general savings account, which is mandatory for Members, TISA offers four other account options:

- TISA Pikinini Savings Account, available only to children (17 years and below) of Members. The account has a fixed 6.00% p.a. interest rate, and a minimum salary deduction of K10 per fortnight;
- TISA Hamamas Saver, an option savings account, receiving 6.00% interest p.a., with deductions only being allowed between December and February each year;
- TISA Christmas Club Savings Account, another optional savings account with the same terms and conditions as the Hamamas Saver; and
- TISA School Fee Club Savings, an account receiving 6.00% interest p.a., with deductions only allowed for educational purposes.

In addition to standard account options, TISA Bank offers a range of term deposit options, with terms ranging from one month, to three years. The EIR applicable to term deposits as at October 2024 ranged from 2.00% to 5.50% p.a. Standard account offerings include:

- TISA Ezee Account, an interest-free checking account option;
- TISA Yumi account, offering 1.50% interest p.a.;
- TISA Loyalty Savings account, offering 2.10% interest p.a.; and
- A range of corporate accounts, varying by enterprise size, all offering 1.50% interest p.a.

Capital adequacy

Operating under the BPNG's *Prudential Standard 1/2003*[4], TISA Bank is subject to minimum capital adequacy requirements that are considered conservative relative to international benchmarks. A comparison of TISA Bank's capital adequacy relative to relevant benchmark levels is shown in Table 5.2 below.

Table 5.2: TISA Bank's capital adequacy

Ratio	Basel III framework	BPNG minimum requirement	BPNG 'well capitalised' levels	TISA Bank at 31 December 2025[1]
Leverage capital[1]	3.0%	6.0%	8.0%	24.4%
Tier 1 risk-based capital[2]	6.0%	8.0%	10.0%	40.7%
Total risk-based capital[3]	10.5%[4]	12.0%	14.0%	27.3%

Source: Bank for International Settlements, BPNG, Management, BDOCF analysis

1 Management have advised that 31 December 2025 values are based on internal calculations and may be subject to minor changes based on the TISA's FY25 external audit.

2 Leverage capital ratio is defined by the BPNG as Tier 1 capital divided by total assets less: goodwill and other intangible assets, future income tax benefits, losses carried forward and encumbered assets.

3 Tier 1 risk-based ratio is defined by the BPNG as Tier 1 capital divided by total risk-weighted assets.

4 Total risk-based ratio is defined by the BPNG as total capital divided by total risk-weighted assets.

5 The Basel III framework has a total risk-based capital equivalent defined as a total capital ratio of 8.0% plus a capital conservation buffer of 2.5%.

Having regard to Table 5.2 and the BPNG's prudential standards, we note:

- In addition to maintaining the capital adequacy ratios set out in the table above, institutions must meet other criteria to be classified as "well capitalised" by the BPNG. These include maintaining a fully funded loan loss provision account and having a minimum operational history of three years in providing loan services; and
- TISA Bank maintains particularly conservative capital management policy, far exceeding the BPNG's 'well capitalised' threshold.

Management has advised that TISA Bank's relatively high capital adequacy ratios reflect the early stage of its operations, having only received a commercial banking licence in August 2024. They expect to maintain a strong capital buffer as the TISA Bank transitions to full operational stability, with capital adequacy ratios expected to gradually decline toward industry norms over the coming year.

Before demutualising and transferring all loan and deposit-taking operations to TISA Bank, TISA operates under the *Savings and Loans Societies Act* and as such, is not subject to the same set of prudential standards. Instead, Societies must meet net asset thresholds, and other criteria set by the BPNG (refer to Section 6.4.4).

5.2.2 Insurance and reinsurance operations

TISA Insurance Ltd overview

TISA Insurance Ltd, formerly Capital Insurance Group Limited, was established in Port Moresby in 1993 to provide general and life insurance services in PNG. Since its inception, TISA Insurance has expanded its operations across the South Pacific region and now maintains a presence in Fiji, the Solomon Islands, Vanuatu and Tonga. In addition to geographic expansion, TISA Insurance has broadened its product suite to include property, liability and motor insurance, as well as medical cover, and now services over 500,000 customers and employs over 120 staff.

TISA initially gained a majority interest stake in TISA Insurance in 2022 when it acquired Nambawan Super Ltd's 27.16% shareholding (28.3 million shares) for K11.3 million (K0.40 per share) adding to its existing 28.96% interest, resulting in full consolidation of TISA Insurance into TISA, from an accounting perspective. The remaining ownership interest in TISA Insurance is held by Credit Corporation (PNG) Limited ('Credit Corp') (24.7%), and the National Superannuation Fund of PNG ('Nasfund') (19.2%).

In December 2024, a severe earthquake in Port Vila, Vanuatu triggered a surge in insurance claims, placing pressure on TISA Insurance's balance sheet and requiring drawdowns on its reinsurance contracts. To restore financial stability, TISA Insurance launched a K60.0 million private equity capital raise. Existing shareholders were entitled to participate on a 1:1 basis at K0.43 per share. TISA fully subscribed, receiving approximately 78 million shares (K33.7 million).

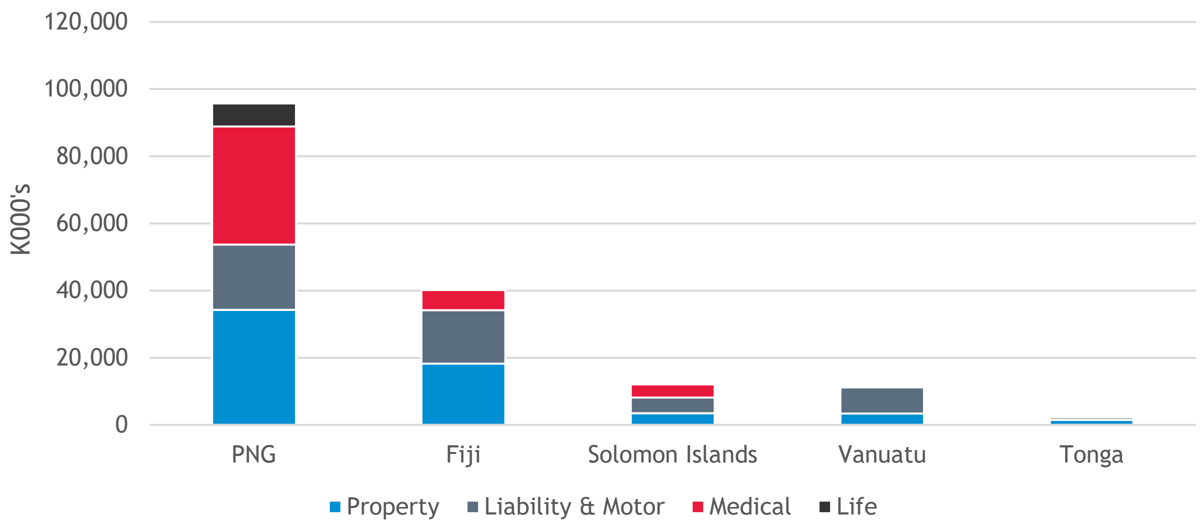
Management advised that TISA Insurance's other shareholders, Credit Corp and Nasfund, chose not to participate. Although TISA had the option to acquire their unallocated entitlements, Management confirmed that it elected not to do so. As a result, Credit Corp's and Nasfund's minority positions were diluted, and TISA's majority interest increased to 74.88% (approximately 136.5 million shares). Credit Corp and Nasfund collectively hold the remaining 25.12% of TISA Insurance.

Overview of Insurance and Reinsurance Operations

Figure 5.3 below provides a breakdown of the TISA Insurance's FY24 insurance revenue by region and type.

[4] *Prudential Standard 1/2003, Capital Adequacy: https://www.bankpng.gov.pg/sites/default/files/2024-09/ps_1_2003_captial_adequacy.pdf*

Figure 5.3: TISA Insurance Ltd FY24 insurance revenue



Source: TISA FY24 annual report, BDOCF analysis

Having regard to Figure 5.3 above and TISA's FY24 annual report we note:

- PNG represented the largest market for insurance revenue, contributing approximately 59.0%, followed by Fiji (24.8%), Solomon Islands (7.4%), Vanuatu (7.1%) and Tonga (1.7%); and
- By product category, property insurance premiums accounted for the largest share of insurance revenue at K60.9 million (37.5%), followed by liability and motor insurance at K48.5 million (29.9%), medical insurance at K45.8 million (28.2%), and life insurance premiums at K7.1 million (4.4%).

Using Guy Carpenter & Company, LLC as it's broker, TISA Insurance also purchases reinsurance contracts as a means of transferring its insurance risk. Reinsurance contracts offer cover over all of TISA Insurance's insurance offerings and regions.

Management has indicated that all but one of TISA Insurance's reinsurance contracts are purchased from A rated providers (aside from one contract, less than 5% of total reinsurance contract value). All contracts, aside from one, also have single-year terms.

5.2.3 Investments in land and property assets

TISA Property is responsible for managing TISA's investment property portfolio. Its functions include identifying and acquiring new properties, overseeing property development, and managing existing assets, including tenant relationships across the respective buildings.

TISA's investment property portfolio is classified into two categories: investment properties and property, plant and equipment ('PPE'). Investment properties are initially recorded at cost and subsequently measured at fair value. Each of these assets is independently valued by accredited property valuation firms, LJ Hooker Ltd and Northern Property Valuers Ltd.

Land and buildings classified as PPE are also initially recognised at cost but are subsequently carried at fair value, based on valuations conducted by external, independent valuers. These valuations are required to be performed at least once every three years.

Table 5.3 below provides a summary of TISA's investment properties.

Table 5.3: TISA's investment properties held at 31 December 2024

Asset	Holding entity	Property type	Fair value as at 31 Dec 2023 (K000's)	Fair value as at 31 Dec 2024 (K000's)
Investment properties				
TISA Rua[1]	TISA Property	Commercial	13,409	125,000
Somare Circuit Lot	TISA Property	Land	21,000	22,050
Kouaka Place	TISA Property	Land	4,300	7,846
TISA Haus Lae[2]	TISA Property	Land/Residential	6,500	4,288
Klinki Apartments[3]	TISA Property	Residential	1,600	Sold
TISA Haus Madang	TISA Property	Development[4]	2,240	2,067
TISA Haus Alotau	TISA Property	Commercial	8,340	8,896
Total investment property value			**57,389**	**170,147**

Source: Management, BDOCF analysis

1. Construction and refurbishment works on the TISA Rua asset were completed in FY24. In periods prior to FY24, its balance had been recorded as a WIP asset.
2. The carrying value of TISA Haus Lae is representative of land only. The land is currently being developed for residential use and is expected to be completed in 2027.
3. The Klinki Apartments asset was sold during FY24.
4. As at the end of FY24, TISA Haus Madang is in the scoping stage and is considered a work in progress development asset.

Table 5.4 below provides a summary of TISA's investment properties classed as land and building assets within PPE as at 31 December 2024.

Table 5.4: TISA's investment properties classed as land and buildings within PPE at 31 December 2024

Asset	Holding entity	Property type	Fair value as at 31 Dec 2024 (K000's)
Plant, property and equipment			
Security Base	TISA	Land	894
TISA Haus Kokopo	TISA	PP&E	3,085
TISA Haus Kavieng[1]	TISA	PP&E	3,177
TISA Ta[2]	TISA Bank	Commercial	51,995
Total value[3]			**59,151**

Source: Management, BDOCF analysis

1 It is our understanding that TISA Haus Kavieng is in the scoping/pre-construction phase of development as of the date of this Report. Once construction is complete, the property will be a TISA Bank branch held by TISA Property, and leased to TISA Bank.

2 TISA Ta is the headquarters of TISA Bank.

3 Management has advised that no stamp duty or similar transaction fees are expected to be incurred in relation to the transfer of PPE assets to TISA Property as part of the Proposed Demutualisation.

Having regard to Tables 5.3 and 5.4 above and TISA's property holdings, we note:

- TISA's investment properties include residential and commercial buildings, as well as land assets;
- The majority of TISA's rental income is generated by TISA Rua (>90%);
- Following the demutualisation, TISA's land and building PPE assets will be transferred to TISA Property, while TISA Bank will remain the holding entity for TISA Ta which is TISA Bank's headquarters. Any future TISA Bank Branches will be purchased by TISA Property and leased to TISA Bank; and
- We note that due to TISA's PPE revaluation term being three years, the fair value of investment properties classed as PPE did not change between FY23 and FY24.

5.2.4 Investments in equity and debt securities

TISA's holdings in equity and debt securities can be separated into three categories:

- **Quoted securities:** Equity securities that are listed on a public exchange;
- **Unquoted securities:** Private equity securities that are not freely traded; and
- **Government debt securities:** Made up of investments in Treasury and Central Bank Bills, and Inscribed stock (refer to Section 6.4.2).

The majority of TISA's financial assets are held by TISA and TISA Insurance as part of their normal operations. TISA Investments holds the Company's unquoted securities, while government debt securities are held by both TISA Bank and TISA.

Following the Proposed Demutualisation, all quoted securities currently held by TISA will be transferred to TISA Investments, and all government debt securities will be transferred to TISA Bank. TISA Insurance will retain its existing equity security holdings to support the continuation of its insurance operations.

The majority of the value of TISA's financial assets is held within BSP Financial Group Limited ('BSP') and Credit Corp shares.

TISA Investments currently holds TISA's majority interest in TISA Insurance and will continue to do so following the Proposed Demutualisation.

Table 5.4 below provides a summary of TISA's financial assets.

Table 5.4: TISA's investments in equity and debt securities

Asset	Holding Entity	Fair value at 31 Dec 2024 (K000's)	Fair value at 30 June 2025 (K000's)	Fair value at 24 Feb 2026 (K000's)
Quoted securities				
BSP Financial Group Limited	TISA / TISA Insurance [1]	60,762	70,227	76,334
Credit Corporation (PNG) Limited	TISA / TISA Insurance [2]	159,234	271,877	274,236
Kina Asset Management Limited	TISA Insurance	3,145	3,235	3,522
City Pharmacy Limited	TISA Insurance	518	488	480
Kina Securities Limited	TISA Insurance	2,400	-	-
Fiji TV Ltd	TISA Insurance	200	200	184
Total quoted securities		**226,258**	**346,026**	**354,756**
Unquoted securities				
PNG Air[3]	TISA Investments	840	840	140
Credit and Data Bureau limited	TISA Investments	33	33	33
Total unquoted securities		**873**	**873**	**173**
Government debt securities				
Treasury and central bank bills	TISA / TISA Bank	53,924	53,924	53,924
Inscribed stock	TISA	7,000	7,000	7,000
Net premium (discount) on inscribed stock	TISA	150	150	150
Total government debt securities		**61,074**	**61,074**	**61,074**
Total financial asset value		**288,205**	**407,974**	**416,003**

Source: *Management, BDOCF analysis*

1 At 31 December 2025, TISA Society held K31.5 million of TISA's total holding in BSP shares, and TISA Insurance held the other K44.9 million. TISA Society holds ~1.3 million BSP shares, and TISA Insurance holds ~1.8 million.

2 At 31 December 2025, TISA Society held K269.4 million of TISA's total holding in Credit Corp shares, and TISA Insurance held the other K4.9 million. TISA Society holds ~57.9 million Credit Corp shares, and TISA Insurance holds 1.1 million.

3 PNG Air recently undertook a K29.8 million capital raise in September 2025 at an issue price of K0.02 per share. PNG Air shares are listed on the PNGX and prior to the recent capital raise were not actively traded. Accordingly, TISA's investment in PNG Air shares has been updated to reflect the most recent price support,.

5.3 Historical financial information of TISA

This section sets out the historical financial information of TISA. As this Report contains only summarised historical financial information, we recommend that any user of this Report read and understand the additional notes and financial information contained in TISA's annual reports, including the full statements of profit or loss and other comprehensive income, statements of financial position and statements of cash flows.

TISA's financial statements have been audited by KPMG (FY22 and FY23) and EY (FY24). Both auditors have stated their view that the financial reports of TISA are in accordance with the *Savings and Loan Societies Act* and the *Companies Act*, including:

- Giving a true and fair view of the Company's financial position; and
- Complying with International Financial Reporting Standards.

BDOCF has not performed any audit or review of any type on TISA's historical financial information, and we make no statement as to the accuracy of the information provided. However, we have no reason to believe that any of the information provided is false or misleading.

All currency figures in the following sections are stated in PNG Kina where not specified otherwise.

5.3.1 Summary

In FY24, TISA recorded a net profit of K22.0 million, net cash inflows of K8.7 million, and net assets of K585.4 million. After consistent profits, TISA's retained earnings have grown to K435.1 million, and the Company holds a general reserve of K33.5 million and an additional interest reserve of K89.6 million at the reporting date of 31 December 2024.

In each of its last three annual reports, TISA restated the prior year's figures. Accordingly, the figures below are sourced from the subsequent year's restated accounts.

For completeness, June 2025 Management accounts were not available in a format consistent with prior reporting periods. Accordingly, consolidated line items have been provided in the absence of consistent account line tems.

5.3.2 Statements of profit or loss and other comprehensive income

Table 5.5 summarises the Consolidated Statement of Profit or Loss and Other Comprehensive Income of TISA for the 12-month periods ended 31 December 2022, 2023, and 2024 as well as management accounts for the 12-month period ending 31 December 2025.

Table 5.5: TISA statement of profit or loss and other comprehensive income

K000's	Ref	Year ended 31 Dec 2022 (Audited)	Year ended 31 Dec 2023 (Audited)	Year ended 31 Dec 2024 (Audited)	Year ended 31 Dec 2025 (Management)
Interest and similar income		88,108	100,044	103,180	91,636
Interest expense		(11,688)	(13,549)	(15,691)	(14,533)
Net interest income	A	**76,420**	**86,496**	**87,489**	**77,103**
Insurance revenue		86,320	136,031	162,304	-
Insurance service expenses		(48,012)	(73,664)	(302,190)	-
Insurance service result	B	**38,308**	**62,367**	**(139,886)**	**9,362**
Net reinsurance result	B	(14,451)	(28,198)	115,977	-
Rental and other related income		5,534	8,503	11,408	11,430
Dividend income	C	36,385	18,921	18,706	20,105
Change in fair value of financial assets	D	10,394	11,028	59,970	125,492
Change in fair value of investment properties		-	(3,565)	(9,205)	-
Share of income (net of tax) of equity accounted investee	E	1,196	-	-	-
Gain on bargain purchase price	E	216	-	-	-
Re-measurement to fair value of pre-existing equity interest	E	6,215	-	-	-
Other income		9,333	9,502	6,871	8,692
Total other income		**54,821**	**16,191**	**203,727**	**165,719**
Total income		**169,550**	**165,053**	**151,331**	**252,184**
Impairment losses on loans		(6,435)	(21,627)	(29,654)	(23,976)
Operating expenses	F	(81,690)	(90,447)	(106,325)	(165,672)
Profit from operation		**81,425**	**52,979**	**15,351**	**62,537**
Income tax benefit/expense		(4,920)	(2,371)	7,344	(5,292)
Profit post taxation		**76,505**	**50,608**	**22,695**	**57,245**
Other comprehensive income					-
Foreign currency translation reserve		2,830	72	(724)	-
Asset revaluation gains (losses)		-	(503)	-	-
Total comprehensive income after tax		**79,335**	**50,177**	**21,971**	**57,245**
Attributable to members of TISA		76,493	45,640	31,741	-
Attributable to non-controlling interests	G	2,842	4,537	(9,769)	-
Net profit (loss)		**79,335**	**50,177**	**21,971**	**57,245**

Source: *TISA annual reports FY23-FY24, Management, BDOCF analysis*

Notes to Table 5.5

A	▶ Net interest income has grown from K76.4 million to K87.5 million in FY24 from growth in membership numbers and an expansion of TISA's loan operations. ▶ Net interest income subsequently decreased in FY25 as interest income declined while interest expense remained broadly in line with prior years
B	▶ In 2022, TISA acquired a controlling interest in TISA Insurance, and consolidated TISA Insurance into its financial statements for the first time. Through geographical and product expansion, as well as acquiring Tower Insurance Vanuatu, TISA Insurance has experienced significant revenue growth since FY22. ▶ In FY24, insurance service expenses rose sharply to K302.2 million, up from K73.7 million in FY23. This increase is understood to be primarily driven by a severe earthquake that struck Port Vila, Vanuatu in December 2024, leading to a significant rise in insurance claims. ▶ The corresponding spike in net reinsurance result during FY24 reflects TISA Insurance's utilisation of its reinsurance contracts to cover the surge in claims arising from the Vanuatu earthquake. ▶ For completeness, a split between insurance revenue and expenses was not made available for FY25 period. We note that TISA Insurance turned a profit after recovering from mass payouts following the earthquake.
C	▶ Dividend income decreased from K36.4 million in FY22 to K18.9 million in FY23 due to the disposal of K3.9 million in BSP shares. Dividend income remained consistent through FY24 (K18.7 million) and saw marginal growth in FY25 (K20.1 million).
D	▶ FY24 and FY25 gains from the change in fair value of financial assets is primarily driven by significant increases in the value of Credit Corporation and BSP shares.

E	▸ Share of income of equity accounted investee reported in FY22 reflects the income derived from the non-controlling interest in TISA Insurance. The income from TISA Insurance has been consolidated within TISA for FY23. ▸ Following the acquisition of TISA Insurance, the fair value assessment of the net identifiable assets resulted in a gain on bargain purchase price K0.2 million and an increase in the valuation of the pre-existing equity interest held by TISA of K6.2 million.
F	▸ Operating expenses have steadily increased between FY22 (K81.7 million) and FY24 (K106.3 million), and saw a step-up in FY25 (K165.7 million). ▸ We understand that the spike in operating expenses in FY25 is primarily attributable to: • An increase in staffing costs, due the expansion of TISA Bank and hiring of key management personnel; and • Consulting and professional services fees related to the Proposed Demutualisation (forecasted to reach K8.2 million in FY25).
G	▸ The profit attributable to non-controlling interests reflects the 43.88% minority interest in TISA Insurance not held by TISA after its consolidation in FY23.

Source: BDOCF analysis

5.3.3 Statements of financial position

Table 5.6 summarises the Consolidated Statement of Financial Position of TISA for the 12-month periods ended 31 December 2022, 2023, and 2024 as well as management accounts for the 12-month period ending 31 December 2025.

Table 5.6: TISA's summarised consolidated statements of financial position

K000's	Ref	As at 31 Dec 2022 (Audited)	As at 31 Dec 2023 (Audited)	As at 31 Dec 2024 (Audited)	As at 31 December 2025 (Management)
Current assets					
Cash and cash equivalents	A	184,522	189,341	198,033	223,489
Interest bearing deposits		19,007	19,900	18,968	-
Loans receivable	B	-	26,355	38,185	-
Rental and other receivables		28,028	22,742	27,616	108,060[1]
Reinsurance contract assets	C	6,218	-	138,930	50,000
Current tax assets		4,981	3,908	15,021	-
Total current assets		**242,756**	**262,245**	**436,753**	**381,550**
Non-current assets					-
Loans receivable	B	342,179	370,915	368,928	416,037
Allowance for impairment losses	B	(16,240)	(37,774)	(63,149)	(79,615)
Investment properties	D	88,845	88,586	170,147	171,425
Property and Equipment	D	48,791	43,475	102,461	156,896
Capital work in progress	D	140,347	159,349	39,149	19,858
Intangible assets	E	2,804	2,843	35,307	-
Deferred tax assets		1,748	6,401	12,380	14,568
Other financial assets	F	253,350	241,298	288,346	460,256
Total assets		**1,104,581**	**1,137,337**	**1,390,322**	**1,540,975**
Liabilities					
Savings and deposits	G	461,068	449,141	453,029	627,904
Insurance contract liabilities	H	51,530	58,512	273,855	117,119
Creditors and accruals		14,373	20,237	51,643	-
Lease liabilities		10,862	7,240	18,388	15,122
Employee provisions		8,173	7,167	8,037	14,174
Reinsurance contract liabilities		19,721	6,957	-	-
Other liabilities		-	-	-	145,039
Total Liabilities		**565,727**	**549,255**	**804,952**	**919,358**
Net assets		**538,854**	**588,082**	**585,370**	**621,617**
Equity					
Members capital	I	62	66	66	66
Asset revaluation reserve		5,604	5,101	5,101	4,579
General reserve	J	33,534	33,534	33,534	33,525
Currency translation reserve		(39)	54	(353)	-
Additional interest reserve	K	83,043	83,043	89,579	65,040
Retained earnings		389,096	434,194	435,120	500,147
Equity attributable to TISA Members		**511,300**	**555,991**	**563,049**	**603,356**
Non-controlling interest	L	27,554	32,091	22,322	18,261

K000's	Ref	As at 31 Dec 2022 (Audited)	As at 31 Dec 2023 (Audited)	As at 31 Dec 2024 (Audited)	As at 31 December 2025 (Management)
Total equity		**538,854**	**588,082**	**585,370**	**621,617**

Source: TISA annual reports FY23-FY24, Management, BDOCF analysis

1 We note that we received rental and other receivables is presented as a consolidation of multiple accounts as at 31 December 2025 as opposed to split into separate accounts as in previous audited financial statements.

Notes to Table 5.6

A	▸ Cash and cash equivalents includes interest-bearing deposits with terms of less than three months. TISA adheres to a prudent capital management policy and, as such, maintains a relatively large cash buffer.
B	▸ TISA's loans receivable balance has increased steadily across the observed period, from K342.2 million in FY22, to K470.0 million as at 30 June 2025. We understand that this is due to the expansion of TISA's lending base, and the commencement of operations at TISA Bank. ▸ For completeness, we note that a split between current and non-current loans receivable is unavailable for FY22 and FY25.
C	▸ K138.9 million in reinsurance contract assets in FY24 relate to reinsurance coverage over claims following the December 2024 Vanuatu earthquake. ▸ We understand that as TISA Insurance continues to pay out claims during FY25, reinsurance contract assets has decreased.
D	▸ TISA has engaged independent property valuation firms to determine the fair value of TISA Property's investment properties in each of the years in the observed period. ▸ The value of investment properties increased from K88.6 million in FY23 to K170.1 million, primarily stemming from a reclassification of K111.6 million of the fair value of land adjacent to TISA, Waigani from capital work in progress to investment properties. Its carrying value is K125.0 million as at 31 December 2024. ▸ We note TISA also reclassified the fair value of TISA Haus, Waigani (K31.2 million) from investment properties to property and equipment during FY24, which is the primary reason for the increase in property and equipment from K43.5 million to K102.4 million in FY24.
E	▸ TISA's intangible asset balance relates primarily to its investment in banking software.
F	▸ Other financial assets increased significantly between FY23 and FY24, driven by increases in the fair value of TISA's holdings in BSP and Credit Corp. These equity holdings continued to increase in FY25. ▸ Other financial assets also includes TISA's holdings of government debt securities.
G	▸ As at 30 June 2025, savings and deposits had decreased to K436.7 million, from K453.0 million at 31 December 2024. ▸ Savings and deposits balance increased materially in FY25 as TISA bank realised commitments for significant term deposit amounts as operations began to ramp up.
H	▸ Insurance contract liabilities spike in FY24 after remaining stable through FY22 and FY23, due to the increase in claims driven by the Vanuatu earthquake.
I	▸ The Members Capital balance is representative of the notional K1 fee paid to become a Member of TISA.
J	▸ The general reserve account was established to comply with the *Savings and Loan Societies (Amendment) Act 1995*, which required a fund of 10% of total liabilities to be maintained as a buffer against financial risks. When the act was repealed and replaced with the *Savings and Loan Societies Act*, the general reserve buffer was no longer required. ▸ The buffer was maintained at 10% of 2019 total liabilities, and received no additional transfers nor deductions. This balance will be dissolved as the Proposed Demutualisation is enacted and allocated elsewhere.
K	▸ TISA maintained an additional interest reserve balance in the range of K83.0 million to K89.6 million between FY22 and FY24. ▸ In FY23, the Board credited an additional 7.0% interest of member's general savings balance (K24.3 million) to member's transaction accounts. The same 7.0% contribution has been proposed for FY24, based on general savings balance as at 31 December 2024. The contribution totalled K24.5 million.
L	▸ Non-controlling interest is representative of TISA's majority stake in TISA Insurance.

Source: BDOCF analysis

5.3.4 Statements of cash flows

Table 5.7 summarises the Consolidated Statement of Cash Flows of TISA for the 12-month periods ended 31 December 2022, 2023 and 2024.

Table 5.7: TISA's summarised consolidated statements of cash flows

K000's	Ref	Year ended 31 Dec 2022 (Audited)	Year ended 31 Dec 2023 (Audited)	Year ended 31 Dec 2024 (Audited)
Cash flows from operating activities				

K000's	Ref	Year ended 31 Dec 2022 (Audited)	Year ended 31 Dec 2023 (Audited)	Year ended 31 Dec 2024 (Audited)
Interest received on loans		84,706	99,454	98,813
Premiums received		81,535	147,992	185,094
Commission payments		-	(24,010)	(25,990)
Claims paid		(54,137)	(65,375)	(66,083)
Attributable expenses		-	(4,442)	(14,503)
Reinsurance recoveries		-	6,182	6,379
Reinsurance expenses		(14,272)	(20,875)	(40,522)
Reinsurance commissions		-	963	-
Net rental and other income		14,866	8,503	6,534
Interest on IBDs and debt securities		3,402	4,266	3,364
Dividends received		36,385	19,835	18,706
Net loans to members		(11,164)	(55,183)	(34,362)
Net savings deposited / (withdrawn)		24,979	24,833	4,158
Interest paid		(11,688)	(13,549)	(15,691)
Payments to employees and suppliers		(79,107)	(97,423)	(47,399)
Income taxes paid		(13,432)	(6,196)	(9,749)
Net cash flow from / (used in) operating activities	A	**62,072**	**24,973**	**68,749**
Cash flows from investing activities		-	-	-
Change in interest bearing deposits		5,550	(892)	931
Net sale / (Purchase) of government securities		93,830	21,387	22,152
Net cash on other financial assets		70,257	39,901	(9,229)
Acquisition of TISA Insurance subsidiary net of cash	B	-	-	646
Payments for investment properties, and PP&E		(72,209)	(45,763)	(46,991)
Net cash flow from / (used in) investing activities	C	**97,428**	**14,633**	**(32,491)**
Cash flows from financing activities		-	-	-
Lease payments		(4,609)	(4,565)	(3,273)
Additional interest payment		-	(30,222)	(24,293)
Net cash flow from / (used in) financing activities	D	**(4,609)**	**(34,787)**	**(27,566)**
Net increase in cash and cash equivalents held		**154,891**	**4,819**	**8,692**
Cash and cash equivalents at beginning of year		29,631	184,522	189,341
Cash and cash equivalents at end of financial year		**184,522**	**189,341**	**198,033**

Source: *TISA annual reports FY23-FY24, BDOCF analysis*

Notes to Table 5.7

A

- Net cash flow from operations increased from K62.1 million in FY21 to K68.7 million in FY24. Having regard to the increase and TISA's statement of cash flows, we note:
  - Increase in inflows from interest received on loans increased from K76.1 million in FY21 to K99.5 million in FY23 and K98.8 million in FY24, reflective of the growth of TISA's loan operations;
  - Increase in inflows due to insurance premiums received following the TISA Insurance acquisition, from K81.5 million in FY22 and an increase to K185.1 million in FY24. Insurance items were not recognised in prior periods;
  - Increase in outflows due to insurance claims paid following the TISA Insurance acquisition, from K54.1 million in FY22 to K65.4 million in FY23 and K66.1 million in FY24.
  - Decrease in inflows from dividends received from K33.1 million in FY21 to an inflow of K19.8 million in FY23 following the sale of BSP shares; and
  - Payments to employees and suppliers were significantly higher in FY23 (K97.4 million), largely due to contractor payments related to the construction of the TISA Rua property. This expense reduced operating cash flows substantially in FY23. As the expense did not recur in FY24, operating cash flows increased to K68.7 million.

B

- In August 2024, TISA Insurance, acquired 100% of the shares of Tower Insurance Vanuatu Limited. The transaction involved a cash consideration of K4.4 million, while TISA Insurance received K5.1 million in cash and cash equivalents through the acquisition, thus resulting in an investing cash inflow of K646,000.

C

- Net cash flow from investing activities has varied significantly between FY21 and FY24, due to the following factors:

	• FY22 saw a spike in net investing cash flows, driven by a sale of government securities totalling K93.8 million during the year. • Net investing cash flows decreased to K14.6 million in FY23, due to a decrease in the net sale of government securities (K21.4 million), and net cash on other financial assets (K39.9 million). • Investing cash flows decreased further to a K32.5 million outflow in FY24, primarily due to a cash outflow from other financial assets of K9.2 million.
D	▸ Net cash outflows from financing activities increased from K3.1 million in FY21, to K34.8 million in FY23 and K27.6 million FY24. This is due to the additional interest payments TISA made to Members in these years.

Source: BDOCF analysis

6.0 Industry Overview

6.1 Overview

TISA operates in Papua New Guinea's financial services industry, encompassing banking, insurance, and property investment. The information in this section has been compiled from a range of publicly available sources and industry reports, together with information taken from various databases to which we subscribe. BDOCF has not independently verified the information, and we recommend readers refer to the original sources for details. This overview is intended as a guide only.

6.2 Overview of Papua New Guinea

6.2.1 Overview

Papua New Guinea is an island nation located in the South Pacific Ocean, with a population of approximately 10.5 million (2024)[5]. The country is divided into 22 regions, and an estimated 85% of the population lives rurally[6]. We note Papua New Guinea's:

- GDP was K128.4 billion (USD31.7 billion) in 2024[7,8];
- Key exports are natural resources, agriculture, forestry and fisheries; and
- Major trade partners are Australia, China, Japan and Singapore.

PNG has operated as a constitutional monarchy with a parliamentary democracy since gaining independence in 1975. A prime minister is elected every five years, by the national parliament. The political system is fragmented, as no single party has ever won a majority; instead, governance relies on coalitions formed by smaller parties which can be unstable[9].

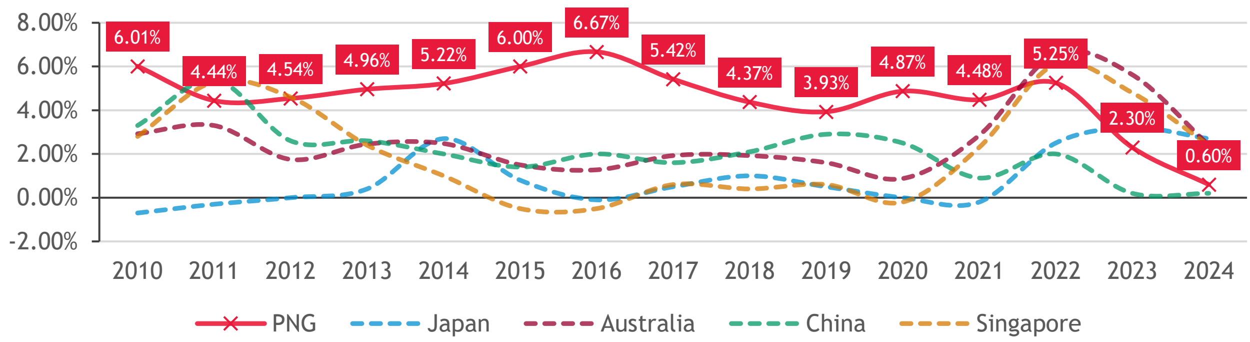
6.2.2 Inflation and the Kina Facility Rate

Papua New Guinea has historically experienced volatile inflation, peaking at 23.20% in 1974 and reaching a low of 0.90% in 2007[10]. This volatility is largely attributed to the country's reliance on trade, making it highly susceptible to fluctuations in global commodity prices and major currencies. The BPNG implements monetary policy through the Kina Facility Rate ('KFR') to stabilise inflation.

Since 2010, inflation has remained relatively stable, averaging approximately 4.6% between 2010 and 2024. The KFR has been steadily increased from 2.00% in April 2024, and currently sits at 4.00% (June 2025)[11].

Figure 6.1 compares PNG's historical inflation rate to that of major foreign trade partners between 2010 and 2024.

Figure 6.1: Papua New Guinea inflation compared to major trade partners



Source: World Bank, U.S Bureau of Labor Statistics, Australian Bureau of Statistics, department of statistics Singapore, national bureau of statistics of China, statistics bureau of Japan, BDOCF analysis

1 Australian inflation is represented by an average of four quarterly inflation reports per year

2 All other country's inflation is annual data provided by the respective statistics bureau of each country

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[5] *United Nations Population Fund: https://www.unfpa.org/data/world-population/PG*

[6] *Trading Economics - Papua New Guinea - Rural Population: https://tradingeconomics.com/papua-new-guinea/rural-population-percent-of-total-population-wb-data.html*

[7] *IMF: https://www.imf.org/external/datamapper/NGDPD@WEO/PNG?zoom=PNG&highlight=PNG*

[8] *The IMF presents GDP Data in USD. To calculate 2024 GDP in PGK, we have applied the USD/PGK FX rate as at 31 December 2024 (4.0551)*

[9] *Australian Department of Foreign Affairs and Trade ('DFAT'): https://www.dfat.gov.au/geo/papua-new-guinea/papua-new-guinea-country-brief*

[10] *World Bank Group : https://data.worldbank.org/indicator/FP.CPI.TOTL.ZG?locations=PG&utm*

[11] *BPNG: https://www.bankpng.gov.pg/kina-facility-rates*

6.2.3 Business activity[12]

There is a small number of large businesses operating in PNG, mainly in the mining & resources sector. Most businesses can be defined as Micro, Small and Medium Enterprises ('MSMEs'). A 2024 survey of 2,600 MSME's returned numerous statistics that showcase PNG's business landscape:

- 85% of MSME's operated as sole traders
- 50% of businesses are categorised as 'informal', 74% of which operate in the retail industry
- 56% of 'formal' MSME's had difficulties accessing loans and/or credit
- 80% of 'formal' MSME's named government corruption as an obstacle to growth.

A top priority for MSME's in the survey was better access to finance.

6.2.4 Economic outlook[13]

Papua New Guinea's economic outlook remains positive in the coming years. Real GDP is projected to grow 4.7% in 2025, driven by increased government spending, favourable commodity prices, and the resumption of operations at the Porgera gold mine. Non-mining GDP is expected to expand by 5.2%, a further positive sign signalling broader economic development[14]. Sovereign debt is projected to rise to K64.9 billion as the government pursues a budget surplus by 2027 and a 3% surplus by 2030. Inflation is forecasted to reach 4.5% in 2025, while the KFR is expected to remain at 4.00%.

6.3 Financial sector overview

6.3.1 Banking structures

PNG's banking sector is made up of three main types of institutions: commercial banks, licensed financial institutions ('LFI's), and licensed savings and loan societies. This tiered structure reflects an effort to cater to different market segments while managing regulatory exposure. Large banks handle the bulk of formal sector needs, LFIs serve niche or higher-risk lending markets, and S&Ls support small savers and specific groups.

6.3.2 Market size & distribution[15]

As at March 2024, the total assets of PNG's financial sector were worth approximately K80 billion, equivalent to ~70% of national GDP. At that time, four commercial banks accounted for approximately 67% of the sector's assets, with superannuation funds comprising a further 23%. The remaining 10% was held by smaller credit and microfinance institutions.

6.3.3 Commercial banks

Commercial banks in PNG are the largest financial institutions and offer the full suite of banking services, including cheque accounts, lending, deposit-taking, foreign exchange, card issuance, and participation in the national payments and clearing systems. They are licensed under the *Banks and Financial Institutions Act*, which allows them to operate as full-service banks. Their larger scale, broader service offering, and access to the payment infrastructure make them central to PNG's financial system.

PNG's commercial banking sector is comprised of five domestically owned institutions (being BSP, Kina Bank, TISA Bank, National Banking Corporation Ltd ('NBC') and Credit Bank PNG), as well as the local subsidiaries of Australian banks Westpac and ANZ[16]. BSP is the dominant player, holding an estimated market share of ~65%, followed by Kina Bank at around 15%. Westpac and ANZ each hold a market share of approximately 10%[17]. As recent entrants to the market, TISA Bank, NBC, and Credit Bank currently maintain relatively minimal market shares[18].

6.3.4 Licensed financial institutions

LFIs are also governed by the *Banks and Financial Institutions Act*, but operate under a restricted licence. They are typically smaller institutions such as finance companies (focusing on motor vehicle loans, or equipment financing) and microfinance institutions that target lower income clientele. Unlike commercial banks, LFIs cannot offer cheque accounts or participate directly in the Kina Automated Payment System ('KATS'), meaning they rely on partnership with commercial banks for transaction clearing. They also typically cannot deal in foreign currency or provide trade finance. This tier exists to foster financial services by entities that may not meet the full requirements of a bank license or that choose to operate in a narrower niche.

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[12] *Australian DFAT MSME Survey 2024: https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fwww.dfat.gov.au%2Fsites%2Fdefault%2Ffiles%2Fpng-micro-sme-sector-study-detailed-findings-report.docx&wdOrigin=BROWSELINK*

[13] *KPMG PNG: https://assets.kpmg.com/content/dam/kpmg/pg/pdf/insights/kundu-2021/KPMG%20PNG%20BUDGET%202025.pdf*

[14] *PwC PNG: https://www.pwc.com/pg/en/publications/National_Budget_Commentary/2025-budget-commentary/2025%20Budget%20Commentary.pdf*

[15] *IMF: https://doi.org/10.5089/9798400294662.019*

[16] *PWC PNG: https://www.pwc.com/pg/en/industries/industries-financial-services.html#:~:text=Banking,and%20locally-owned%20Kina%20Bank.*

[17] *TISA CEO interview: https://www.businessadvantagepng.com/tisa-group-ceo-on-plans-to-reach-papua-new-guineas-under-banked-communities/*

[18] *BPNG, Griffith University: https://www.bankpng.gov.pg/sites/default/files/2024-09/JPRWP11-web.pdf*

As of March 2024, there were 14 LFIs active in PNG, holding about 3% of total financial sector assets (K2.4 billion). Notable LFIs include Credit Corporation (prior to launching CreditBank, it was a finance company lending mainly for asset purchases), Finance Corporation Limited, and Moni Plus. Additionally, Nationwide Microbank is an important LFI that provides savings accounts and micro-loans, and has pioneered digital financial inclusion in rural areas. LFIs serve customers that might be overlooked by banks due to higher credit risk or remote location, and often charge higher interest rates to compensate.

LFIs are supervised by BPNG similarly to banks but with tailored prudential standards given their smaller scope. The presence of LFIs is growing slowly. Their share is still small, but initiatives like microfinance aim to bridge the gap to the unbanked until they can be served by larger institutions.

6.3.5 Savings and loan societies

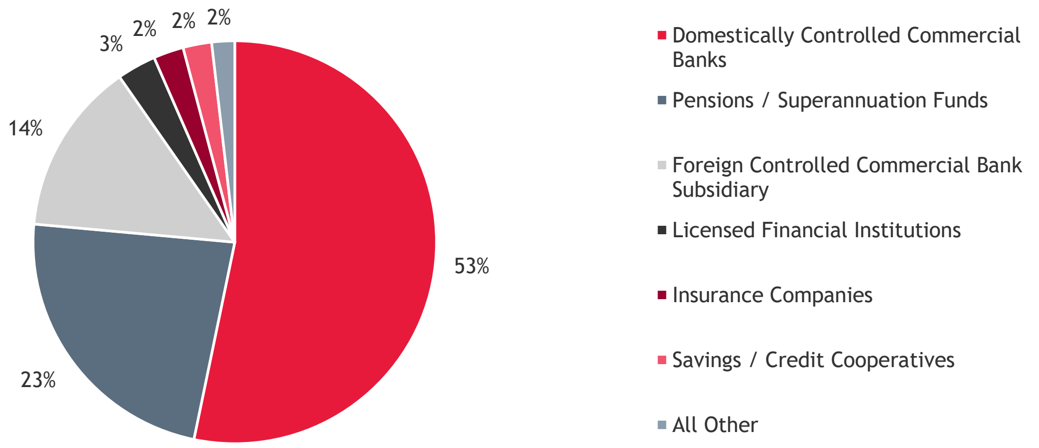
There are currently 18 licensed S&L Societies in PNG, comprising roughly 2% of financial sector assets (K1.6 billion) [25]. SLSs operate as cooperative credit unions: each is owned by its members (usually individuals connected by a common bond such as an employer or province). Members pool savings and can take out loans from that pool. By law, an S&L Society can only take deposits from, and lend to, its own members, not the general public. Typical S&L Society products are savings accounts, and small personal loans, usually unsecured but capped relative to the member's savings and salary.

6.3.6 Alternative financing[19,20]

Given PNG's highly concentrated banking sector and the general population's difficulty in accessing credit facilities, Microfinance Institutions ('MFI's) and savings/credit cooperatives play a crucial role by offering personal loans to individuals and micro-loans to small businesses. Numerous smaller institutions operate in PNG, providing financial access to rural populations, particularly agricultural and informal SMEs. However, these businesses face high operational costs and default rates, making it difficult for them to compete with larger banks.

Figure 6.3 below displays the asset distribution between financial institutions in the financial sector in PNG as of March 2024.

Figure 6.3: PNG financial sector asset distribution (2024)



Source: International Monetary Fund, BDOCF analysis

6.3.7 Private sector credit[21]

Access to credit remains a persistent challenge for businesses in PNG, despite excess liquidity. Between 1994 and 2017, private sector credit as a percentage of GDP ranged from 13% to 25%, lagging behind other Pacific Island nations. Commercial banks in PNG lend less to the general population, perceiving them as higher-risk borrowers, and instead prioritise lending to the government through various BPNG-issued products. The lack of an effective credit reporting system makes assessing borrower credit risk difficult, further limiting SMEs' access to financing. SMEs, which make up the majority of businesses in PNG, often lack the necessary collateral to secure loans.

6.3.8 Financial inclusion

Approximately 85% of PNG's population lives rurally [22], which is a key reason that 75% of the population remains 'unbanked'[23]. Most of the population instead participates in the 'informal economy', with financing options coming

[19] *BPNG, Griffith University: https://www.bankpng.gov.pg/sites/default/files/2024-09/JPRWP11-web.pdf*

[20] *International Monetary Fund: https://doi.org/10.5089/9798400294662.019*

[21] *BPNG, Griffith University: https://www.bankpng.gov.pg/sites/default/files/2024-09/JPRWP11-web.pdf*

[22] *World Bank Group: https://www.worldbank.org/en/country/png/overview*

[23] *International Monetary Fund: https://doi.org/10.5089/9798400294662.019*

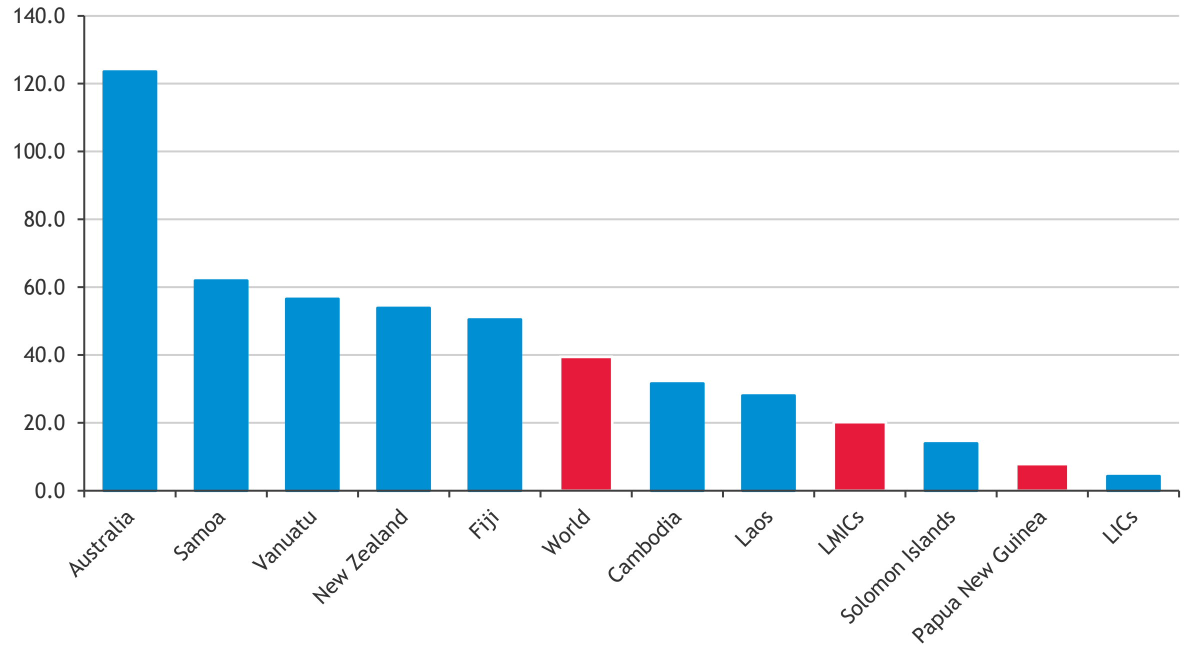
from family, friends or unregulated money lenders[24]. A lack of financial inclusion is a major hurdle to the financial sector in PNG, and overcoming it is a focus point for all companies in the industry.

To increase banking inclusion, BPNG, along with the Centre for Excellence in Financial Inclusion ('CEFI'), launched the National Financial Inclusion Strategy ('NFIS') in 2023. This program builds on previous strategies first established in 2014. To quarter four 2023, four million bank deposit accounts have been opened, along with approximately 16,100 access points, including ATMs, EFTPOS terminals, bank branches, and bank agents[25].

Key financial institutions in PNG are also investing in new technologies to capture share of the unbanked population. BSP, TISA and Credit Corporation have all invested in core banking and digital transformation initiatives in recent years, while Kina Bank has become the first PNG bank to offer fully online banking[26].

Figure **6.4** below displays the data of a 2021 World Bank survey, of ATMs per 100,000 adults[27]. Here, PNG is compared to relevant nearby nations, the global average, and the average of Lower Middle-Income Countries ('LMICs') and Low-Income Countries ('LICs'). The IMF defines PNG as a LMIC.

Figure 6.4: ATMs per 100,000 Adults (2021)



Source: World Bank, OurWorldInData.org, BDOCF analysis

6.4 Central bank and monetary policy

6.4.1 Overview

The Bank of Papua New Guinea (i.e. BPNG) was established in 1975 as the nation's central bank. In 2000, BPNG became independent from central government through amended legislation that shielded it from direct political interference in executing monetary policy. The BPNG plays a significant role in the financial sector, issuing government securities alongside its own debt instruments. It also acts as the regulator of foreign exchange and foreign currency reserves, maintaining strict regulations over the financial sector in addition to directly intervening in the market itself.

BPNG's core roles include:

- **Monetary Policy**: Managing inflation and liquidity via instruments like the KFR, open market operations (CBBs), and reserve requirements.
- **Currency Issuance**: It has sole authority to issue the national currency (kina and toea) and manage currency in circulation.
- **Banker to Government**: BPNG facilitates government payments, and manages issuance of government debt (Treasury Bills and Bonds) in coordination with the Treasury.
- **Financial Regulation**: BPNG regulates and supervises banks, lFIs, superannuation funds, and life insurers (and likely all insurers in future). It sets prudential standards and ensures system stability.

[24] *Government of Papua New Guinea (GoPNG): https://www.thecefi.org/wp-content/uploads/2019/01/17-Jan-NFI-Policy.pdf*

[25] *PNG Centre for Excellence in Financial Inclusion (CEFI): https://devpolicy.org/the-next-chapter-in-pngs-financial-inclusion-story-20240603/*

[26] *2023 annual reports of BSP, TISA, Credit Corporation and Kina Bank*

[27] *Ourworldindata, World Bank: https://ourworldindata.org/grapher/automated-teller-machines-atms-per-100000-adults?tab=table*

- **Foreign Exchange Regulation**: BPNG oversees PNG's foreign exchange market, currency reserves, and enforces exchange controls (PNG has had FX rationing in recent years due to shortages).
- **Direct Market Intervention**: BPNG occasionally intervenes by selling or buying foreign currency to stabilise the kina, and has also intervened in government bond markets or provided temporary advances to the state in extraordinary situations.

6.4.2 Government securities[28,29]

The BPNG manages debt issuance on behalf of the PNG government through Treasury Bills ('T-Bills') and Inscribed Stock ('IS'). T-Bills are short-term securities (maturities under one year), while IS is a long-term instrument (maturities 3–17 years). Both offer coupon rates of approximately 9% p.a.. T-Bills are open to the public as a short-term investment option, whereas IS is restricted to registered bidders, including financial and non-financial institutions.

As part of its open market operations, the BPNG issues Central Bank Bills ('CBBs') via weekly auctions[30]. The bills have maturities of less than six months, and are exclusively available to commercial banks and authorised deposit-taking institutions. As of June 2025, the CBB rate was 4.00%[31]

BPNG also operates an over-the-counter tap facility as a monetary policy tool, offering Treasury Bill Tap ('T-Bill Tap') and Treasury Bond Tap ('T-Bond Tap')[32]. These short-term instruments require a minimum investment of K5,000 and are open to the public. T-Bill Tap is a discount bill (maturity under one year) that accrues daily interest until reaching face value. T-Bond Tap is a fixed-income bond with semi-annual coupon payments over two years. This facility aims to enhance market accessibility and broaden participation in PNG's financial sector.

6.4.3 Foreign exchange & reserve management[33,34]

BPNG regulates foreign exchange ('FX') market operations by maintaining a list of Authorised Foreign Exchange Dealers ('AFEDs'). AFEDs must comply with strict regulatory checks and obtain approval for large FX transactions. AFEDs must also report daily market turnover, trading positions and foreign exchange returns.

The BPNG is also responsible for management of foreign reserves and follows the Foreign Reserve Management Policy. This policy includes liquidity, asset and risk management, where a significant portion of PNG's foreign reserves are allocated to highly-liquid and low-risk assets such as US T-bills and Australian government bonds.

Foreign currency shortages are an issue PNG has grappled with since 2015[35], which has slowed investment and increased prices domestically. BPNG aims to manage reserves with direct market intervention, holding monthly FX auctions. At these auctions, commercial banks bid for allocation of foreign currencies, some of which can be taken by the BPNG itself. BPNG also maintains strict import/export policies, including the repatriation of export earnings within 3 months of shipment.

6.4.4 Prudential Standards and capital adequacy[36]

Banking regulation and capital adequacy is governed in PNG through two distinct regulatory frameworks: one applying to licensed banks under the *Banks and Financial Institutional Act, along with the* prudential standards ('PS's') of the BPNG, and another applying to savings and loan societies under the *Savings and Loan Societies Act*.

The most critical PS's to commercial banks and licensed financial institutions include:

- **PS 1/2003 Capital Adequacy:** Ensures banks hold sufficient capital to absorb losses, protecting depositors and preventing bank failures;
- **PS 2/2003 Asset Classification and Provisioning:** Ensures accurate assessment and timely recognition of loan impairment and provisions against loan losses;
- **BPS 320 Compliance Function Requirements:** Requires institutions to establish effective compliance frameworks to manage and report regulatory risks; and
- **PS 253 Customer Due Diligence:** Helps to prevent money laundering and financial crime, and to maintain alignment with global anti money laundering standards.

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[28] *BPNG: https://www.bankpng.gov.pg/financial-markets/domestic-money-and-bond-market-operations-and-development/inscribed-stock/government-inscribed-stock*
[29] *BPNG: https://www.bankpng.gov.pg/financial-markets/domestic-money-and-bond-market-operations-and-development/government-treasury-bills/government-treasury-bills*
[30] *BPNG: https://www.bankpng.gov.pg/financial-markets/domestic-money-and-bond-market-operations-and-development/central-bank-bills/central-bank-bills*
[31] *BPNG: https://www.bankpng.gov.pg/financial-markets/domestic-money-and-bond-market-operations-and-development/central-bank-bills/central-bank-bills*
[32] *BPNG: https://www.bankpng.gov.pg/financial-markets/domestic-money-and-bond-market-operations-and-development/bpng-bill-bpng-bond/treasury-bill-and-treasury-bond-tap-facility*
[33] *BPNG: https://www.bankpng.gov.pg/sites/default/files/2024-10/Final-FEC-Manual-for-Decemebr-2023-13122023.pdf*
[34] *BPNG: https://www.bankpng.gov.pg/sites/default/files/2024-10/FX-Operational-Guidelines-December-2023.pdf*
[35] *BPNG Press Release: https://www.bis.org/review/r240527n.htm*
[36] *BPNG: https://www.bankpng.gov.pg/financial-stability/about-financial-stability/authorised-deposit-taking-institutions*

Under PS 1/2003, commercial banks and licensed financial institutions must keep the following minimum requirements:

- **Leverage Capital ratio:** Defined as Tier 1 Capital divided by Total assets, a minimum of 6%
- **Tier 1 Risk-Based Capital:** Defined as Tier 1 Capital divided by total risk-weighted assets, a minimum of 8%
- **Total Risk-Based Capital:** Defined as total capital divided by total risk-weighted assets, a minimum of 12%
- **Restrictions on cash dividends and redemption of capital shares:** Dividends and redemptions must not occur if the resulting reductions in the capital ratios are below the minimum capital ratios stated above.

S&L's are governed under a separate regime to recognise their different nature. S&Ls are member owned, and their objectives are to receive savings and make loans for their members only, not provide financial services to the wider public. While BPNG still oversees these organisations, it is through the *Savings and Loan Societies Act*, which provides a framework which recognises the different risk profile and operational model that S&Ls have.

The *Savings and Loan Societies Act* replaced the 1995 law of the same name, and for the first time, let a society demutualise by approving a member resolution to convert into a company limited by shares, then registering under the Companies Act and taking a new licence from the BPNG, so that it sits in the same prudential framework as commercial banks and other LFIs. By removing the old common-bond rule and setting out how shares can be issued, the *Savings and Loan Societies Act* gives societies access to external equity and a wider ownership base, a change industry leaders immediately highlighted as a catalyst for growth and product diversification.

The *Savings and Loan Societies Act* covers the following key areas, amongst others:

- Membership structure, limiting individual members to a single vote each;
- The restriction of deposit taking activities and loan operations to members of the society; and
- Restriction of banking-like services, where societies could not offer current accounts or engage in investment banking.

Specific to capital adequacy, the *Savings and Loan Societies Act* does not specify tier 1 or basel style ratio requirements, but rather minimum capital requirements designed to ensure capital preservation of the S&Ls members.

6.5 Insurance industry

6.5.1 Overview

The insurance market in PNG remains relatively small, accounting for approximately 2% of total financial sector assets as of March 2024.[37] This limited market size is primarily driven by low financial inclusion and household income levels. PNG regulations divide insurance in two categories, life and non-life insurance. Of the 19 operational insurance companies in PNG, four are licensed life insurance companies[38]. Non-life insurance is the dominant segment, holding 82% of the assets held by insurance companies[39]. Additionally, major banks such as BSP, Kina Bank, and ANZ offer insurance products as intermediaries.

6.5.2 Regulatory environment

Regulatory oversight for insurance in PNG is conducted by BPNG's Superannuation & Life Insurance Supervision Department (for life insurers) and by the Office of Insurance Commissioner for general insurance (though there are discussions to consolidate supervision under BPNG). Key legislation includes:

- ***Insurance Act 1995*** – Regulates all general insurers, brokers and loss adjusters in PNG. It sets the licensing process, minimum paid-up capital, statutory deposits held with the Bank of PNG, reinsurance approval rules, and a complaints tribunal. The *Insurance Act 1995* also requires any risk located in PNG to be insured with a licensed local carrier and lets BPNG step in to manage or wind up a failing insurer.
- ***Life Insurance Act 2000*** – Governs life insurers and their intermediaries. Each life product line must sit in a separate statutory fund, ring-fencing policy-holder assets from shareholder funds. The *Life Insurance Act 2000* prescribes minimum capital and solvency ratios, mandates appointed actuaries and auditors, and empowers the BPNG to issue prudential standards covering valuation, capital, governance and disclosure.
- **Prudential Standards** – Risk management, governance and minimum capital, currently being updated to align with International Financial Reporting Standard ('IFRS') 17 *Insurance Contracts*.

Capital requirements are modest by regional standards, supporting market entry, though BPNG is consulting on higher solvency buffers.

[37] *International Monetary Fund: https://doi.org/10.5089/9798400294662.019*

[38] *BPNG: https://www.bankpng.gov.pg/life-insurance-business*

[39] *International Monetary Fund: https://doi.org/10.5089/9798400294662.019*

6.5.3 Competition

The sector is small, with the IMF's Financial Access Survey recording just 11 licensed insurance corporations operating nationwide in 2022[40], a figure that has been stable since 2018. Most write general lines, while life cover is concentrated in 5 companies. Non-life insurance is the dominant segment, holding 82% of the assets held by insurance companies[41]. Compulsory motor third-party cover is provided by the state-owned Motor Vehicles Insurance Ltd[42], so rivalry is focused on property, marine and resource-sector risks[43].

6.5.4 Reinsurance

Domestic capacity is limited to Pacific Re Ltd, the country's sole local reinsurer. PNG has no domestic reinsurer of scale, so insurers cede sizeable portions offshore. Retentions are capped by solvency limits set by BPNG, which also requires placement with rated counterparties to manage catastrophe exposure. Section 37 of the *Insurance Act 1995* requires risks situated in PNG to be offered first to a licensed local insurer before they can be ceded offshore.

6.5.5 Underinsurance

Insurance penetration remains below two percent of GDP[44], according to UNDP assessments, compared with a global average around 7%[45]. UNDP's 2024 micro-insurance landscape study found that almost 90% of people in low-income countries, including PNG, still lack any formal cover, highlighting the depth of the protection gap. Geographic isolation, low financial literacy and the dominance of subsistence livelihoods limit voluntary uptake, while the absence of affordable disaster and health products exposes households and small firms to income shocks.

[40] *IMF: https://data.imf.org/en/datasets/IMF.STA:FAS*

[41] *International Monetary Fund: https://doi.org/10.5089/9798400294662.019*

[42] *Compulsory third party motor vehicles insurance industry act 2022: https://www.paclii.org/pg/legis/consol_act/ctpmviia2002665/*

[43] *PWC: https://www.pwc.com/pg/en/industries/industries-financial-services.html*

[44] *UNCDF: https://www.uncdf.org/article/1640/insuring-the-uninsurable-in-papua-new-guinea-migration*

[45] *Allianz: https://www.allianz.com/content/dam/onemarketing/azcom/Allianz_com/economic-research/publications/specials/en/2025/may/2025-05-27-global-insurance-report.pdf*

7.0 Common Valuation Methodologies

7.1 Overview

RG 111 states that an expert should use its skill and judgment to select the most appropriate methodology or methodologies in its report. The expert must have a reasonable (or tenable) basis for choosing its valuation methodologies. However, RG 111 does not prescribe which methodology should be used by the expert, but rather notes that the decision lies with the expert based on the expert's skill and judgement and after considering the unique circumstances of the securities or assets being valued.

For the purposes of this Report we have had regard to the International Valuation Standards published by the International Valuation Standards Council ('IVSC').

There are three overarching valuation methodologies described by the IVSC as follows:

- Income approach methods
- Market approach methods
- Cost approach methods.

7.2 Basis of value

The basis of valuation we have adopted is 'market value'. Market value is defined by the IVSC as:

"…the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

The valuation work set out in this Report assumes this relationship.

7.3 Income approach

7.3.1 Discounted cash flow ("DCF") method

The DCF method is widely used in cases where future cash flows, while uncertain, can be reasonably forecast based on available data, industry trends, or strategic projections. This approach is particularly applicable when an asset or business may experience initial cash outflows (e.g. during development or expansion phases) with anticipated positive cash flows in later years as it matures or achieves commercialisation. The DCF method captures these varying cash flow profiles by discounting projected future cash flows to present value, enabling a comprehensive valuation of entities with both stable and dynamic cash flow expectations.

The DCF method involves several key steps:

- Select the appropriate type of cash flow (e.g., pre-tax or post-tax, total cash flows or cash flows to equity, real or nominal) based on the nature of the subject asset.
- Determine the explicit forecast period, if applicable, over which cash flows will be projected. For assets at a stabilised level of growth and profits at the valuation date, an explicit forecast period may not be necessary, and a terminal value alone may form the basis of value (sometimes referred to as an income capitalisation method).
- Prepare cash flow projections for the explicit forecast period, aligning them with the asset's expected economic and operational performance.
- Calculate the terminal value, if appropriate, based on the asset's residual value or long-term growth rate beyond the forecast period.
- Determine the discount rate to reflect investor expectations of return, taking into account the specific risk characteristics of future cash flows and financing costs.
- Discount the projected cash flows and terminal value to present value using the selected discount rate.
- Adjust for non-operating assets or liabilities to ensure the final valuation reflects the entity's full financial position.

7.4 Market approach

7.4.1 Guideline comparable method

The guideline comparable method is a common market approach that values an asset by reference to market-based metrics from comparable companies or transactions. This method is particularly applicable when there is reliable data on similar businesses or transactions in the relevant market.

The guideline comparable method involves several key steps:

- Identify relevant valuation metrics or comparable evidence that reflect how participants in the market value similar assets. Common metrics in business valuation include revenue, Earnings Before Interest, Taxes, Depreciation and Amortisation ('EBITDA'), Earnings Before Interest and Taxes ('EBIT'), net profit after tax, net tangible assets, and book values, with the choice depending on the industry and characteristics of the business.

- Select comparable publicly traded companies and relevant transactions, calculating key valuation metrics for each. When limited comparable information exists, we may also consider prices of similar businesses listed or offered for sale.
- Conduct a comparative analysis of qualitative and quantitative similarities and differences between the selected comparable companies and the subject asset to identify relevant adjustments.
- Make necessary adjustments to valuation metrics, if required, to account for differences between the subject asset and comparable companies (e.g., size, growth prospects, or risk profile).
- Apply the adjusted valuation metrics to the subject asset to arrive at an estimated value.

Additional adjustments may be appropriate to reflect differences between actual historical cash flows and those expected by a buyer on the valuation date.

Where earnings-based metrics (e.g. EBIT or EBITDA) are used for comparison, this is often referred to as the capitalisation of maintainable earnings ('CME') method.

7.4.2 Share transactions

The share transactions approach values an entity based on recent transactions of its securities, providing an indication of market value when transaction data is available. This approach is particularly relevant in the following scenarios:

- For publicly traded entities, where share prices on an exchange can indicate market value, provided there is sufficient trading volume and a consistent trading history over time; and/or
- For entities with recent share issuances, such as rights issues or private placements, which can provide insight into the entity's perceived value.

Share market prices typically reflect transactions for minority interests and may not incorporate a premium for control.

7.4.3 Industry specific metrics

Industry-specific valuation metrics can be relevant when market participants commonly rely on alternative measures of value specific to the industry.

7.5 Cost based method

7.5.1 Replacement cost method

The replacement cost method values an asset based on the economic principle that a buyer would pay no more than the cost to acquire an asset with equivalent utility, either by purchase or by construction, assuming no undue time, inconvenience, or risk factors. This method calculates value by estimating the current replacement or reproduction cost of an asset and deducting allowances for physical deterioration and any other relevant forms of obsolescence.

The key steps in the replacement cost method are:

- Calculate all costs that a typical participant would incur to create or acquire an asset with equivalent utility.
- Assess depreciation due to physical, functional, or external obsolescence associated with the subject asset.
- Deduct total depreciation from the replacement cost to determine the asset's value.

When the replacement cost method is applied based on the book value of an entity's assets, it is often referred to as an asset-based valuation ('ABV') methodology.

7.5.2 Summation method

The summation method is useful for valuing entities whose overall value primarily depends on the individual values of different assets at various stages of development, or with different risk profiles.

The key steps in the summation method are:

- Value each component asset within the entity individually, using appropriate valuation approaches and methods for each type of asset.
- Aggregate the values of all component assets to determine the total value of the entity.

8.0 Valuation of TISA

This section sets out our valuation of the shares in TISA and is structured as follows:

- Section 8.1 sets out our view of the most appropriate methodology to value TISA;
- Section 8.2 sets out our valuation of TISA Bank;
- Section 8.3 sets out our valuation of TISA Insurance;
- Section 8.4 sets out our valuation of TISA Property;
- Section 8.5 sets out our valuation of TISA Investments; and
- Section 8.6 sets out our conclusion on the value of TISA for the purposes of this Report.

8.1 Our valuation approach for TISA

8.1.1 Overall valuation methodology adopted

We have considered each of the valuation methodologies outlined in Section 7 above and determined, in our view, it is appropriate to adopt the summation approach for calculating the value of TISA Group. Having regard to our assessment of the nature of TISA Group's assets, the summation approach involves separately valuing each asset and liability of the Company. Broadly, our summation valuation utilises the following valuation methodologies:

- Guideline comparable method;
- Share transaction method; and
- Net asset value method.

Having regard to the summation valuation and our consideration of share transactions, we have formed a view on the most appropriate value to adopt for each TISA Group share for the purpose of this Report (refer Section 8.6). In forming this view we have considered the minority interest that shareholders are to receive in TISA Group and the challenges that may be associated with selling the shares to be received in TISA Group. These factors are discussed further in Section 8.6 below.

8.1.2 Valuation approach for TISA Bank

Information considered in forming a view on valuation methodology

In forming a view on the appropriate valuation methodology for TISA Bank, we have considered a range of factors including its current operational status, licensing history, forward-looking financial profile, strategic positioning, and recent market transactions.

TISA Bank commenced operations as a licensed commercial bank in October 2024 as a subsidiary of TISA, a mutual savings and loan society, following the grant of its banking licence by BPNG in August 2024. TISA Bank and TISA, its parent company, currently operate as two distinct banking operations.

The demutualisation and transition to a regulated bank introduces heightened prudential requirements and a formal capital adequacy framework. At the same time, TISA Bank's business plan involves rapid expansion across PNG's retail banking sector, including investments in digital channels, agency networks, and regional outreach. Management has characterised this as a "blue ocean" strategy, aiming to serve underbanked customer segments through new delivery models and product offerings. While this strategic positioning creates potential for value creation, it also introduces material uncertainty, particularly in relation to the timing, scale, and sustainability of earnings.

TISA Bank's financial forecasts project a loss after tax of approximately K6 million for FY26, with profitability anticipated from FY27 onwards. By FY30, Net Profit After Tax ('NPAT') is projected to reach K63 million, underpinned by strong compound growth in both loan and deposit volumes. However, these forecasts are inherently reliant on the successful execution of TISA Bank's strategy, and the realisation of substantial operational scale in a market where limited comparable precedent exists. As such, while the forecast model is a useful reference point, we consider long-dated projections to be subject to elevated risk in this context.

We have considered a set of summary outputs of a DCF model prepared by Management as well as the model itself, which we note was adopted by Deloitte as part of the valuation exercise for TISA Bank in June 2025. The model includes five-year projections, a terminal value, and market-based discount rates. While it presents a structured view of potential value based on TISA Bank's strategic growth plan, we note that early-stage forecasts of this nature are inherently uncertain and highly sensitive to key assumptions. In our view, this limits the reliability of the DCF as a standalone valuation method for the purposes of this Report. We note that the forecast numbers presented in Tables 8.1 and 8.2 reflect an updated forecast provided by Management, having regard to the material time that has passed since the Deloitte model and the extension around anticipated timing for the Proposed Demutualisation.

We have also considered management accounts for TISA Bank as at 31 December 2025.

Selected valuation approach

We have considered each of the valuation methodologies outlined in Section 7 and, in our view, the most appropriate approach to value TISA Bank for the purposes of this Report is the guideline comparable method, with a cross-check against forecast earnings multiples.

The guideline comparable method is particularly suited to regulated banking institutions, as valuation is closely tied to balance sheet strength, capital adequacy, regulatory constraints and returns on equity. In this context (and noting that TISA Bank has historically not been profitable), price to net-tangible-assets (P/NTA) is the most relevant primary metric, as it reflects the capital-intensive nature of banking and the importance of tangible asset backing for regulatory capital ratios. P/NTA is widely used by market participants when assessing early-stage or transitioning financial institutions, particularly where historical profitability is limited.

Given TISA Bank is not yet profitable on a historical basis, we have also performed a cross-check using forward earnings multiples derived from Management's forecast NPAT from FY26 onward. For this purpose, we have relied on price-to-earnings (P/E) multiples based on forecast NPAT, which provide a useful benchmark for assessing whether the valuation implied by the P/NTA approach is broadly consistent with investor expectations for comparable banking institutions. P/E multiples are widely used for regulated banks, as they capture key value drivers such as interest margin management, credit impairment outcomes and capital efficiency. Earnings measures such as EBITDA or revenue are not meaningful for banks, as they do not reflect these drivers.

While we have considered the DCF model prepared by Management, we have not separately relied on a DCF methodology in this Report. In our view, the early-stage nature of TISA Bank operations, the long-dated projections required and the sensitivity of outcomes to key assumptions limit the reliability of a DCF valuation relative to the other valuation methodologies we have applied.

8.1.3 Valuation approach for TISA Insurance

Information considered in forming a view on valuation methodology

In forming a view on the appropriate valuation methodology for TISA Insurance, we have considered a range of factors including its regulatory environment, recent operational history, earnings profile, capital structure, and market-based evidence from recent transactions.

TISA Insurance is a licenced general insurer with operations across multiple Pacific jurisdictions, including PNG and Vanuatu. It is subject to prudential regulation and capital adequacy requirements in each of its jurisdictions. Historically, TISA Insurance has generated consistent profit, however in FY24 TISA Insurance experienced significant natural disaster claims stemming from the Vanuatu earthquake and civil unrest in PNG. These events have triggered large insurance services losses and have required recapitalisation efforts from shareholders.

While TISA Insurance has produced a forward-looking forecast model, we note that the significant claims experience and the recent recapitalisation represent a period of transition, both financially and operationally. As such, long-term projections are subject to elevated uncertainty. In our view, this limits the usefulness of a DCF approach, particularly in the absence of stable cash flow visibility.

Additionally, TISA Insurance remains majority-owned by TISA Group (75%) and is not a listed company, limiting the availability of observable market data for its shares. However, the recent recapitalisation transaction provides relevant evidence of investor pricing, which we consider in forming a cross-check to our primary methodology.

Given these factors, we consider that a market-based approach, using earnings multiples derived from publicly traded insurance companies and sector transactions, provides the most appropriate and supportable basis for valuation.

Selected valuation approach

We have considered the valuation methodologies outlined in Section 7 and applied those most appropriate to the characteristics of TISA Insurance. Our primary valuation approach is based on the guideline comparable method, supplemented by recent share transaction evidence.

The guideline comparable method involves applying valuation multiples derived from comparable publicly listed insurance companies, and relevant transactions with similar operational and regulatory profiles. This approach is commonly used for regulated financial institutions with a historical earnings base and where market data is available for peer companies. In this context, we have selected relevant regional and sector-specific comparables.

We consider NPAT to be the most appropriate earnings metric for insurers, as it captures key drivers that lie below EBITDA, including reinsurance costs, investment income, and tax. These factors are important in general insurance businesses and are best reflected at the after-tax level, consistent with equity value measurement.

While TISA Insurance's recent operating performance was impacted by one-off claims relating to the natural disaster in Vanuatu and civil unrest in PNG, we have considered normalised near-term earnings and historical results to derive a maintainable earnings estimate. In our view, applying a market-derived P/E multiple to these normalised earnings provides a defensible and transparent basis for valuation.

As a cross-check, we have considered the share transactions approach. In August 2025, TISA Insurance completed a capital raising on a 1:1 basis with existing investors (TISA, Nasfund, and Credit Corp). TISA Investments subscribed for 78.0 million shares for K33.7m (K0.43/share). Notably, Credit Corp and Nasfund did not take up their full entitlement, and TISA elected not to exercise those additional rights. Consequently, TISA Investments now holds a 75% shareholding in TISA Insurance, diluting both Credit Corp and Nasfund's existing ownership. While not a public or competitive transaction, we consider this capital raising provides relevant market evidence of investor willingness to support the business at a specific valuation, particularly in light of a claims-driven recapitalisation.

Given the timing and structure of the raise, and the commercial dynamics involved, we regard the share transaction as a relevant but secondary reference point that supports the reasonableness of our primary valuation approach.

8.1.4 Valuation approach for TISA Property and TISA Investments

Information considered in forming a view on valuation methodology

In forming a view on the appropriate valuation methodology for TISA Property and TISA Investments, we have considered the valuation methodologies outlined in Section 7 and applied the most appropriate to the characteristics of TISA Property and TISA Investments. Neither entity generates substantial income as a standalone entity, and they primarily derive their value from the market value of their individual assets. As such, we consider the net asset value ('NAV') approach to be most appropriate to use when determining the value of TISA Property and TISA Investments.

TISA Property holds a portfolio of real estate assets including commercial, mixed-use, vacant land, and development properties. These properties are primarily held for strategic or long-term investment purposes and are not central to TISA Group's core banking or insurance operations. This entity does not generate meaningful recurring income and is not operated as a trading or development business in its own right. For the purposes of this Report, we have assessed the value of the land and property assets expected to be held by TISA Property following the Proposed Demutualisation. These assets are either already held by TISA Property or will be transferred from TISA to TISA Property at the time of the Proposed Demutualisation. We note that Management has advised that the transfer of assets held by TISA Property during the Proposed Demutualisation will be exempt from stamp duty under organisational restructure regulations. Management has also advised that this has been confirmed by the Internal Revenue Commission of PNG.

TISA Investments is a passive investment vehicle. Following the Proposed Demutualisation, TISA Investments will hold a portfolio of listed equity securities and Government of PNG Inscribed Stock. Prior to the restructure, TISA Investments held a small number of financial assets, but its holdings will materially increase upon transfer of TISA's investment assets as part of the demutualisation process. TISA Investments does not have any active operations or recurring revenue streams beyond intermitted dividend and coupon income.

Both entities are expected to hold their respective assets in full following the Proposed Demutualisation and are not expected to generate standalone operational cash flows or trading profits. Given these characteristics, we consider an asset-based valuation methodology to be most appropriate for both entities.

For the purposes of this Report, we have relied on forecast balance sheet data as at 31 December 2025, due to the unavailability of complete management accounts. While actual book values for TISA Property and TISA Investments may vary from forecasts, Management has advised that the actual results are broadly consistent with the forecast figures. Accordingly, we do not consider any such differences to be material to the conclusions of this Report

Selected valuation approach

We have adopted the NAV approach to value both TISA Property and TISA Investments. This methodology is commonly used for asset-holding entities that derive their value primarily from the market value of individual assets, rather than through generation of recurring income or cash flow.

Under the NAV approach, we have assessed each material asset held (or expected to be held) by TISA Property and TISA Investments on a stand-alone basis, using either independent external valuations or market-based evidence where available. We have then aggregated the asset values and adjusted for any expected liabilities to arrive at an equity value for each entity. We note:

- TISA Property: The valuation of TISA Property's real estate portfolio has been based on external valuation reports provided by Management, supplemented by internal fair value assessments where appropriate. We have considered each property valuation or adjustment for accuracy, relevance, and market consistency. For completeness, we note the TISA Ta property will remain under TISA Bank and hence has not been included as a transferred asset to TISA Property.
- TISA Investments: For TISA Investments' financial asset holdings, equity securities have been valued using the most recent available market prices as at 18 February 2026, supplemented by Management commentary on limited trading activity where necessary. Where the market price is unobservable, we have valued the security at cost. Government Inscribed Stock has been valued at face value plus accrued interest as at 24 February 2026, in accordance with market practice.

We have also considered any other assets and liabilities held by each entity at 31 December 2025. These have been incorporated at book value unless otherwise advised and are not expected to materially affect the overall conclusions set out in this Report.

In our view, the NAV approach provides a clear, supportable, and transparent basis for assessing the fair value of both entities, consistent with market practice for real estate holding entities and passive investment vehicles.

8.2 Valuation of TISA Bank

8.2.1 TISA Bank valuation

Overview

For the purposes of this Report, we have adopted the guideline comparable method as the primary basis for determining the value of TISA Bank. Within this framework, the price-to-net tangible assets (P/NTA) multiple is the most appropriate primary metric, reflecting the capital-intensive nature of regulated banking institutions and the central role of tangible asset backing in determining regulatory capital strength and investor expectations.

TISA Bank is an early-stage commercial bank with limited operating history and is not yet profitable on a historical basis. As such, profitability-based valuation methods (e.g. backward-looking P/E multiples) are not meaningful. Instead, a P/NTA-based approach provides a more reliable and observable anchor, particularly given TISA Bank's current balance sheet strength, early-stage growth profile and prudential requirements.

To complement the primary P/NTA valuation, we have also undertaken a secondary cross-check using forward price-to-earnings (P/E) multiples derived from Management's forecast NPAT from FY26 onward. This provides an additional perspective on whether the primary valuation lies within a reasonable range relative to the valuation benchmarks for comparable banking institutions.

We have adopted values from TISA Bank's December 2025 management accounts to calculate NTA, and Management's forecast model for forward P/E calculations. We note that there is a small variance between the December 2025 management accounts and the actual FY25 results set out in the forecast model, primarily relating to realised tax benefits that were materially lower than forecast due to timing differences in the preparation of each set of results.

8.2.2 Guideline comparable method (P/NTA and P/E cross-check)

Overview

Under the guideline comparable method, we assess whether the valuation derived from the primary P/NTA approach is reasonable when compared to the valuation multiples of broadly comparable banks operating in PNG and other emerging markets with similar financial inclusion and regulatory characteristics.

Consistent with accepted valuation practice for regulated banks, we have focused on two key metrics:

- Primary metric: Price-to-Net Tangible Assets (P/NTA)
- Secondary cross-check: Forward Price-to-Earnings (P/E) based on forecast NPAT

Trading multiples provide the most appropriate reference point, as they reflect minority positions consistent with the expected post-demutualisation ownership structure.

For completeness, we note that transaction multiples are often used alongside trading multiples when selecting valuation benchmarks. In this case, however, reliable transaction data for banks of a comparable size and operating profile to TISA Bank is not available, particularly given the limited disclosure requirements in PNG and similar markets. Accordingly, we have not relied on transaction multiples when determining an appropriate valuation multiple for TISA Bank.

This section is structured as follows:

- Historical and Forecast Profit or Loss: This subsection presents TISA Bank's projected NPAT over the forecast period and explains the basis for the figures adopted in calculating implied P/E multiples.
- Historical and Forecast Financial Position: This subsection outlines TISA Bank's forecast NTA position and discusses movements over the projection period.
- P/NTA Multiples: This subsection presents the P/NTA multiples adopted to value TISA Bank and assess their reasonableness by reference to observed trading multiples.
- Implied P/E Multiples: Here we present the forward P/E multiples cross-check implied by the P/NTA valuation and assess their reasonableness by reference to observed trading multiples.
- Conclusion on the value calculated under the Guideline Comparable Method.

Historical and forecast profit or loss

Table 8.1 below sets out a summary of TISA Bank's historical and forecast profit or loss for the period FY24 to FY30, based on financial information derived from the forecast financial model. The figures for FY24 reflect audited consolidated results and the figures for FY25 reflect unaudited actual results. FY26 results reflect Management's prepared budget for the year, and projections for FY27 onwards represent Management's standalone forecasts for TISA Bank following its transition to a licensed commercial banking entity. This forecast is based on the capital currently available to TISA Bank and does not assume any additional capital raising.

The forecast period reflects TISA Bank's strategic ramp-up in lending, deposit mobilisation, and operational scale. Key revenue and cost items have been disaggregated to illustrate the composition of net interest income, non-interest income, and major operating expenses. The forecast also incorporates expected credit provisioning and tax expenses.

The information presented in the table below provides the basis for calculating implied forward P/E multiples in the guideline comparable method. Explanatory notes follow Table 8.1 and highlight the key drivers of changes in revenue, costs, and earnings across the forecast period.

Table 8.1: TISA Bank forecast statement of profit or loss

K millions	Ref	Audited FY24	Unaudited FY25	Budget FY26	Forecast FY27	Forecast FY28	Forecast FY29	Forecast FY30
Interest income	A	20	40	127	215	247	264	274
Interest expense	B	(4)	(7)	(25)	(42)	(49)	(52)	(54)
Net interest income		**16**	**33**	**102**	**173**	**198**	**212**	**220**
Rental related income	C	6	3	-	-	-	-	-
Other income	D	2	6	53	64	57	65	67
Non-interest income		**7**	**9**	**53**	**64**	**57**	**65**	**67**
Total income		**23**	**42**	**155**	**238**	**254**	**277**	**287**
Staff costs	E	(8)	(25)	(76)	(107)	(108)	(116)	(117)
Other operating expenses	F	(16)	(46)	(57)	(69)	(69)	(71)	(70)
Operating income		**(1)**	**(29)**	**23**	**61**	**78**	**91**	**100**
Allowance for impairments	G	(11)	(18)	(31)	(25)	(20)	(3)	(1)
Profit before tax (PBT)		**(11)**	**(47)**	**(8)**	**36**	**58**	**88**	**99**
Income tax expense (benefit)	H	6	17	2	(14)	(22)	(33)	(36)
Net profit after tax (NPAT)		**(6)**	**(30)**	**(6)**	**22**	**36**	**55**	**63**
Operating income margin	I	*(4.3%)*	*(68.3%)*	*14.7%*	*25.9%*	*30.5%*	*32.8%*	*34.9%*
Impairment charges as a percent of total loans	J	*n/a*	*5.2%*	*2.7%*	*1.9%*	*1.3%*	*0.2)*	*0.1%*

Source: TISA Bank FY24 annual report, Management forecast, BDOCF analysis

Notes to Table 8.1

A
- Interest income is forecast to increase over the forecast period, driven primarily by growth in secured term loans and interest earned on lending to teacher members accounts. This reflects the expected migration of members to TISA Bank following demutualisation, shifting lending activity from TISA to TISA Bank. Additional upside is seen in interest income from BPNG, supported by a material increase in holdings of Treasury Bills and the Bank's transaction account with BPNG from FY26 onwards.

B
- Interest expense is forecast to increase steadily, primarily due to growth in volumes across term deposits and general savings accounts. Term deposit rates range from 2 to 6 percent and remain flat over the forecast period, indicating that the uplift is volume driven. Similarly, interest on transaction accounts is forecast at a consistent 2 percent, with rising balances contributing to the overall increase in expense.

C
- Rental related income declines from K6 million in FY24 to K3 million in FY25, before disappearing completely in for FY26 onwards. This reflects the transition of TISA Rua to owner-occupation from late 2024, with most of the space now used internally by TISA. Only limited external tenancy remains, resulting in a reduced rental income base.

D
- Other income is largely volume-driven, comprising application fees (1 to 1.5 percent of new loan values), default fees, and account keeping fees. Default fees are modelled as 5 percent of the year-end doubtful debts provision, increasing in line with the loan book. Account keeping fees are fixed at K1.50 per customer account per month, with customer numbers forecast to reach 300,000 by December 2025, followed by growth of 150,000 in FY26 and 175,000 annually thereafter.

E
- Staff costs increase sharply in FY25, reflecting the initial ramp-up of TISA Bank operations post-demutualisation. A slight decrease follows in FY26, after which costs remain relatively stable through to FY29, consistent with a steady operating structure and limited additional headcount growth over the forecast period.

F
- Other operating expenses comprise a broad range of smaller cost items, with key components including depreciation, consulting, and IT support costs. Depreciation is based on straight-line rates applied to modelled PPE balances, with asset lives ranging from 5 to 33 years.

G
- The allowance for loans and other impairments expense increases modestly, peaking in FY27 before returning to FY23 levels. The P&L charge reflects the movement in the provision balance, which is modelled as a percentage of the loan book. A higher provision rate is applied in the short term, particularly in FY25, to reflect elevated credit risk during the early growth phase post-demutualisation. From FY26 onwards, the provision stabilises at a long-term rate of 10 percent.

H
- Tax expense reflects PNG corporate tax rates (40% in FY25 and 35% thereafter). FY25 includes a tax credit from the utilisation of prior-year tax losses and overpaid taxes carried forward, resulting in a negative tax expense. A deferred tax asset is recognised for the remaining balance expected to be realised against future taxable profits.

I
- Operating income margin measures operating profitability by comparing operating income to total income. Operating income margin decreased substantially from FY24 (-4.3%) to FY25 (-68.3%) reflecting the significant ramp-up costs associated with establishing TISA Bank operations and system implementation
- From FY26 onward, margins improve substantially, increasing from 14.7% in FY26 to 34.9% in FY30 as transitional costs unwind and revenue growth accelerates.

J	▸ It is useful to analyse annual impairment charges as a percentage of total loans to assess a financial institution's exposure to credit risk. We have calculated this ratio for TISA Bank by dividing the gross loan balance at year end by the respective year's impairment charge. ▸ For TISA Bank, this ratio peaks in FY25 (5.2%), before decreasing to less than 0.1% by 2030. This reflects Management's expectation that the forecasted growth of their loan book to 2030 will help to reduce their exposure to credit risk among their lending base. ▸ The provisioning ratio compares impairment charges (allowance for loans and other impairments) against total outstanding loans.

Source: *BDOCF analysis*

Historical and forecast financial position

Table 8.2 below sets out a summary of TISA Bank's historical financial position for FY24 and FY25 and projected financial position between FY26 and FY30, based on financial information set out in the forecast financial model provided to us by TISA Management. These forecasts reflect its strategic intent to scale operations rapidly following demutualisation. The projected growth across key balance sheet lines is underpinned by assumptions of strong loan origination volumes, a significant uplift in deposit funding, and ongoing reinvestment in systems and infrastructure.

While the forecasts reflect a logical progression based on TISA Bank's stated strategy, the growth trajectory is subject to successful execution of expansion initiatives and broader macroeconomic stability in Papua New Guinea. Explanatory notes to the forecast movements are provided below the table.

Table 8.2: TISA Bank forecast statement of financial position

K millions	Ref	Audited FY24	Unaudited FY25	Budget FY26	Forecast FY27	Forecast FY28	Forecast FY29	Forecast FY30
Cash and cash equivalents	A	19	50	162	219	301	353	404
Loans (net of impairment)	B	64	200	1,033	1,202	1,343	1,430	1,508
Other receivables	C	25	25	25	33	33	33	33
Financial assets	D	34	145	130	158	178	208	241
Investment properties	E	11	11	11	11	11	11	11
Property and equipment	F	80	104	116	107	103	101	101
Capital work in progress	G	21	14	28	24	24	24	24
Net deferred tax asset	H	14	27	12	12	12	12	12
Total assets		**268**	**575**	**1,516**	**1,767**	**2,005**	**2,172**	**2,333**
Savings and deposits	I	83	420	1,369	1,592	1,778	1,884	1,979
Creditors and accruals	J	13	11	5	11	20	20	20
Lease liabilities	K	2	3	3	4	1	1	1
Employee provisions	L	1	3	7	12	17	17	17
Total liabilities		**99**	**436**	**1,383**	**1,619**	**1,816**	**1,923**	**2,017**
Net assets		**169**	**139**	**133**	**148**	**189**	**249**	**317**
Share capital	M	167	167	167	167	167	167	167
Retained earnings		2	(28)	(34)	(19)	22	82	150
Equity		**169**	**139**	**133**	**148**	**189**	**249**	**317**

Source: *TISA Bank FY24 annual report, Management forecast*

Notes to Table 8.2

A	▸ Cash and cash equivalents primarily consist of the investment and transaction accounts held with the central bank. The transaction account balance grows in line with deposits, reflecting the Bank of PNG's 12 percent reserve requirement. Movements in the investment account are driven by net cash flows over the forecast period and see similar gains over the forecast period. ▸ Cash and cash equivalents also includes cash held in high-interest accounts with third party banks in the periods FY26 (K12.3 million), FY27 (K23.2 million) and FY28 (K45.0 million).
B	▸ Net loans to members and customers increase significantly over the forecast period, primarily driven by growth in secured term loans, which is forecast to more than double by FY29. Additional growth is expected in investment property loans and personal unsecured loans, reflecting broader expansion in lending activity as the bank scales operations post-demutualisation.
C	▸ In the forecast period the balance reflects a range of operational receivables, including interest receivable, suspense and control accounts, sundry debtors, and prepayments. The balance remains steady across the forecast period, with no material growth expected. In FY24 and FY25, rental and other receivables were driven by intercompany balances.
D	▸ Financial assets consist entirely of Treasury Bills issued by the BPNG. From discussion with Management, excess cash in Tisa Bank will be invested in BPNG Bills, including surplus funds going forward. This aligns with the movements seen in the table above, with balance increases over the forecast period.
E	▸ Investment properties remain flat at K11 million across all years in the observed period.

	▸ In FY24, when TISA Rua was commissioned, a majority of tenants moved out of Tisa Ta, and Tisa Ta was reclassified from an investment property to PPE, with only the portion still tenanted left as investment property.
F	▸ Property and equipment remains fairly stable, peaking in FY26 before gradually declining gradually to K101 million by FY29. The decrease is driven by ongoing depreciation, with no new capital expenditure or disposals assumed. ▸ We understand that property and equipment also includes intangible assets, which consists entirely of computer software less accumulated amortisation.
G	▸ Capital work in progress remains fixed at K24 million over the forecast period. No transfers to PPE or additional movements are modelled.
H	▸ Net DTA peaks at K27 million in FY25 from deductible differences during loss years. From FY26, net DTA is modelled to remain flat at K12.1 million.
I	▸ Savings and deposits increase steadily over the forecast period, driven by growth in term deposits through TISA Community Finance and transaction accounts across all business segments.
J	▸ Creditors and accruals is a broad catch-all category comprising over 130 individual accounts. Key components include clearing accounts, an internal routing account, and interest withholding tax. The balance stays consistent throughout the forecast period.
K	▸ Lease liabilities relate to ongoing property leases for bank premises. The balance reflects the scheduled lease payments over the forecast period.
L	▸ Employee provisions include annual leave and long service leave, each captured across two accounts, one for TISA Bank, one for TISA S&L. Tisa Bank builds year-on-year by adding the current year's expense to the prior year's closing balance. Tisa S&L is calculated as a fixed percentage of staff costs, using 6.4 percent for annual leave and 11 percent for long service leave. The total provision is the sum of both accounts for each leave type.
M	▸ Share capital is constant across the period and no additional capital raising is assumed.

Source: BDOCF analysis

Primary valuation: P/NTA

P/NTA is widely used by market participants when valuing regulated banks, particularly early-stage and growing institutions where tangible capital strength is a key determinant of regulatory capacity and investor confidence.

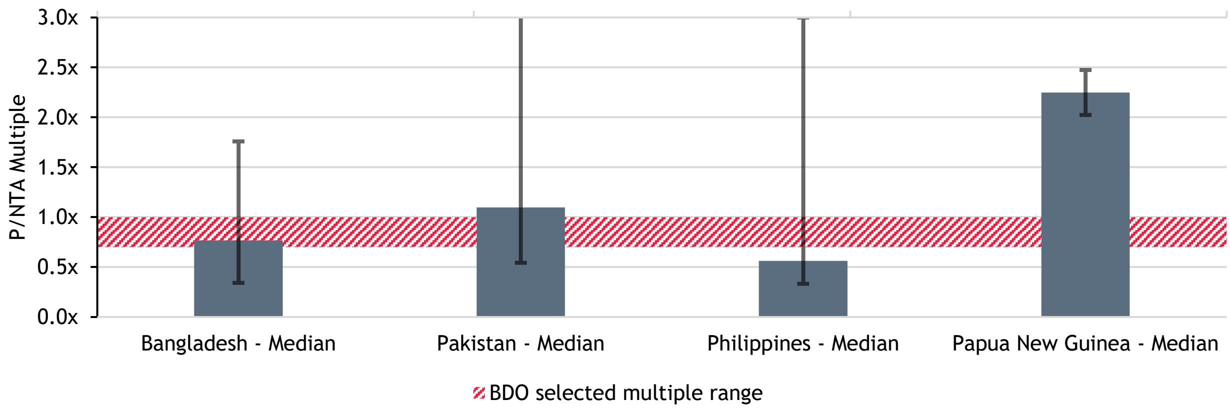
In our view, it is appropriate to adopt a P/NTA range of 0.7x to 1.0x for TISA Bank. In forming this view, we considered:

- The trading multiples of PNG peers (BSP and Kina);
- The valuation benchmarks across comparable emerging-market banking sectors (Bangladesh, Pakistan, Philippines);
- TISA Bank's early-stage operational profile and elevated capital adequacy ratio;
- The execution and scaling risks inherent in TISA Bank's growth strategy; and
- The opportunities available as it ramps up operations as a commercial bank.

Figure 8.1 below illustrates our adopted P/NTA multiple range relative to a selection of peers. In relation to Figure 8.1 we note:

- The grey columns represent the median P/NTA multiple for each country group within the comparable dataset;
- The vertical error bars (being the black lines with small horizontal markers at each end) indicate the full spread of P/NTA multiples observed within each country group, from the lowest to the highest value recorded in the dataset;
- The PNG error bar is narrower because there are only two locally listed comparables, meaning the spread of observed multiples is naturally more limited;
- Bangladesh, Pakistan and the Philippines have been selected for their challenges in financial inclusion, efforts in decreasing unbanked populations, and the presence of microfinance and development banking institutions. For each country, we included all listed banks meeting our screening criteria, rather than selecting a small subset. This broader approach minimises potential selection bias from outlier institutions and provides a more representative view of the prevailing market valuation environment;
- We have considered companies trading at negative P/NTA multiples or greater than 3.5x to be outliers for the purposes of selecting a P/NTA multiple range for which to value TISA Bank. As such, the figure below is representative of the outlier-adjusted dataset; and
- A full list of all companies included in the analysis, including the multiples determined to be outliers, is provided in Appendix B.

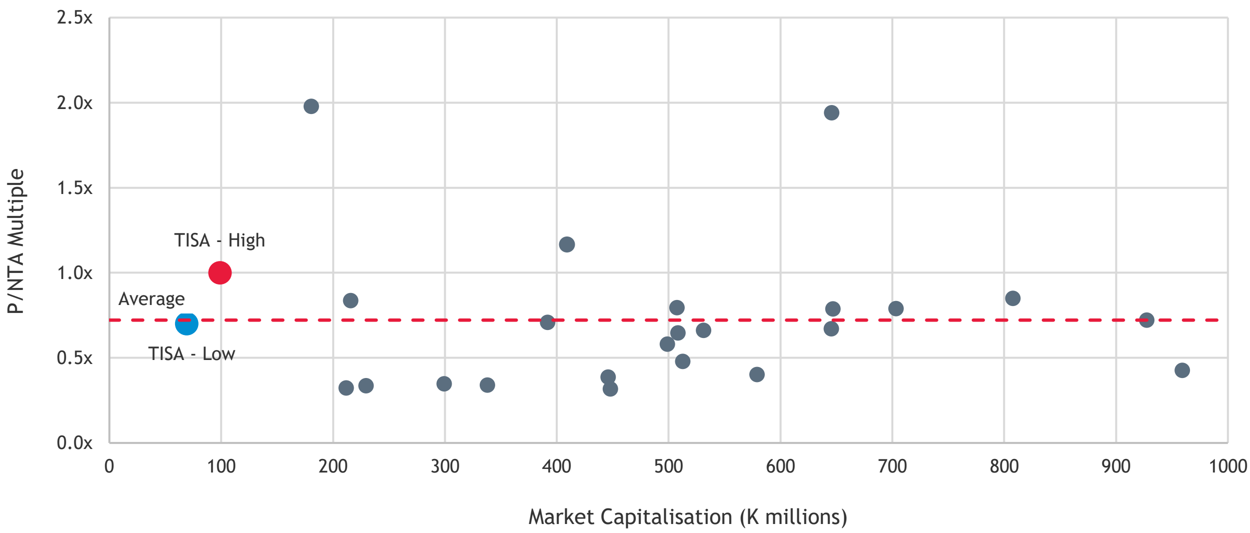
Figure 8.1: P/NTA multiples of TISA Bank peers



Source: Capital IQ as at 19 February 2026, retrieved 20 February 2026, BDOCF analysis

We have also set out the P/NTA multiples observable among companies in the comparable trading company dataset with market capitalisations less than K1 billion, shown in Figure 8.2 below.

Figure 8.2: P/NTA multiples of comparable trading companies with revenue less than K1 billion



Source: Capital IQ as at 19 February 2026, retrieved 20 February 2026, BDOCF analysis

Having regard to Figures 8.1 and 8.2 above, we note:

- The lower end of our adopted P/NTA multiple of 0.7x broadly aligns with the median multiples observed across Bangladesh, Pakistan and the Philippines, which provide a benchmark for a bank operating in a developing market. We consider this a reasonable anchor point, with allowance for upside to reflect the expected growth as TISA Bank continues to scale its operations following its recent transition to a commercial bank;
- The two PNG comparables are long-established financial institutions, and their trading levels naturally reflect a premium relative to a newly converted commercial bank at an earlier stage of its business cycle. Neither BSP or Kina Securities is represented on Figure 8.2 above, as they trade at market capitalisations of K12.1 billion and K1.1 billion at 19 February 2026, respectively;
- Figure 8.2 shows that, within the broader set of companies with market capitalisations below K1 billion, TISA Bank's selected multiple sits in the upper portion of the observed distribution, with only a small number of companies trading above the level adopted; and
- Many smaller-capitalisation comparables trade at multiples below 0.5x. We do not consider TISA Bank comparable to these lower-multiple companies, given the growth outlook associated with its recent transition to a commercial bank.

Table 8.3 below sets out the calculated equity value of TISA Bank based on our primary P/NTA multiple approach.

Table 8.3: Equity valuation of TISA Bank

K millions	Low	High
Net tangible assets at 31 December 2025	98.9	98.9

P/NTA multiple	0.7x	1.0x
Equity value	**69.2**	**98.9**

Source: *BDOCF analysis*

1 Net tangible assets is calculated as TISA Bank's net asset position at 31 December 2025 (K123.9 million) less intangible asset balance at 31 December 2025 (K25.0 million), as per December 2025 management accounts. Intangible assets is entirely comprised of computer software net of accumulated amortisation.

Applying this range to TISA Bank's FY25 NTA yields an equity valuation range of K69.2 million to K98.9 million for 100% of TISA Bank.

Price-to-earnings multiples implied by the P/NTA approach

In addition to our P/NTA-derived valuation, we have set out forward P/E multiples based on Management's forecast NPAT from FY26 onward.

We have calculated the P/E multiples implied by our P/NTA valuation set out above, based on forward earnings estimates from FY26 onward.

For completeness we note that TISA Bank owns the buildings it operates from, and we acknowledge that some valuation practitioners may apply a notional rent adjustment and then treat owned property as a surplus asset. For the purposes of this cross-check, we have not made this adjustment. However, based on our work, we do not consider that making such an adjustment would materially alter the overall conclusions set out in this Report.

Table 8.4: Implied P/E multiples

	FY25	FY26	FY27	FY28	FY29	FY30
NPAT	(30)	(6)	22	36	55	63
Implied P/E multiple - low	**NM[1]**	**NM[1]**	**3.1x**	**1.9x**	**1.3x**	**1.1x**
Implied P/E multiple - high	**NM[1]**	**NM[1]**	**4.5x**	**2.7x**	**1.8x**	**1.6x**

Source: *Management forecasts, BDOCF analysis*

1 NM denotes non-meaningful where a multiple is less than zero

In relation to Table 8.4, we note the implied forward P/E multiples derived from our P/NTA valuation are generally lower when compared with trading multiples observed for comparable listed institutions (refer Appendix B). However, the comparables considered are based on historical earnings, whereas the multiples presented above are derived from forecast earnings.

In addition, TISA Bank is currently loss-making and must achieve several operational and financial milestones before reaching sustainable positive earnings, which further limits the direct comparability with established, profitable peers. More broadly, for companies expected to experience earnings growth, forward P/E multiples will typically appear lower than multiples based on historical earnings, as the higher forecast earnings increase the denominator of the multiple in future periods.

Noting that TISA Bank is not currently profitable and not expecting to reach profitability until FY27, we have not placed significant reliance on this cross-check in forming our valuation conclusions. Rather, it has been presented for completeness only.

Guideline Comparable Method Conclusion

Having regard to the analysis set out above, we consider it appropriate to adopt a value for TISA Bank in the range of K69.3 million to K98.9 million based on the P/NTA valuation approach. While the implied P/E multiples are low relative to peers, we not do not consider this unreasonable on the basis that we do not have forecast multiples for many of the comparable companies and TISA Bank needs to show that it can meet the growth milestones forecast.

8.3 Valuation of TISA Insurance

8.3.1 Overview

We have applied the guideline comparable method as the primary approach to determine the value of TISA Insurance. The valuation applies market price/earnings (NPAT) and price/NTA multiples, which is the most relevant metric when valuing regulated insurance companies, to TISA Insurance's NPAT and NTA balances. The multiples have been derived from a set of broadly comparable listed financial institutions, selected based on similarity of business model and regulatory environment.

This section is structured as follows:

- Historical and Forecast Profit or Loss: This subsection outlines TISA Insurance's projected NPAT over the forecast period and explains the basis for the NPAT adopted in this valuation.
- Historical and Forecast Financial Position: This subsection outlines TISA Insurance's forecast NTA position and discusses movements over the projection period. This forms the basis for our calculation of NTA in this valuation.
- Price-to-Earnings Multiples: This subsection outlines a summary of the P/E multiples observed from comparable company trading data and concludes on a reasonable multiple range to apply to TISA Insurance's earnings.

- Price-to-Net Tangible Asset Multiples: This subsection outlines a summary of the P/NTA multiples implied by comparable company trading data and concludes on a reasonable multiple range to apply to TISA Insurance's NTA.
- Conclusion on the Guideline Comparable Method: We conclude by calculating a valuation range and assessing whether the valuation is reasonable when considering the recent capital raising price for TISA Insurance.

8.3.2 Guideline comparable method

Adopted NPAT

In this section, we outline TISA Insurance's historical and forecast NPAT, and explain the adjustments made to derive a maintainable earnings base for valuation purposes. Adopted normalised NPAT is derived from historical results combined with one forecast year to establish a representative earnings baseline. While five forecast years have been modelled and considered to assess broader trends and potential volatility, they are not presented in this analysis. Their influence is secondary to the historical and immediate forecast data, which form the primary basis for the adopted figure.

Table 8.5 below summarises TISA Insurance's reported NPAT for FY22 to FY24, alongside its Board-approved forecast for FY25.

Table 8.5: TISA Insurance historical and forecast statement of profit or loss

In K millions		Audited FY22	Audited FY23	Audited FY24	Forecast FY25[1]
Insurance revenue	A	119	136	162	183
Insurance service expenses	B	(46)	(74)	(302)	(132)
Insurance service result from insurance contracts issued		**72**	**62**	**(140)**	**51**
Net expenses from reinsurance contracts held	C	(36)	(28)	116	(43)
Insurance service result		**37**	**34**	**(24)**	**8**
Net investment income	D	4	4	14	3
Insurance finance income for insurance contracts issued			-	3	-
Reinsurance finance expenses			-	(4)	-
Other income		1	1	4	8
Other operating expenses	E	(25)	(24)	(18)	(46)
Impairment losses		(7)	-		-
(Loss)/ profit before income tax		**10**	**14**	**(25)**	**(27)**
Income tax benefit / (expense)		(5)	(4)	3	3
(Loss)/ profit for the year		**5**	**10**	**(22)**	**(23)**

Source: *TISA Insurance FY24 annual report, Management forecast*

1 We note FY25 (forecast data at the time) is the latest available information we have been able to obtain.

Notes to Table 8.5

A	Insurance revenue increased steadily from FY22 to FY25, driven primarily by growth in premiums, with limited impact from elevated claims activity.
B	Insurance service expenses increased significantly in FY24 due to elevated claims arising from the Vanuatu earthquake and PNG riots, remaining above historical levels in FY25 despite a partial reduction.
C	Net expenses from reinsurance contracts held moved to a large income position in FY24 due to substantial recoveries from reinsurance following claims related to the Vanuatu earthquake and PNG riots, before returning to a net expense in FY25.
D	Net investment income increased in FY24 to $14m from $4m in the prior year, before declining to $3m in FY25. The FY24 increase was driven by BSP shares and Credit Corporation share, which had a ~22% return.
E	Other operating expenses remained relatively stable from FY22 to FY24. The FY25 forecast increase to $46m is attributable to the Vanuatu earthquake related expenses and provisions.

Source: *BDOCF analysis*

Historical profitability provides insight into TISA Insurance's underlying earnings profile prior to the significant claims incurred in FY24 and FY25. These years were materially impacted by non-recurring events, including the Vanuatu earthquake and civil unrest in PNG, which led to elevated insurance service expenses and a negative insurance service result.

To enable comparability and support a robust estimate of maintainable earnings, we have adjusted reported and forecast NPAT for non-recurring and normalisation items.

Table 8.6 below sets out the adjustments applied to derive normalised NPAT for each period that we have considered for valuation purposes, along with explanations behind each adjustment.

Table 8.6: Summary of adjustments made to NPAT

	Audited	Audited	Audited	Forecast

In K millions		FY22	FY23	FY24	FY25
Reported (loss)/ profit before income tax		**10**	**14**	**(25)**	**(27)**
Adjustments					
Insurance service result	A	-	-	69	43
Other operating expense adjustment	A	-	-	-	20
Normalised reported profit before income tax		**10**	**14**	**45**	**36**
Adjusted tax benefit / (expense)	B	(5)	(4)	(21)	(19)
Normalised NPAT		**5**	**10**	**24**	**18**
Average of historical NPAT				**13**	

Source: BDOCF analysis

Notes to Table 8.6

A	▸ We have adjusted for the Insurance Service Result rather than its individual components such as insurance revenue, service expenses, or reinsurance movements, as this represents the net operating result from underwriting activity. This includes the gross claims incurred and associated reinsurance recoveries, which offset each other to some extent. Isolating just one component, such as insurance service expenses, would misrepresent the commercial effect and artificially distort margins. By adjusting the result, we capture the true impact of the large, non-recurring insurance losses linked to unusual events in FY24 and FY25, specifically the Vanuatu earthquake and civil unrest in PNG, without interfering with the gross presentation of reinsured and direct exposures. ▸ The average insurance service result margin has been taken for FY22 and FY23, and applied to the result for FY24 and FY25 as the normalisation measure. Note, we have deducted the respective insurance service result from the normalisation measure ensure no double counting of the anticipated result. ▸ The other operating expense adjustment in FY25 forecast relates to a K20 million suspense account, which we understand to be a holding account for expense clearing. Management has advised that its balance is unusually large due to timing differences, and on this basis, we consider this to be an abnormal account and have adjusted normalised NPAT for FY25 accordingly.
B	▸ An adjustment has also been made to tax expense to reflect the change in pre-tax profit resulting from the above adjustment. This was calculated by applying the relevant tax rate to the difference between the reported and normalised profit before tax, with the resulting tax impact shown as a separate line item. This approach ensures that the derived normalised NPAT reflects a consistent tax treatment and aligns with the underlying earnings base used for valuation.

For valuation purposes, we consider it appropriate to adopt NPAT of K13.0 million. In considering this range we note:

- This figure represents the average of historical normalised NPAT set out in Table 8.7 above and assumes a return to steady-state performance over time;
- FY22 and FY23 reflect a period unaffected by abnormal insurance losses while we have adjusted FY24 and FY25 to normalise for insurance losses. It is reasonable to expect that over time insurance companies will be impacted by event driven insurance losses; and
- The adopted figure broadly aligns with the application of the NPAT profit margin of 7.4% for FY23 (the largest year unaffected by the natural disaster) to the FY25 revenue forecast of K183.0 million which equals K13.5 million.

Adopted Price-to-Earnings multiple

We consider the use of a P/E multiple is well aligned with how investors typically assess the value of insurance companies. The availability of relevant listed comparable companies, and the fact that NPAT captures the impact of operating structure and reinsurance arrangements, makes it the most appropriate earnings metric for benchmarking TISA Insurance's value.

Comparable companies

We have conducted research on a set of broadly comparable listed companies, including those operating in developing markets similar to PNG, to inform the selection of an appropriate P/E multiple for valuation purposes. These companies were selected based on the nature of their insurance operations, size, and geography, with a focus on markets that exhibit similar economic characteristics to PNG.

For the purpose of selecting a valuation multiple for which to value TISA Insurance, we have excluded companies trading at negative P/E multiples or above 25.0x, which we consider to be outliers. These exclusions ensure that the analysis reflects a more representative range of trading multiples for comparable insurance companies.

Table 8.7 below summarises the trading metrics of these comparable companies, adjusted for outliers. The median P/E multiple for comparable trading companies is 6.3x, with a range of 3.5x to 9.1x, and is considered appropriate given the relative scale and performance of TISA Insurance. For further information on each of the comparable trading companies, and outlier multiples, refer to Appendix B.

Table 8.7: Market data of trading companies comparable to TISA Insurance

	Market Cap[1] (K millions)	NPAT Margin	P/E multiple
Average	85.3	16.0%	6.5x
Median	64.6	15.1%	6.5x
Minimum	40.2	0.8%	3.6x
Maximum	181.2	34.3%	8.8x

Source: Capital IQ as at 19 February 2026, data retrieved 20 February 2026, BDOCF analysis

1 Market capitalisation has been calculated using 19 February 2026 share prices, and FX conversions have been made using the appropriate FX rate at 19 February 2026, sourced using Capital IQ

Comparable transactions

We have also considered recent transactions involving companies with broadly comparable operations, including those based in developing markets with characteristics similar to PNG. This analysis focuses on businesses of a comparable scale, operating context, and sector exposure, and reflects observed valuation outcomes in arm's length transactions.

The selected transactions provide insight into the multiples paid for businesses in markets where liquidity and investor expectations are aligned with those observed in PNG. In our view, this provides a relevant cross-check on the valuation implied by our primary methodology.

A summary of the key metrics from the identified transactions is set out in Table 8.8 below. For further details on each of these transactions, refer to Appendix B.

Table 8.8: Key metrics of transactions involving companies comparable to TISA Insurance

	Implied Equity Value (K millions)	Implied Equity / NPAT multiple
Average	1,618	7.5x
Median	986	8.0x
Minimum	20	2.2x
Maximum	5,893	10.6x

Source: Capital IQ as at 19 February 2026, data retrieved 20 February 2026, BDOCF analysis

1 Where transaction data has not been reported in PGK, conversions have been made using the appropriate FX rate as of the closing date of the transaction, sourced using Capital IQ.

Selected multiple

We have considered the available trading and transaction evidence in forming a view on the appropriate multiple to apply to TISA Insurance. While this market data provides a useful reference point, we note that TISA Insurance differs from the identified comparables in a number of respects, including its size, geography, and service offerings. Please refer to Appendix B for the full dataset and commentary.

We also note that the observed trading multiples reflect minority interest pricing, as they are based on listed share prices. We have not applied a control premium to these multiples, as our valuation of TISA Insurance has not been prepared on a controlling interest basis.

In addition, we have also taken into account the events of the past 12 months, which have had a material impact on TISA Insurance's financial performance. In light of these factors, and having regard to the available evidence, we consider a multiple of 5.5x to 6.5x to be appropriate for the valuation of TISA Insurance.

Valuation of TISA Insurance

Based on the selected P/E multiple and our assessment of maintainable earnings, we have calculated the equity value of TISA Insurance using the guideline comparable method. The valuation is derived by applying the selected multiple to TISA Insurance's maintainable NPAT, as set out below.

Table 8.9 below sets out our calculation of TISA Insurance's equity value under this methodology.

Table 8.9: Valuation of TISA Insurance based on P/E multiple

In K millions	Low	High
Maintainable NPAT	13	13
P/E multiple	5.5x	6.5x
Equity value (100%)	**71.5**	**84.5**

Source: BDOCF analysis

For completeness, we note that we have not adjusted the equity value above for any excess capital above the legislated minimums. TISA Insurance completed a capital raise in August 2025 specifically to address a capital shortfall as a result of the increased claims in the past 12 months, indicating that capital levels were at or below the required threshold prior to the raise. It is our understanding that post this capital raising, TISA Insurance will require its full capital amount to generate the earnings we have assumed in our valuation.

8.3.3 Share transaction cross check

We have applied the share transaction method as a cross-check to our valuation of TISA Insurance. In August 2025, TISA Insurance completed a capital raising on a 1:1 basis proposed to existing investors (TISA Investments, Nasfund, and Credit Corp). TISA Investments subscribed for 78.0 million shares at a total investment of K33.7m, at an issue price of K0.43/share.

Notably, both Credit Corp and Nasfund declined to participate, and TISA elected not to exercise those additional rights. Consequently, TISA's shareholding in TISA Insurance increased to 74.88%, leading to a dilution of both Credit Corp and Nasfund's existing ownership.

Based on the issue price of K0.43 per share and 182,364,437 shares on issue post-raise, the implied equity value of TISA Insurance is K78.4 million on a 100% basis.

We consider this capital raising provides relevant market evidence of investor willingness to support the business at the implied valuation, particularly in the context of a claims-driven recapitalisation.

Having regard to the implied equity value under the share transactions approach, and the circumstances of the capital raise, we consider that the value derived under the guideline comparable method is consistent with recent market evidence. Accordingly, the share transaction provides a reasonable cross-check and supports the conclusions reached under our primary valuation approach.

8.3.4 TISA Group's equity value in TISA Insurance

As TISA Group holds a 74.88% interest in TISA Insurance, we have assessed the value of this shareholding based on the adopted equity value range of K71.5 million to K84.5 million for 100% of the company. Table 8.10 below sets out the implied value of TISA Group's equity stake in TISA Insurance with a 74.88% shareholding.

Table 8.10: TISA Group's equity stake in TISA Insurance

In K millions	Low	High
100% Equity Value	71.5	84.5
TISA Group's interest in TISA Insurance	74.88%	74.88%
TISA Group's equity value in TISA Insurance	**53.5**	**63.3**

Source: BDOCF analysis

8.4 Valuation of TISA Property

Our valuation of TISA Property is set out as follows:

- Section 8.4.1 provides an overview of our chosen valuation methodology;
- Section 8.4.2 provides an overview of the valuation methodologies used by the independent valuation firms to assess the market value of TISA Property's holdings;
- Section 8.4.3 provides an analysis of the market value derived from the independent valuation reports for each asset;
- Section 8.4.4 sets out our analysis of adjustments made to the value of TISA Property's holdings;
- Section 8.4.5 sets out analysis of other assets and liabilities held by TISA Property; and
- Section 8.4.6 sets out our valuation of TISA Property.

8.4.1 Overview

Our valuation of TISA Property has regard to TISA Property's property profile following the Proposed Demutualisation, the adopted values as at 31 December 2024, and market and pricing movements since.

We note that it is TISA policy to commission these third-party valuation reports once per three-year period. In situations where independent valuation reports are more than one year old (as at 31 December of the respective year), Management has performed adjustment calculations to the market value the respective asset. These calculations are reviewed for accuracy and reasonableness by TISA's external auditors before being included in the given years' annual report.

We have considered the property valuation reports and Management's adjustment calculations provided, and note:

- Management has advised that only two registered property valuation firms operate in Papua New Guinea: LJ Hooker PNG and Northern Property Valuers. TISA engages both firms based on cost, turnaround time, and regional coverage. Due to the limited number of providers, a formal tender process is not conducted. However, both firms are considered by Management to be reputable and suitably qualified under relevant industry and professional standards;
- The property valuers engaged by TISA disclosed no pecuniary interest past, present or prospective in each subject property and also noted that the subject property valuation was free from bias;
- We considered the instructions provided to the valuers and are satisfied that they were not constrained in the scope of methodologies applied;

- We have held discussions with a PNG based valuer to gain an understanding of the valuations of TISA's investment properties, as well as the current conditions in PNG's property market as at the end of February 2026;
- We have had dialogue with Management and performed our own research with regard to inputs used in Management's adjustment calculations; and
- The valuation methodologies adopted are consistent with industry practice for the relevant property types.

In addition to the property portfolio, we have considered other assets and liabilities expected to be held by TISA Property, including working capital balances and any intercompany positions that may transfer as part of the Proposed Demutualisation. These have been considered at their respective book value unless stated otherwise and are not considered to have a material impact on our overall valuation conclusion.

The outcome of our valuation is incorporated into the overall summation methodology adopted in this Report.

8.4.2 Overview of valuation methodologies

Given the varied nature of the properties held by TISA Property, which range from owner-occupied commercial buildings to undeveloped land and leased investment properties, TISA's appointed third-party valuers have adopted a range of standard market valuation methodologies. These include the cost (or summation) approach, capitalisation approach and the direct comparison approach. The specific methodology (methodologies) applied to each property has (have) been selected based on the asset's unique characteristics, income profile, level of market evidence available, and highest and best use.

As part of our critical analysis of the independent valuation reports, we have considered the methodology applied in each case and assessed its appropriateness in the context of the asset's specific attributes and the broader market conditions in PNG.

A summary of each of the valuation methodologies used when assessing the market value of TISA's investment properties is set out below.

Cost or Summation

The cost approach, also referred to as the summation methodology, estimates the market value of a property by assessing the cost to replace or reproduce the improvements (i.e. buildings and developments) as if constructed new, then deducting appropriate allowances for depreciation. The valuer separately assesses the underlying land value, and adds this to the depreciated replacement cost of the improvements to derive the property's market value.

This approach is most appropriate when

- The improvements are newly constructed or specialised in nature;
- The property is underutilised or not currently income-generating; or
- The valuation is prepared for financial reporting purposes where the asset base is the primary focus.

Accurate and current construction data, including materials, labour, professional fees and contingency allowances are critical to this method. These costs may be based on actual construction figures or benchmarked against comparable developments.

Depreciation is applied to reflect physical deterioration (i.e. wear and tear), functional obsolescence (i.e. outdated designs or poor layout) and economic obsolescence (external factors such as declining location desirability or market demand).

One limitation of the cost approach is that it may not reflect market sentiment or transactional realities, particularly where the asset would not be replaced under current economic conditions. This is a relevant consideration in PNG's property market, which is relatively illiquid and lacks depth compared to more developed markets.

As such, the cost approach is often used out of necessity rather than preference. Best practice dictates that its results be cross-checked against market-based approaches, most commonly the direct comparison methodology.

This methodology may not reflect true market value if the asset would not be economically replaced in the current market, which may be the case in PNG's property market, which is more thinly traded relatively to other property markets.

We note that the cost approach has been the primary methodology selected by TISA's appointed external valuers to value the majority of TISA's investment properties.

Income Capitalisation

The capitalisation approach estimates the market value of a property by dividing the property's net operating income (i.e. rental income less operating expenses) by an appropriate capitalisation rate. This approach is based on the principle that a property's value is directly linked to its income-generating capacity.

This method is most appropriate where:

- Rental income and expenses are relatively stable and predictable;
- There is sufficient market evidence of capitalisation rates for comparable properties; and

- The asset is held primarily for income-generating purposes, rather than for owner-occupation or resale.

For the approach to be reliable, the rental income applied must reflect current market conditions and tenant agreements, while the adopted capitalisation rate must be supported by transactions involving comparable properties. Adjustments may also be required to account for occupancy and lease incentives.

We note that, the majority of TISA's investment properties are owner-occupied. In such circumstances, estimating a an arm's length rental income for capitalisation purposes can be more challenging. This is because owner-occupied tenants may not pay rent at market rates, if at all. Consequently, valuers have largely adopted alternative methodologies to assess the market value of TISA's investment property portfolio.

Direct Comparison

The direct comparison approach estimates the market value of a property by analysing recent sales of comparable properties in the same or similar locations. Key variables considered in the comparison include land area, building size, building cost, condition, improvements, and lease profile. Adjustments are made, where necessary, to account for differences between the subject property and the comparable properties to ensure an appropriate basis for value.

This method is most appropriate where:

- There is sufficient and reliable sales evidence of comparable properties;
- The market is active enough to provide a reasonable benchmark for current fair value; and
- The property is non-specialised in nature, such as office buildings or vacant land.

The direct comparison approach is frequently used as supporting evidence for valuations derived using other methodologies, such as the cost or income capitalisation approaches. This is particularly relevant where reliable sales data exists for similar assets, even if the subject property is not income-generating or newly constructed.

In the case of TISA's investment properties, independent valuers have, in most instances, applied the direct comparison method as supplementary evidence. These comparisons support primary valuations prepared using the cost or capitalisation methodologies, helping to cross-check the assessed market values and ensure consistency across the portfolio.

8.4.3 Independent valuations of TISA's investment properties

TISA Property's investment properties are initially recorded at cost and subsequently carried at fair value, based on independent valuations performed by accredited third-party valuers. These valuations are required to be conducted at least once every three years in accordance with accounting policies.

We understand that during FY25, TISA has completed or is in the process of completing three new investment property acquisitions. These properties have also all been independently valued within the last three years.

Table 8.11 below provides a summary of the most recent valuation reports of TISA's investment properties, categorised by:

- Existing properties (held prior to 31 December 2024);
- Properties acquired during 2025; and
- Properties to be transferred to TISA Property following completion of the Proposed Demutualisation.

Table 8.11: Summary of independent valuations of TISA's investment property assets

Asset	Ref	Property Type	Valuation date	Valuation methodology	Market value (K millions)
Existing investment properties					
TISA Rua	A	Mixed Use	Nov-24	Cost, Direct Comparison	125.0
Somare Circuit Lot	B	Vacant land	Jun-23	Cost, Direct Comparison	21.0
Kouaka Place	C	Residential	Nov-24	Capitalisation	7.8
TISA Haus Lae	D	Commercial	Aug-23	Cost, Direct Comparison	6.5
TISA Haus Madang	E	Commercial	Aug-23	Cost, Capitalisation, Direct Comparison	2.2
TISA Haus Alotau	F	Commercial	Mar-24	Cost, Direct Comparison	8.3
Total existing property value					**170.9**
New investment properties					
Buka	G	Commercial	Jan-25	Cost, Direct Comparison	0.8
Popondetta	H	Commercial	Apr-25	Cost, Direct Comparison	0.9
Total new investment property value					**1.7**
Properties and land transferred from TISA					
Security Base	I	Land	Jun-23	Capitalisation, Direct Comparison	0.9
TISA Haus Kokopo	J	PP&E	Jun-23	Cost, Direct Comparison	2.8
TISA Haus Kavieng	K	PP&E	Aug-23	Cost, Direct Comparison	2.5
Total new investment property value					**6.2**
Total investment property value					**178.8**

Source: *Independent third-party valuation reports, Management, BDOCF analysis*

Notes to Table 8.11

A

- TISA Rua is a nine-storey office complex with a GFA of 8,041 m^2 and a NLA of 5,029 m^2. Levels two through eight are commercial office space, with level nine containing three residential suites.
- The valuation was performed as follows:
  - Land (K14.6 million) calculated at a rate of K2,500/m^2, having regard location and land costs of similar developments; and
  - Improvements (K110.4 million), having regard to the new cost rate of similar developments, a range of K9,000/m^2 to K15,000/m^2.
- The valuer did not consider a capitalisation approach of market rentals on the basis that this approach would not reflect the property's full investment potential. In particular, the valuation noted that a fair amount of floor area on the first level of TISA RUA (which covers the outdoor terrace area) has potential for tenancy/leasing in future if developed or enhanced to marketable standards.

B

- The Somare Circuit Lot is a vacant commercial land parcel of approximately 10,000m^2, enclosed with steel picket fencing and minor improvements including solar lighting and a proposed security base.
- Market value based on the land component of K18.5 million (K1,850/m^2), having regard to sales of comparable properties in the region, and minor improvements at cost of K2.5 million.
- As at 31 December 2024, the fair value of the property was K22.0 million, calculated as a 5% gain on the value determined by its respective valuation report, driven by local inflation and market growth.

C

- Kouaka Place is comprised of three blocks of split level, three-bedroom townhouses; and two split level, three-bedroom townhouses. TISA holds a 99 year lease that began in December 1979.
- As at the date of the property valuation report, four of the eight townhouses were vacant, a further two were occupied and generating K2,000/week, and the last two were occupied, generating K2,200/week
- Given the desirable location of the property, the valuer assumed full occupancy for the vacant properties at K2,000/week. The sum of the annual rent has been capitalised at a 10.0% ROI, implying to a fair value of K7.8 million

D

- TISA Haus Lae is a three-level commercial building, providing retail and office space, with a total area of 2,571 m2. The valuer noted that the building is in 'generally poor condition'.
- Management has advised that the existing building on this land has been demolished, and the asset's carrying value is representative of the fair value of the land only. Significant development, budgeted to be K18.0 million is underway for this asset, and expected to be completed in May 2026.

E

- TISA Haus Madang is a small office building (329 m^2) on a large plot of undeveloped land (2,307m^2). Total value is comprised of land (K1.7 million) and improvements (K0.5 million).
- Gross monthly rent is K18,000 (K216,000 p.a.), leased on a month to month basis to a government tenant. There is no formal lease agreement on this property.
- Summation value methodology calculates fair value as K2.2 million, made up of land (K1.7 million) and improvements (K1.7 million, less K1.2 million depreciation)

F	▸ TISA Haus Alotau is a two-storey office building with a land area of 809 m^2 and an net lettable area of 525m^2. TISA Property is the lessee for the first floor, and two external tenants lease the second floor. ▸ The valuers have deemed that while the property is income-generating, capitalisation of rental income would not produce a true reflection of the property's potential market value. The two external tenants pay rental rates of K700/m^2. ▸ As such, the valuer has applied a rate of K7,580/m^2 to the building, having regard to cost rates on similarly constructed buildings, which are in the range of K8,000/m^2 to K9,000/m^2, for a value of K7.1 million. Land was valued at K1,500/m^2 (total K1.2 million), for a total property value of K8.3 million.
G	▸ Buka was acquired in January 2025, for a total consideration of K900,000, with an initial instalment of K90,000 paid in 2024. TISA plans to develop the property as a TISA Bank Branch, with construction expected to be completed by January 2026.
H	▸ TISA is currently negotiating the purchase of Popondetta – with the transaction expected to settle in September 2025. The property was initially to be purchased at a price of K1.6 million, but Management has since advised that the settlement price will be K900,000.
I	▸ Security Base is located in Gordons, Port Moresby, comprising a rectangular allotment of approximately 574m^2. ▸ The site is improved with a two-level standalone residential dwelling converted for use as a security base. ▸ The valuation adopted the Comparable Sales Approach supported by the Capitalisation Approach, resulting in a market value of K0.9 million as at June 2023. ▸ The property is improved with a modern two-level commercial building incorporating a bank branch and upper-level residence. ▸ The valuation adopted the Direct Comparison and Cost Approaches, resulting in a market value of K2.75
J	▸ TISA Haus Kokopa is located in Kokopo, comprising a commercial allotment of approximately 546m^2. ▸ The property is improved with a modern two-level commercial building incorporating a bank branch and upper-level residence. ▸ The valuation adopted the Direct Comparison and Cost Approaches, resulting in a market value of K2.75 million
K	▸ TISA Haus Kavieng is located in Kavieng, comprising a commercial allotment of approximately 1,050m^2. ▸ The property is improved with a two-level commercial building incorporating a bank branch and upper-level residence. ▸ The valuation adopted the Direct Comparison and Cost Approaches, resulting in a market value of K2.5 million as at August 2023.

Source: Independent third-party valuation reports, BDOCF analysis

8.4.4 Adjustments to property values

In Section 8.4.3 above, we presented the results of the most recent independent valuations for each of TISA Property's assets. In some instances, TISA Management has applied fair value adjustments to reflect updated information or changes in assumptions that occurred after the date of the respective independent valuation reports. These adjustments were performed to ensure that the carrying values as at 31 December 2024 accurately reflect current market conditions, property-specific developments, or acquisition costs (in the case of recently acquired properties).

As part of our assessment, we have considered the adjustments adopted by TISA Management and evaluated the methodologies and assumptions used in determining each revised value. We have considered factors including:

- The timing of the independent valuation relative to 31 December 2024;
- The nature and magnitude of the adjustments;
- The basis for selecting each of the inputs; and
- Whether the adjustments (or lack thereof) align with standard valuation principles.

In addition to the adjustments made by Management to arrive at adopted values as at 31 December 2024, we have considered whether further refinement is required to reflect market movements to 31 December 2025. We understand from discussions with a PNG based property specialist that there has been a general shift in the PNG property market over the past 12 months, based on observed transactions and valuation activity undertaken during that period.

In the absence of updated independent valuation reports for each property, and based on discussions with the PNG based property valuer, we have applied a 5% uplift to the adopted 31 December 2024 values in determining our adopted values as at 31 December 2025.

Table 8.12 below summarises the adjustments made to the independently assessed market values, along with the resulting fair value adopted for each property.

Table 8.12: Analysis of the fair value of TISA Property's investment property assets[1]

K millions	Ref	Value as at 31 Dec 2024	Adjustment	Adopted value

Existing investment properties				
TISA Rua	A	125.0	6.3	131.3
Somare Circuit Lot	B	22.1	1.1	23.2
Kouaka Place	C	7.8	0.4	8.2
TISA Haus Lae	D	4.3	0.2	4.5
TISA Haus Madang	E	2.1	0.1	2.2
TISA Haus Alotau	F	8.9	0.4	9.3
Total existing property value		**170.1**	**8.5**	**178.7**
New investment properties				
Buka	G	0.8	(0.4)	0.4
Popondetta	G	0.9	0.0	0.9
Total new investment property value		**1.7**	**(0.4)**	**1.3**
TISA property value (transferred)				
Security Base	H	0.9	0.0	0.9
TISA Haus Kokopo	H	3.1	0.2	3.2
TISA Haus Kavieng	H	3.2	0.2	3.3
Total TISA property value		**7.1**	**0.4**	**7.5**
Total investment property value (post demutualisation)		**179.0**	**8.5**	**187.5**

Source: Management, BDOCF analysis

1 Discrepancies due to rounding

Notes to Table 8.12

A

- TISA Rua was valued at K125.0 million using a direct cost approach, reflecting the asset's completion in late 2024.
- Management has advised that the total build cost of TISA Rua was approximately K124.1 million, which closely aligns with the adopted value in 31 December 2024.
- We have applied a 5% uplift to the 31 December 2024 value for the purposes of our 31 December 2025 assessment.

B

- The Somare Circuit lot was initially valued in 2023 as land (K18.5 million) plus improvements (K2.5 million).
- The adopted 31 December 2024 value reflects a 5% appreciation applied by Management to the 2023 independent valuation, consistent with local inflation and supported by external advisors.
- We have applied a further 5% uplift to the 31 December 2024 carrying value in determining our 31 December 2025 adopted value.

C

- The adopted value of Kouaka Place as at 31 December 2024 is K7.8 million which aligns to the independent valuation completed in late 2024.
- We have applied a 5% uplift to the 31 December 2024 value. This results in an adopted value of approximately K8.2 million as at 31 December 2025.

D

- TISA Haus Lae was initially valued at K6.5 million as sum of land and building values. However, the building has since been demolished, and the asset was carried at the fair value of the land component (K4,288,000) for 31 December 2024.
- We understand that development plans are ongoing with this property, with costs expecting to total K18.0 million and be completed in 2027. Management have advised this will be funded through a loan from TISA Bank.
- We have applied a 5% uplift to the 31 December 2024 value.

E

- TISA Haus Madang was valued in 2023 as a sum of land (K1.7 million) and buildings (K1.7 million). To adjust fair value as at 31 December 2024, Management depreciated the buildings component by 10.0% (accumulated depreciation for this asset was K1.3 million in FY24), lowering the value by approximately K0.2 million.
- We have applied a 5% uplift resulting in an adopted value of approximately K2.2 million as at 31 December 2025.

F

- TISA Haus Alotau was valued in 2023 on a cost basis as land of K1.3 million, plus buildings of K7.0 million (calculated as floor area of 894 m^2 multiplied by a cost rate of K7,850/m^2).
- In December 2024, Management applied an 8.0% growth rate, representative of local inflation and depreciating Kina value, to the build cost rate. The result is an increase in the value of the buildings to K7.6 million (K8,478/m^2).
- We have applied a 5% uplift resulting in an adopted a value of approximately K9.3 million as at 31 December 2025.

G

- The Buka and Popondetta assets were acquired at values broadly consistent with the market values assessed by the independent valuation firms in early 2025.
- Management has advised the Buka building has since been demolished, and the land has been valued at K0.4 million, while no material change has been assessed for the Popondetta asset.
- We have not applied any uplift to the values of these properties.

H	▸ Security Base, TISA Haus Kokopo and TISA Haus Kavieng were previously held by TISA and were classed as land and buildings within PPE at 31 December 2024. Following the Proposed Demutualisation, these assets will be transferred to TISA Property. ▸ We have applied a 5% increase to the 31 December 2024 values to determine our high range resulting in adopted values of approximately K0.9 million, K3.2 million, and K3.3 million respectively as at 31 December 2025.

Source: BDOCF analysis

8.4.5 Consideration of other assets and liabilities

In determining the value of TISA Property, it is appropriate to consider the other assets and liabilities recorded on its balance sheet, in addition to the fair value of its investment property holdings. As TISA Property is a limited-purpose entity established to hold and manage investment property assets, the balance sheet outside of investment property operations is relatively simple and consists primarily of working capital related items and WIP assets.

A summary of TISA Property's assets and liabilities excluding investment properties, as at 31 December 2025 is set out in Table 8.13 below. TISA Property will continue to hold these assets following the Proposed Demutualisation.

Table 8.13: Summary of TISA Property's surplus assets and liabilities excluding investment properties

K millions	As at 31 December 2025 (Unaudited)
Assets	
Cash and cash equivalents	24.9
Rental and other receivables	8.3
WIP assets	5.3
Total assets excluding investment properties	**38.4**
Liabilities	
Creditors and accruals	6.4
Net assets excluding investment properties	**32.0**

Source: Management forecasts, BDOCF analysis

We have considered the composition of TISA Property's assets and liabilities as set out in Table 8.13 above and note:

- Rental and other receivables include trade receivables (K8.1 million), and deferred tax asset receivables (K0.2 million). These balances are considered to approximate fair value.
- WIP assets reflect development expenditure on TISA's investment property portfolio, and as at 31 December 2025, primarily relate to work being completed across TISA Haus Lae, TISA Haus Kokopo, TISA Haus Alotau, and Kouaka Place.
- Creditors and accruals include accounts payable, trade creditors and deferred tax liabilities in addition to accrued expenses.

8.4.6 Valuation summary

Our valuation of TISA Property has been prepared using the summation approach, whereby the assessed fair values of individual investment properties and other net assets have been aggregated to derive an overall valuation. Our valuation is on a going concern basis to TISA Property and we have not applied notional transaction costs or other hypothetical deductions associated with the sale of the portfolio.

Our valuation of TISA Property is set out in Table 8.14 below.

Table 8.14: Valuation of TISA Property

	Ref	Value (K millions)
Total investment property value	Table 8.11	187.5
Total other assets	Table 8.12	34.5
Total value of TISA Property		**222.0**

Source: BDOCF analysis

8.5 Valuation of TISA Investments

Our value of TISA Investments is set out as follows:

- Section 8.5.1 provides an overview of our chosen valuation methodology;
- Section 8.5.2 sets out the financial assets held by TISA Investments;
- Section 8.5.3 sets out analysis of other assets and liabilities held by TISA Investments; and
- Section 8.5.4 sets out our valuation of TISA Investments.

8.5.1 Overview

We have valued TISA Investments using a net asset value approach, which reflects the fair value of the financial asset portfolio held by the entity as at 18 February 2026. Once the value of TISA Investment's financial assets has been determined, we have made necessary additions based on the book value of the assets and liabilities held by TISA Investments as per the most recent available management accounts, being 31 December 2025.

The value of TISA Investment's financial assets has been determined as follows:

- Listed equity holdings have been valued using quoted market prices from the PNGX as at 18 February 2026; and
- PNG Government inscribed stock has been valued by using its face value plus accrued interest as at 24 February 2026.

We have not applied any discounts for lack of liquidity, transaction costs, or tax liabilities, as the portfolio is expected to be held on a going concern basis following the Proposed Demutualisation.

TISA's majority stake in TISA Insurance has been excluded from the valuation of TISA Investments, as this holding is assessed separately on a standalone basis (refer to Section 8.3).

8.5.2 Overview of investments held by TISA Investments

Following the Proposed Demutualisation, TISA Investments is expected to hold the majority of TISA's investment portfolio, comprising both listed and unlisted equity securities as well as PNG Government inscribed stock. These investments form the core of TISA Investments' balance sheet and are central to its valuation using a NAV approach.

Equity investments

The number of shares held in each company is based on real data as provided to us by Management as at 20 February 2026. We have not considered the potential sale or additional purchase of these securities, nor any others between then and the date of this Report.

Table 8.15 below provides a summary of TISA Investments' holding in equity securities following the Proposed Demutualisation.

Table 8.15: TISA Investment's holdings of equity securities

Company	Ref	No. of shares held	Share price at 18 Feb 2025	Fair value (K Millions)
Listed Securities				
BSP Financial Group Limited	A	1,258,343	25.0	31.5
Credit Corporation (PNG) Limited	B	57,925,483	4.65	269.4
PNG Air	C	7,000,000	0.02	0.1
Investment value in listed securities				**301.0**

Source: *TISA Management, PNGX as at 18 February 2026, data retrieved 24 February 2026, BDOCF analysis*

Notes to Table 8.15:

A	▸ TISA holds approximately 1.3 million BSP shares, which trade on both the PNGX and ASX. The shares last traded on the PNGX at K25.0 as at 18 February 2026, resulting in a fair value of K31.5million. ▸ As per the PNGX website, the 52-week high (low) price for BSP shares on the PNGX as of 18 February 2026 is K25.01 (K20.95) per share.
B	▸ TISA holds 57.9 million shares in Credit Corp, representing an 18.8% stake in the business. Based on the market price of K4.65 as at 18 February 2026, the fair value of TISA's holding is estimated at K269.4 million. ▸ As per the PNGX website, the 52-week high (low) price for Credit Corp shares on the PNGX as of 18 February 2026 is K4.7 (K3.01) per share. We note that Credit Corp shares have appreciated over the past year and are currently trading at all-time highs. This has been the driving factor in the growth in value of TISA's holdings in financial assets, as discussed in section 5.3.3
C	▸ PNG Air stock recently completed a K28.9 million capital raise in December 2025, and as such, is recorded at the most recent issue price of K0.02 per share.

Source: *Capital IQ, BDOCF analysis*

1 For completeness, daily pricing data is not available for PNGX-listed stocks. As such, we have used available data, which is yearly high and low prices and latest trade prices as at 18 February 2026.

Inscribed stock

Inscribed stock is a government debt security issued by the Government of PNG and sold at monthly auctions. The principal amounts, interest rates, and maturities are determined at auction based on investor demand.

TISA Investments holds PNG Government inscribed stock with the following key terms:

- **Principal amount:** K7,000,000
- **Annual interest rate:** 10.50%
- **Maturity date:** 15 May 2027

Interest is calculated monthly and paid bi-annually. While the exact payment dates vary between issuances, Management has advised that payments are typically received in May and November, though specific dates were not available. For the purposes of this valuation, we have assumed payments are made on the 15th of May and 15th of November, with the May date corresponding to the maturity date of the investment.

To calculate the accrued interest as at 24 February 2026, we have assumed a bi-annual coupon structure and applied a daily interest accrual methodology. Specifically, we have:

- Calculated daily interest based on the 10.50% annual coupon applied to the K7.0 million principal;
- Counted the number of days between the most recent assumed payment date (15 November 2025) and 24 February 2026; and
- Multiplied this by the daily interest amount to estimate accrued interest.

Table 8.16 below summarises the fair value of TISA Investments' inscribed stock holding.

Table 8.16: Fair value of TISA Investments' holdings in inscribed stock

K Millions	Value
Principal	7.0
Accrued interest[1]	0.2
Total inscribed stock value	**7.2**

Source: BDOCF analysis

1 Total accrued interest (K203,384) is calculated as K2,014 multiplied by 101 days since the last assumed payment.

8.5.3 Consideration of other assets and liabilities

In addition to its holdings in financial assets, TISA Investments maintains small balances of other assets and liabilities, which we have considered when determining its overall value.

All balances have been incorporated into our valuation on a line-by-line basis, using the book values presented in the 31 December 2025 management accounts as the latest available accounts. Given the short-term nature of these accounts, and expected near term announcement of the Proposed Demutualisation, the 31 December 2025 management accounts have been used as a proxy for the accounts to be held at the date of the Proposed Demutualisation and have not had any fair value adjustments applied.

A summary of other assets and liabilities expected to be held by TISA Investments following the Proposed Demutualisation is presented in Table 8.17 below.

Table 8.17: Other assets and liabilities held by TISA Investments

(K000's)	31 December 2025 (Unaudited)
Cash and cash equivalents	1.0
Accrued expenses	(8.2)
Other net assets	**(7.2)**

Source: 31 December 2025 Management accounts, BDOCF analysis

8.5.4 Valuation of TISA Investments

A summary of TISA Investments' assessed value is set out in Table 8.18 below.

Table 8.18: Valuation of TISA Investments

Component	Ref	Value (K millions)
Listed shares	Table 8.14	301.0
Inscribed stock	Table 8.15	7.2
Other net assets	Table 8.16	(7.2)
Total value of TISA Investments		**301.0**

Source: BDOCF analysis

8.6 Summation valuation of TISA Group

Our summation valuation of TISA Group is set out as follows:

- Section 8.6.1 sets out our valuation of TISA Group; and
- Section 8.6.2 sets out our valuation of an ordinary share in TISA Group.

8.6.1 Summation valuation of TISA Group Limited

Equity Value of TISA Group Limited

Our summation valuation of TISA Group is set out in Table 8.18 below.

Table 8.19: Equity value of TISA Group

Entity	Reference	Low (K millions)	High (K millions)
TISA Bank	Section 8.2.2	69.2	98.9

TISA Insurance	Section 8.3.2	53.5	63.3
TISA Property	Section 8.4.6	222.0	222.0
TISA Investments	Section 8.5.4	301.0	301.0
Equity value of TISA Group		**645.7**	**685.2**

Source: *BDOCF analysis*

Table 8.19 shows that our assessed equity value of TISA Group is between K645.7 million and K685.2 million. This represents the aggregated equity values of each of TISA's subsidiary entities, assessed on a controlling interest, going concern basis using the methodologies outlined in Sections 8.2 to 8.5.

For reference, we have compared our assessed equity value to TISA's most recently reported net asset value as at 31 December 2025, set out in Table 8.20 below. This comparison provides context to our valuation outcome and highlights the variance between our calculated value and TISA's most recently available financial position.

Table 8.20: Comparison of our assessed value of TISA Group's equity to TISA's latest reported net asset value

K millions	Low (K millions)	High (K millions)
BDO calculated value	645.7	685.2
TISA net asset value as at 31 December 2025	621.6	621.6
Variance	**24.1**	**63.6**

Source: *Management, BDOCF analysis*

The assessed total value of the business differs from the most recent net asset value by K24.1 million (3.7%) at the low end, and K63.6 million (9.3%) at the high end. This difference is largely driven by:

- The increase of TISA's majority stake in TISA Insurance to 74.88% following the TISA Insurance capital raise; and
- Increase in the share prices of equity securities held by TISA Investments.

8.6.2 Value of a TISA Group share on a controlling interest basis

Table 8.21 below summarises the value of a single TISA Group share following the Proposed Demutualisation on a controlling interest basis.

Table 8.21: Value of a single TISA Group share on a controlling interest basis

Entity	Reference	Low (K millions)	High (K millions)
Assessed equity value of TISA Group	Section 8.6.1	645.7	685.2
No. of TISA Group shares outstanding	Section 4.2.2	206.67	206.67
Value per TISA Group Share (K/share)		**3.12**	**3.32**

Source: *BDOCF analysis*

Table 8.20 above shows the value of a TISA Group ordinary share implied by our valuation is within the range of K3.12 and K3.32, on a controlling interest basis.

8.6.3 Value of a Share in TISA Group Limited - Minority Interest Basis

While the summation valuation of TISA Group reflects the value to TISA Group itself of its underlying divisions, it does not reflect the nature of the interest that Eligible Members will receive post-demutualisation. Instead, each Eligible Member will hold a small, non-controlling parcel of shares in an unlisted company, with limited ability to influence strategic decisions or realise value in the short to medium term.

In our view, valuation adjustments are required to account for the difference between the controlling value and minority, illiquid value shareholders will receive under the Proposed Demutualisation. Specifically, we consider it appropriate to apply:

- A discount for lack of control ('DLOC'), to reflect that members will not hold an interest sufficient to influence the direction of TISA Group; and
- A discount for lack of marketability ('DLOM'), to reflect the limited liquidity available to shareholders in the absence of a public market or reliable secondary mechanism.

We discuss each of these discounts in more detail below, before concluding on the value of a share in TISA Group on a minority interest basis.

Discount for lack of control

TISA's summation valuation reflects the value of owning controlling stakes in its key divisions, including majority interests in the TISA Bank and TISA Insurance, as well as full ownership of TISA Property and TISA Investments, with the ability to influence strategic, financial, and operational decisions across TISA Group. But once demutualisation occurs, Eligible Members will not receive a controlling interest. Instead, each Eligible Member will receive a small parcel of shares in TISA Group. These shares give each Eligible Member an ownership stake, but not the ability to direct the organisation or influence major decisions.

This matters because, in practice, control is valuable. Investors are typically willing to pay more to buy a controlling interest in a company because it gives them the ability to drive strategy, appoint management, sell assets, or change how profits are distributed. By contrast, someone buying a small parcel of shares, akin to Eligible Member holdings post-demutualisation, has no such influence.

This dynamic is commonly observed in public equity markets. When a listed company is subject to a takeover, the acquiring party typically offers a premium of 20% to 40% above the prevailing share price in order to obtain control. The prevailing share price, which reflects the value of minority shareholdings without control rights, is generally meaningfully lower than the value attributed to a controlling interest. The difference between these two values is commonly referred to in valuation practice as a discount for lack of control.

A similar adjustment is appropriate in this context. Although Eligible Members will collectively hold 100% of the shares in the demutualised entity, no individual member will possess sufficient ownership to exert control over the company's direction or operations. This is analogous to a small shareholder in a listed company, who holds an ownership interest but lacks the ability to influence strategy or governance outcomes. Accordingly, it is appropriate to apply a discount for lack of control to reflect the minority nature of each Eligible Member's interest in TISA Group.

The appropriate DLOC has been assessed with reference to the nature of TISA Group's ownership and level of influence within each division. Table 8.21 below outlines the relevant control characteristics of each division and how they inform the overall assessment of the DLOC to be applied at the TISA Group level.

Table 8.22: Control assessment and implications for DLOC

Entity	Control Assessment
TISA Bank	▸ TISA Group shareholders will hold an indirect interest, one step removed from TISA Bank level decision-making. They have no direct control, limited visibility, and are reliant on the TISA Group Board to realise and distribute value from TISA Bank. In applying our guideline comparable methodology we have utilised as our metric P/NTA multiples observed from listed entities. We consider that any DLOC relevant would be incorporated in these multiples and have not applied a further DLOC.
TISA Insurance	▸ TISA Group holds a 74.88% majority interest in TISA Insurance, which provides greater governance influence than that available to other shareholders. The valuation of TISA Insurance in our summation was based on minority trading multiples of listed comparable companies and cross-checked against the recent 1:1 rights issue price, which also reflects a minority interest basis. ▸ However, shareholders in TISA Group will not hold a direct stake in TISA Insurance. They will hold an indirect interest, with no direct control or visibility over TISA Insurance's operations or performance, and will be reliant on the TISA Group Board to realise and distribute value from the TISA Insurance interest. While a DLOC is already implicitly reflected in the valuation inputs, a modest incremental DLOC is appropriate at the Group level to reflect this additional layer of separation and lack of direct influence.
TISA Property	▸ TISA Group owns 100% of TISA Property. The valuation of TISA Rua (which represents close to 60% of the value of TISA Property) is based on replacement cost, not capitalisation of rental income. This approach assumes control over future leasing and development decisions, value that can only be realised by an active, controlling owner. ▸ Similarly, Somare Circuit Lot (which represents approximately 10% of value) is undeveloped commercial land, with value dependent on timing and execution of development or sale. Minority shareholders in TISA Group have no ability to influence these outcomes. As such, a DLOC is appropriate to reflect the gap between the control-based valuation approach and the lack of strategic influence held by minority shareholders.
TISA Investments	▸ TISA Group holds 100% ownership of TISA Investments, which primarily comprises listed equities and PNG government inscribed stock. The values for these assets are readily observable and, in theory, relatively liquid. ▸ However, TISA Group shareholders will not hold a direct interest in the underlying securities. They cannot control how the portfolio is managed, when securities are bought or sold, or how returns are distributed. This structure is similar to a listed investment company, which often trades at a discount to net asset value due to lack of control. A DLOC is therefore appropriate to reflect the absence of influence over investment decisions and the timing of realisation.

Source: BDOCF analysis

Having regard to Table 8.22 above, we consider it appropriate to apply a DLOC in the range of 10% to 20%. We consider this range to be reasonable having regard to:

- The nature of each division's valuation basis (e.g. some reflecting minority value, others control value);
- The governance separation between TISA Group shareholders and underlying assets; and
- Market benchmarks for minority interest discounts.

Our range recognises that some elements of lack of control may already be reflected in the valuation inputs, while also acknowledging the structural limitations placed on minority shareholders of TISA Group.

Discount for illiquidity and marketability constraints

While the Proposed Demutualisation is intended to provide Eligible Members with equity in TISA Group, the value of these shares may not be immediately realisable. Eligible Members will become shareholders in an unlisted company, with limited ability to convert their shares into cash in the short to medium term. This limitation on liquidity gives rise to a discount for lack of marketability, being an adjustment that reflects the reduced value of shares that cannot be readily sold.

In Table 8.23 below we have set out a number of considerations in relation to the DLOM to adopt for the purposes of this Report.

Table 8.23: Liquidity assessment and implications for DLOM

Consideration	Description
Private sales	▸ Shareholders may sell their shares privately but must first offer them to TISA Group or other eligible shareholders under pre-emption rights. These sales are not facilitated by TISA Group, must be arranged independently, and are subject to eligibility criteria. The lack of an organised secondary market and the requirement for private negotiation constrains practical liquidity.
Unmarketable Parcel regime	▸ Shareholdings constituting an Unmarketable Parcel (being a holding with a value of less than K1,000) will be subject to compulsory divestment. ▸ Affected shareholders will receive cash consideration in lieu of shares, and the relevant shares will be cancelled or held as treasury shares. ▸ This mechanism is administrative in nature and applies only to very small holdings. It does not provide a general liquidity facility for shareholders and therefore does not materially reduce overall illiquidity risk.
PNGX listing	▸ While a listing on the Port Moresby Stock Exchange (PNGX) is under consideration, it will not occur immediately following demutualisation, if at all. The TISA Board has indicated that any listing is contingent on successful completion of the Proposed Demutualisation and operational performance of TISA Bank. Management are of the view that this process may take several years, meaning that no public market will exist in the short to medium term.
Market depth	▸ Even if TISA Group is listed on PNGX in future, liquidity may remain limited. The PNGX is a small, thinly traded exchange with only 11 listed entities and low average trading volumes. Shares in TISA Group may be difficult to sell, particularly in larger parcels, and price discovery may be limited if trading is infrequent.
Dividend income	▸ Dividend income may provide some return to shareholders while they hold their shares, partially offsetting the impact of illiquidity. However, dividends are not guaranteed and will depend on the performance of TISA Group, the discretion of the Board, and available distributable profits.
Expected holding period	▸ There is currently no fixed timeline for listing on PNGX, and the Board has indicated that listing will not occur until after operational restructuring and performance milestones are met. In the interim, liquidity is limited to private sales or a restricted buyback facility. As such, most shareholders should expect a medium-to-long-term holding period, potentially spanning several years, during which time shares cannot be readily converted to cash. This extended illiquidity horizon supports the application of a DLOM.

Source: BDOCF analysis

There is no single accepted method for quantifying a DLOM, and empirical evidence demonstrates a wide range of outcomes. For example:

- Early restricted stock studies observed discounts ranging from 13% to 45%, based on the pricing of shares that were legally restricted from resale;
- More recent studies indicate that these discounts may be narrower, between 11% and 33%, reflecting improved transparency and reduced regulatory barriers in some markets;
- The largest discounts tend to occur in non-reporting, over-the-counter (OTC) companies, where investors have limited access to information and liquidity. In these settings, discounts in excess of 30% are common; and
- Alternative empirical approaches, such as the Johnson/Park Empirical Method, compare the rates of return between closely held and publicly traded businesses. These studies often suggest investors require 30% to 45% higher returns to compensate for the illiquidity and uncertainty associated with holding non-marketable interests over longer time horizons.

Having regard to the observed empirical evidence, the nature of TISA Group's proposed capital structure, and the liquidity limitations discussed in this Report, we consider a DLOM in the range of 25% to 35% to be appropriate for the purpose of this valuation.

Adopted Value

Table 8.24 below summarises our assessed value of TISA Group, converted to a minority interest basis by applying an appropriate DLOC and DLOM.

Table 8.24: TISA Group value on a minority interest basis

K millions	Low	High
BDO assessed value	645.7	685.2
Discount for lack of control	20.0%	10.0%
Discount for lack of marketability	35.0%	25.0%
Adopted value	**335.8**	**462.5**
Shares issued	206.7	206.7
Value per share - minority interest	**1.62**	**2.24**

Source: BDOCF analysis

In our view, an appropriate value of TISA Group on a minority interest basis is in the range of K335.8 million to K462.5 million (K1.62 to K2.24 per share). We believe this value is representative of the price that could be realised in an arm's-length transaction between a willing buyer and a willing seller, each acting knowledgeably, prudently, and without compulsion. This range reflects the sequential application of discounts for lack of control and lack of marketability to our assessed controlling interest value, as discussed in Table 8.22 and Table 8.23.

The adopted range appropriately incorporates the reduced governance influence, limited access to information, and liquidity constraints inherent in holding a non-controlling interest in an unlisted company of this nature.

APPENDIX A: GLOSSARY

Reference	Definition
A$ or $	Australian dollars
ABV	Asset-based valuation
AFED	Authorised foreign exchange dealer
AGM	Annual general meeting
Announcement Date, the	The date TISA announce to the Members and public at large of the Scheme relating to the Proposed Demutualisation
APES 225	Accounting Professional and Ethical Standards Board professional standard APES 225 *Valuation Services*
ASIC	Australian Securities and Investment Commission
ASX	Australian Securities Exchange
Banks and Financial Institutions Act, the	The *Banks and Financial Institutions Act 2000*
BDO Persons	The partners, directors, agents or associates of BDO
BDOCF	BDO Corporate Finance Ltd
Board, the	The board of directors of TISA
BPNG	The Bank of Papua New Guinea
BSP	BSP Financial Group Limited
CBBs	Central bank bills
CEFI	Centre for Excellence in Financial Inclusion
TISA Insurance	TISA Insurance Ltd
CME	Capitalisation of maintainable earnings
Companies Act, the	The *Companies Act 1997* (amended 2022)
Company, the	The Teachers Savings and Loan Society Limited or TISA
Corporations Act, the	The *Corporations Act 2001*
Credit Corp	Credit Corporation (PNG) Limited
CWIP	Capital Work in Progress
DCF	Discounted cash flow
Deloitte	Deloitte Touche Tohmatsu Limited
DFAT	Australian Department of Foreign Affairs and Trade
Directors, the	The Directors of the Company
DLOC	Discount for lack of control
DLOM	Discount for lack of marketability
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EIR	Effective interest rate
Eligible Members	TISA Members eligible to receive equity as part of the Proposed Demutualisation
EV	Enterprise value

Reference	Definition
EY	Ernst and Young Papua New Guinea, external auditors to PNG for FY24.
FSG	Financial Services Guide
FX	Foreign Exchange
FY	The financial year or 12-month period ended on 30 June
GABV	Global Alliance for Banking on Values
GDP	Gross Domestic Product
Group, the	The Teachers Savings and Loan Society Limited or TISA or the Company
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IS	Government of PNG Inscribed Stock
IWT	Interest withholding tax
JMP	JMP Securities Limited, bookrunner for the TISA Bank capital raise
KATS	Kina Automated Payment System
KFR	Kina Facility Rate
Kina, PGK, K	The Papua New Guinea Kina (national currency)
KPMG	KPMG PNG, auditors of TISA Group for the years FY16-FY23
LFI	Licensed Financial Institution
LIC	Low Income Country
LMIC	Lower Middle-Income Country
LTM	Last twelve months
Meeting, the	Scheme meeting to be held in the period between June 2026 and December 2026
Members, the	The current Members of TISA
MFI	Microfinance Institution
MSME	Micro, Small, Medium Enterprise
Nasfund	The National Superannuation Fund of PNG
National Court	The National Court of Papua New Guinea
NBC	National Banking Corporation Ltd
NFIS	National Financial Inclusion Strategy
Non-Eligible Members	TISA Members who are not eligible to receive equity as part of the Proposed Demutualisation
NPAT	Net profit after tax
NPV	Net present value
NTM	Next twelve months
OMOs	Open Market Operations
PNG	Papua New Guinea
PNGX	The National Stock Exchange of Papua New Guinea
POLSAV	Police and State Services Savings and Loan Society Limited
PPE	Plant, Property and Equipment

Reference	Definition
PS's, Prudential Standards	The set of Prudential Standards issued by the BPNG to regulate PNG's financial sector
Proposed Demutualisation, the	The Demutualisation of TISA, and subsequent transition from communal ownership to operate as a commercial bank
Q1 2026	The first quarter of 2026
Regulations, the	The Corporation Regulations 2001
Report, this	This independent expert's report prepared by BDOCF and dated 20 April 2026
RG 111	Regulatory Guide 111: Content of Expert Report, issued by ASIC
RG 112	Regulatory Guide 112: Independence of Experts, issued by ASIC
RGs	Regulatory guides published by ASIC
Savings and Loans Societies Act, the	The Savings and Loans Societies Act 2015 (and amended in 2022)
Scheme, the	The scheme of arrangement by which the Proposed Demutualisation will be implemented
Scheme Booklet, the	The scheme booklet prepared by TISA containing an explanatory memorandum, notice of meeting, independent accountant's report, tax advice and independent expert's report
Shareholders, the	The members and subsequently mutual shareholders of shares in the Company
S&L Society	Savings and Loans Society
T-Bill	PNG Government Treasury Bills
T-Bill Tap	PNG Government Treasury Bill Tap Facility
T-Bond Tap	BPNG Treasury Bond Tap Facility
TCF	TISA Community Finance Limited
TISA Demutualisation Scoping Study	The scoping study conducted by Deloitte in order to assist TISA with the Proposed Demutualisation
TISA	Teachers Savings and Loan Society Limited
TISA Bank	TISA Bank Limited
TISA Group	TISA Group Limited
TISA Investments	TISA Investments Limited
TISA Property	TISA Property Limited
Unmarketable Parcel	Being a parcel of shares with a value of less than K1,000, as defined under the Constitution and PNGX Listing Rules
USD	United States Dollar
We, us, our	BDO Corporate Finance Limited
WIP	Work in progress

APPENDIX B: COMPARABLE TRADING COMPANIES AND PRECEDENT TRANSACTION ANALYSIS

This section sets out information in relation to comparable companies that we consider broadly comparable to TISA Bank and TISA Insurance. The information set out below includes a summary of the information that we have considered and the assumptions that we have adopted. This section is set out as follows:

- Section B.1 summarises trading multiples and descriptions for those listed companies we consider broadly comparable to TISA Bank and TISA Insurance in addition to providing an overview of each company; and
- Section B.2 summarises transaction multiples and descriptions of transactions where we consider the target to be broadly comparable to TISA Insurance.

B.1 Trading multiples of comparable companies

It is useful to analyse the current trading multiples of exchange listed comparable companies to assist with the determination of an appropriate capitalisation multiple. Comparable trading multiples need to be treated with caution as not all companies operating in comparable industries can be readily compared to TISA Bank and TISA Insurance. With this as a caveat, the usual step in applying a multiple based valuation methodology is to construct a multiple from market information. The multiple is then adjusted for specific company differentiators.

Tables B.1 and B.2 below set out the metrics and descriptions of the companies considered broadly comparable to TISA Bank and TISA Insurance. Specifically, we have considered each listed companies' P/E and P/NTA as calculated by CapIQ based on each company's last twelve months ('LTM') of published financial reports, including quarterly and/or mid-year financial results where applicable.

For the purposes of our analysis, we have considered the following multiples as outliers to the dataset:

- Among both banking and insurance company datasets, negative P/E multiples and P/E multiples greater than 25.0x; and
- Among the banking company dataset, negative P/NTA multiples and P/NTA multiples greater than 3.5x.

Outliers are highlighted grey in Tables B.1 and B.2 below, and we have given more weighting to the summary statistics (ie. average, median, minimum and maximum) that have been adjusted for outliers when determining a multiple for TISA Bank and TISA Insurance.

For completeness, we note that, when considering multiples with regard to each listed company's P/E and P/NTA as calculated by CapIQ based on the most recently published annual results, the multiples are broadly similar. We further note that a next-twelve-month ('NTM') methodology has not been considered, as little forecast data was available on CapIQ for the list of broadly comparable companies.

Table B.1: Broadly comparable trading company multiples - Banking[1]

Company	Country	Reporting period[2]	Market Cap (K millions)	P/E	P/NTA
Al-Arafah Islami Bank PLC.	Bangladesh	Sep 25	647	39.2x	0.8x
Allied Bank Limited	Pakistan	Dec 25	3,132	6.1x	0.8x
Asia United Bank Corporation	Philippines	Sep 25	4,654	5.4x	1.1x
Askari Bank Limited	Pakistan	Dec 25	2,048	5.5x	1.0x
Bank AL Habib Limited	Pakistan	Dec 25	2,945	5.8x	1.2x
Bank Alfalah Limited	Pakistan	Dec 25	2,999	7.8x	1.0x
Bank Asia PLC.	Bangladesh	Sep 25	927	6.3x	0.7x
Bank of Commerce	Philippines	Sep 25	959	4.1x	0.4x
Bank of the Philippine Islands	Philippines	Dec 25	45,921	9.9x	1.4x
BankIslami Pakistan Limited	Pakistan	Dec 25	507	5.1x	0.8x
BDO Unibank, Inc.	Philippines	Dec 25	53,694	8.9x	1.2x
BRAC Bank PLC.	Bangladesh	Sep 25	5,792	10.8x	1.7x
BSP Financial Group Limited	PNG	Dec 25	12,064	10.3x	2.5x
China Banking Corporation	Philippines	Dec 25	13,575	7.1x	1.1x
City Bank PLC.	Bangladesh	Sep 25	1,538	3.5x	0.8x
Citystate Savings Bank, Inc.	Philippines	Sep 25	180	17.3x	2.0x
Dhaka Bank PLC.	Bangladesh	Sep 25	508	17.3x	0.6x
Dutch-Bangla Bank PLC.	Bangladesh	Sep 25	1,411	8.4x	0.8x
East West Banking Corporation	Philippines	Sep 25	2,115	3.5x	0.4x
Eastern Bank PLC.	Bangladesh	Sep 25	1,507	5.8x	0.9x
Faysal Bank Limited	Pakistan	Dec 25	2,147	7.6x	1.3x
Habib Bank Limited	Pakistan	Dec 25	7,277	7.5x	1.1x
Habib Metropolitan Bank Limited	Pakistan	Dec 25	2,014	5.9x	1.1x
Islami Bank Bangladesh PLC.	Bangladesh	Sep 25	2,582	(127.7x)	1.1x

Company	Country	Reporting period[2]	Market Cap (K millions)	P/E	P/NTA
Jamuna Bank PLC.	Bangladesh	Sep 25	808	8.4x	0.8x
JS Bank Limited	Pakistan	Dec 25	531	7.4x	0.7x
Kina Securities Limited	PNG	Dec 25	1,100	9.3x	2.0x
MCB Bank Limited	Pakistan	Dec 25	7,289	9.0x	1.6x
Meezan Bank Limited	Pakistan	Sep 25	13,230	9.5x	3.2x
Mercantile Bank PLC.	Bangladesh	Sep 25	338	(15.3x)	0.3x
Metropolitan Bank & Trust Company	Philippines	Dec 25	24,363	6.8x	0.8x
Midland Bank PLC.	Bangladesh	Sep 25	409	13.9x	1.2x
Mutual Trust Bank PLC.	Bangladesh	Sep 25	512	4.7x	0.5x
National Bank of Pakistan	Pakistan	Sep 25	8,509	6.5x	1.1x
National Credit and Commerce Bank PLC.	Bangladesh	Sep 25	499	11.2x	0.6x
One Bank PLC	Bangladesh	Sep 25	299	12.5x	0.3x
Philippine Bank of Communications	Philippines	Sep 25	579	4.1x	0.4x
Philippine Business Bank, Inc.	Philippines	Sep 25	448	4.3x	0.3x
Philippine National Bank	Philippines	Dec 25	6,991	4.0x	0.4x
Philippine Savings Bank	Philippines	Sep 25	1,798	6.2x	0.6x
Philippine Trust Company	Philippines	Sep 25	6,507	154.9x	3.9x
Prime Bank PLC.	Bangladesh	Sep 25	1,385	4.7x	0.9x
Pubali Bank PLC.	Bangladesh	Sep 25	1,781	6.4x	0.7x
Rizal Commercial Banking Corporation	Philippines	Dec 25	4,470	6.0x	0.4x
Samba Bank Limited	Pakistan	Dec 25	216	35.9x	0.8x
Security Bank Corporation	Philippines	Sep 25	3,996	4.7x	0.4x
Shahjalal Islami Bank PLC.	Bangladesh	Sep 25	703	13.5x	0.8x
Soneri Bank Limited	Pakistan	Dec 25	392	5.7x	0.7x
Southeast Bank PLC	Bangladesh	Sep 25	446	15.9x	0.4x
Standard Islami Bank PLC.	Bangladesh	Sep 25	211	7.1x	0.3x
Standard Chartered Bank (Pakistan) Limited	Pakistan	Dec 25	4,299	8.1x	3.7x
The Bank of Khyber	Pakistan	Sep 25	646	7.3x	1.9x
The Bank of Punjab	Pakistan	Dec 25	1,646	6.8x	1.2x
The Premier Bank PLC.	Bangladesh	Sep 25	229	(0.8x)	0.3x
Trust Bank PLC.	Bangladesh	Sep 25	645	5.1x	0.7x
Union Bank of the Philippines	Philippines	Sep 25	6,348	9.0x	0.6x
United Bank Limited	Pakistan	Dec 25	18,365	9.8x	3.2x
Average			**5,108**	**8.5x**	**1.1x**
Median			**1,646**	**7.1x**	**0.8x**
Min			**180**	**(127.7x)**	**0.3x**
Max			**53,694**	**154.9x**	**3.9x**
Average (adjusted for outliers)				**7.8x**	**1.0x**
Median (adjusted for outliers)				**7.1x**	**0.8x**
Min (adjusted for outliers)				**3.5x**	**0.3x**
Max (adjusted for outliers)				**17.3x**	**3.2x**

Source: Capital IQ as at 19 February 2026, data retrieved 20 February 2026, BDOCF analysis

1 Where comparable companies do not report in PGK, conversions have been made using the appropriate FX rate as of the reporting date for each company, sourced using Capital IQ on 20 February 2026.

2 Being the most recent period at which financial data is available

Table B.2: Broadly comparable trading company multiples - Insurance

Company	Reporting period	Market Cap (K millions)	NPAT Margin	P/E
Atlas Insurance Limited	Sep-25	181	34.3%	6.5x
Indara Insurance Public Company Limited	Sep-25	110	0.8%	30.4x
PT Asuransi Dayin Mitra Tbk	Dec-25	63	13.1%	8.0x
Amāna Takaful PLC	Sep-25	66	4.8%	8.8x
Askari General Insurance Company Limited	Sep-25	40	17.0%	3.6x
Century Insurance Company Limited	Sep-25	51	25.9%	5.9x
Average		**85.3**	**16.0%**	**10.5x**
Median		**64.6**	**15.1%**	**7.2x**
Minimum		**40.2**	**0.8%**	**3.6x**
Maximum		**181.2**	**34.3%**	**30.4x**
Average (adjusted for outliers)				**6.5x**
Median (adjusted for outliers)				**6.5x**
Minimum (adjusted for outliers)				**3.6x**
Maximum (adjusted for outliers)				**8.8x**

Source: Capital IQ as at 19 February 2026, data retrieved 20 February 2026, BDOCF analysis

1 Where comparable companies do not report in PGK, conversions have been made using the appropriate FX rate as of the reporting date for each company, sourced using Capital IQ on 20 February 2026.

2 Being the most recent period at which financial data is available

Although the companies listed in Tables B.1 and B.2 above may be considered broadly comparable to TISA Bank and TISA Insurance's service offerings, differences exist between TISA Bank and TISA Insurance and each of the comparable companies. Specifically, we note:

- The companies in Table B.1 represent all companies within PNG, Pakistan, the Philippines, and Bangladesh, which are publicly traded and have sufficient public financial data to determine a P/E and/or P/NTA multiple. This broader approach minimises potential selection bias from outlier institutions and provides a more representative view of the prevailing market valuation environment;
- The companies in Table B.2 are in countries different from PNG. While these countries have been chosen to best align with PNG, they are generally larger, more economically diversified, and have deeper and more mature financial markets;
- Whilst the operations of the comparable companies in Table B.2 align with TISA Insurance's service offerings, the weighting of each component (i.e. accident, disability, fire, liability, worker's compensation insurance) varies; and
- The comparable companies in Table B.2 are all listed companies, while TISA Insurance is private.

Table B.3: Description of broadly comparable trading companies

Company	Description
Al-Arafah Islami Bank PLC.	Al-Arafah Islami Bank PLC., together with its subsidiaries, provides consumer and commercial banking, trade finance, and other related custody and clearing services in Bangladesh.
Allied Bank Limited	Allied Bank Limited provides various banking products and services in Pakistan, the Middle East, and China.
Amāna Takaful PLC	Amāna Takaful PLC, together with its subsidiaries, primarily engages in the general takaful insurance business in Sri Lanka and Maldives.
Asia United Bank Corporation	Asia United Bank Corporation provides banking and other financial products and services to individual consumers, MSMEs, and corporations in the Philippines.
Askari Bank Limited	Askari Bank Limited provides various banking products and services in Pakistan and the Middle East. It operates through Branch Banking, Corporate Banking, Treasury, Consumer Banking, Islamic Banking, Foreign Operations, and Others segments.
Askari General Insurance Company Limited	Askari General Insurance Company Limited engages in non-life insurance business in Pakistan.
Atlas Insurance Limited	Atlas Insurance Limited engages in general insurance business in Pakistan.
Bank AL Habib Limited	Bank AL Habib Limited, together with its subsidiaries, provides various banking products and services in Pakistan, the Middle East, and the Asia Pacific.
Bank Alfalah Limited	Bank Alfalah Limited provides commercial banking and related services in Pakistan, the Asia Pacific, and the Middle East. It operates through Retail Banking, Corporate Banking, Islamic Banking, Treasury, Digital Banking, and Overseas segments.

Company	Description
Bank Asia PLC.	Bank Asia PLC. provides various banking products and services in Bangladesh and internationally. The company offers current, savings, star savings, fixed, and various deposit products, as well as accounts for travellers; women, and pension schemes deposits; consumer finance products, such as home loan, auto loan, loan for professionals, senior citizen support loan, student support loan, unsecured personal loan; and prepaid and credit cards.
Bank of Commerce	Bank of Commerce provides various banking products and services to private and corporate clients in the Philippines.
Bank of the Philippine Islands	Bank of the Philippine Islands, together with its subsidiaries, provides various financial products and services to retail and corporate clients in the Philippines.
BankIslami Pakistan Limited	BankIslami Pakistan Limited provides various commercial banking products and services for individuals and businesses in Pakistan.
BDO Unibank, Inc.	BDO Unibank, Inc., together with its subsidiaries, provides various banking products and services to individuals and corporations in the Philippines and internationally.
BRAC Bank PLC.	BRAC Bank PLC. provides various commercial banking products and services in Bangladesh. The company offers deposit accounts, including current, SND, FCY, and savings accounts, as well as term deposit, deposit scheme, fixed deposit, and SME deposit products.
BSP Financial Group Limited	BSP Financial Group Limited provides commercial banking and financial services in Papua New Guinea, Fiji, Solomon Islands, Cook Islands, Tonga, Samoa, Vanuatu, Cambodia, and Laos.
Century Insurance Company Limited	Century Insurance Company Limited provides general insurance products and services to individuals, and local and multinational companies in Pakistan.
China Banking Corporation	China Banking Corporation provides various banking and financial products and services to individuals and business in the Philippines.
City Bank PLC.	City Bank PLC. provides financial products and services in Bangladesh. The company offers savings and current accounts; fixed deposit accounts; auto, personal, home, city bike, and student loans; working capital, trade, short/mid, project, structured, and supply chain finance solutions, as well as cash management and investment banking services.
Citystate Savings Bank, Inc.	Citystate Savings Bank, Inc. provides various corporate and retail banking products and services to corporate, middle market, and retail clients in the Philippines.
Dhaka Bank PLC.	Dhaka Bank PLC., together with subsidiaries, provides various commercial banking products and services for personal and corporate customers in Bangladesh. It offers various retail banking products and services, such as current and savings accounts, short notice deposits, fixed deposits, gift cheques, deposit pension schemes, various other deposit schemes, senior accounts, student's ledgers, car and home loans, debit and credit cards, and locker services.
Dutch-Bangla Bank PLC.	Dutch-Bangla Bank PLC. provides various commercial banking products and services to corporate, retail, and institutional customers in Bangladesh. The company offers deposit products, including savings, current, special notice, resident and non-resident foreign currency, and monthly term deposits, as well as school saver accounts.
East West Banking Corporation	East West Banking Corporation, together with its subsidiaries, operates as a commercial bank that provides a range of financial products and services to individual and corporate clients in the Philippines and internationally.
Eastern Bank PLC.	Eastern Bank PLC. provides various banking products and services to retail, corporate, and small and medium enterprise (SME) customers in Bangladesh and internationally. It operates through Domestic Banking Operation, Offshore Banking Operation, Islamic Banking, EBL Securities PLC., EBL Investments Limited, EBL Finance (HK) Limited, and EBL Asset Management Limited segments.
Faysal Bank Limited	Faysal Bank Limited, together with its subsidiaries, engages in corporate, commercial, and consumer banking activities in Pakistan.
Habib Bank Limited	Habib Bank Limited, together with its subsidiaries, provides commercial banking services in Pakistan and internationally.
Habib Metropolitan Bank Limited	Habib Metropolitan Bank Limited provides commercial banking and related products and services in Pakistan.
Indara Insurance Public Company Limited	Indara Insurance Public Company Limited provides non-life insurance services in Thailand.
Islami Bank Bangladesh PLC.	Islami Bank Bangladesh PLC., together with its subsidiaries, provides commercial banking services in Bangladesh. Its deposit products include current, savings, term deposit, special notice, hajj savings, special savings (pension), savings bond, cash deposit, monthly profit deposit, education savings, expirale housing, senior citizens, and double benefit accounts, as well as foreign currency deposit accounts.
Jamuna Bank PLC.	Jamuna Bank PLC. provides various banking products and services in Bangladesh. The company operates in Conventional and Islamic segments. It provides retail banking products, including current and short notice deposits, savings accounts, foreign currency deposits, and fixed deposits, as well as various deposit schemes; and auto, personal, salary, doctors, education, secured overdraft, and overseas job loans.
JS Bank Limited	JS Bank Limited provides commercial banking and related services to individuals and businesses in Pakistan and Bahrain.

Company	Description
Kina Securities Limited	Kina Securities Limited, together with its subsidiaries, provides commercial banking and financial, fund administration, investment management, and share brokerage services in Papua New Guinea.
MCB Bank Limited	MCB Bank Limited, together with its subsidiaries, provides commercial banking and related services in Pakistan, South Asia, Eurasia, and the Middle East. It operates through Retail Banking, Corporate Banking, Consumer Banking, Islamic Banking, Treasury, Assets Management, and International Banking segments.
Meezan Bank Limited	Meezan Bank Limited, an Islamic bank, engages in the provision of corporate, commercial, consumer, investment, and retail banking services in Pakistan.
Mercantile Bank PLC.	Mercantile Bank PLC. provides various commercial banking services in Bangladesh. The company offers current deposit, savings bank deposit, special notice deposit, non-resident investor's taka, foreign currency, school banking, and non-chequeable savings bank accounts, as well as non-interest-bearing current deposits, interest-bearing short-term deposits, and savings and fixed deposits.
Metropolitan Bank & Trust Company	Metropolitan Bank & Trust Company, together with its subsidiaries, provides various commercial and investment banking products and services in the Philippines, rest of Asia, the United States of America, and Europe.
Midland Bank PLC.	Midland Bank PLC. provides various commercial banking products and services for retail, institutional, micro, small, and medium enterprises in Bangladesh. It offers current and savings accounts, and fixed deposits; personal, home, car, and secured loans; secured overdrafts; locker services; bill collection services; and institutional products, such as project finance, working capital finance, structured finance/syndication loans, contractor/work order finance, factoring/discounting, bills purchase, export finance, letter of credit, export finance, and other products; and various services for non-resident Bangladeshi nationals.
Mutual Trust Bank PLC.	Mutual Trust Bank PLC. provides commercial banking and related services in Bangladesh. The company offers retail banking services, including deposit products, such as savings and current accounts, and fixed deposits; private, resident, and non-resident foreign currency accounts; children education deposit scheme; and personal, auto, home, home equity, and professional's loan products; locker services; and debit, credit, and prepaid cards.
National Bank of Pakistan	National Bank of Pakistan provides various commercial banking products and services for individuals, corporate entities, and governments in Pakistan, the Asia Pacific, Europe, the United States, and the Middle East. It operates through Retail Banking Group, Inclusive Development Group, Corporate and Investment Banking, Treasury, International Financial Institution and Remittance, and Aitemaad and Islamic Banking segments.
National Credit and Commerce Bank PLC.	National Credit and Commerce Bank PLC. provides various commercial banking products and services in Bangladesh. The company's deposit products include current, savings, and special notice deposits, as well as youngster accounts; special savings and deposit schemes; power saver, interest first, youngster maximus, and NCC freelancer accounts; and double benefit, millionaire, kotipoti, and youngster money plant schemes.
One Bank PLC	One Bank PLC, together with its subsidiaries, provides commercial banking products and services in Bangladesh.
Philippine Bank of Communications	Philippine Bank of Communications provides commercial banking products and services to individual and corporate clients in the Philippines.
Philippine Business Bank, Inc.	Philippine Business Bank, Inc., a savings bank, provides banking products and services to individual and corporate clients in the Philippines.
Philippine National Bank	Philippine National Bank provides various banking and financial products and services.
Philippine Savings Bank	Philippine Savings Bank primarily engages in savings and mortgage banking activities in the Philippines.
Philippine Trust Company	Philippine Trust Company provides banking and trust services in the Philippines and internationally.
Prime Bank PLC.	Prime Bank PLC. provides commercial banking products and services in Bangladesh. It operates through Wholesale Banking, Consumer Banking, and MSME Banking segments. The company offers savings, current, prime personal retail, and resident foreign currency; business accounts; and deposit schemes.
PT Asuransi Dayin Mitra Tbk	PT Asuransi Dayin Mitra Tbk provides general insurance products and services in Indonesia.
Pubali Bank PLC.	Pubali Bank PLC., together with its subsidiaries, provides commercial banking services in Bangladesh. The company offers savings and current account; special notice deposit; school banking; senior citizen pubali and peoples pubali pension scheme; fixed deposit; foreign currency deposit; and deposit schemes.
Rizal Commercial Banking Corporation	Rizal Commercial Banking Corporation provides various banking and financial products and services in the Philippines and internationally.
Samba Bank Limited	Samba Bank Limited provides commercial banking and related services in Pakistan.
Security Bank Corporation	Security Bank Corporation, together with its subsidiaries, provides banking and financial products and services to wholesale and retail clients in the Philippines.
Shahjalal Islami Bank PLC.	Shahjalal Islami Bank PLC. provides commercial banking products and services in Bangladesh. The company offers current, savings, short notice deposits, money spinning, payroll, school banking, no frill, non-residential, income, and term deposit accounts.
Soneri Bank Limited	Soneri Bank Limited provides various banking products and services in Pakistan.

Company	Description
Southeast Bank PLC	Southeast Bank PLC provides various commercial banking products and services in Bangladesh and internationally.
Standard Bank PLC.	Standard Bank PLC., together with its subsidiaries, provides various banking products and services in Bangladesh. The company offers current, savings, term deposits, current, foreign currency accounts; corporate, retail, SME, agri banking, as well as green banking services and social and environmental infrastructure finance.
Standard Chartered Bank (Pakistan) Limited	Standard Chartered Bank (Pakistan) Limited, together with its subsidiaries, provides various banking products and services in Pakistan and internationally.
The Bank of Khyber	The Bank of Khyber offers commercial banking and related services in Pakistan.
The Bank of Punjab	The Bank of Punjab, together with its subsidiaries, provides commercial banking and related services in Pakistan.
The Premier Bank PLC.	The Premier Bank PLC., together with its subsidiaries, provides various conventional and Islamic commercial banking services in Bangladesh. It offers current, savings, foreign currency, and payroll accounts, as well as term deposits; home, auto, and personal loans; agent, elite, and school banking services; and remittance, locker, and student file services.
Trust Bank PLC.	Trust Bank PLC., together with its subsidiaries, provides various banking services in Bangladesh. The company offers various retail banking products, including savings and current accounts, fixed and special notice deposits, as well as trust assurance and maxmill deposit, money double, echo, echo plus, kotipati plus, lakhopati, payroll, youth, student, kotipoti, smart savers, sristi, seniors, and unfixed accounts; house loans, car loans, doctor's loans, and personal loans, as well as loans against salary; defense personnel loans; and various cards.
Union Bank of the Philippines	Union Bank of the Philippines, together with its subsidiaries, provides commercial banking products and services in the Philippines.
Union Bank PLC.	Union Bank PLC. offers various commercial banking products and services in Bangladesh. It provides saving and current accounts, salary and short notice deposit accounts, and term deposits; investment products; various deposit schemes; SME banking services; and debit cards, foreign remittance, utility bill payments, locker services, gift cheques, and Internet and mobile banking services. The company was incorporated in 2013 and is headquartered in Dhaka, Bangladesh.
United Bank Limited	United Bank Limited provides commercial banking and related services in Pakistan and the Middle East. It offers current, savings, and term deposit accounts; and consumer loans and small and medium enterprise loans, including rice husking, cotton ginning, and commercial vehicle financing, as well as fleet and wheat financing for flour mills.

Source: Capital IQ, BDOCF analysis

B.2 Comparable transaction multiples

To assist us in determining the most appropriate capitalisation multiple to apply to the maintainable earnings of TISA Insurance, it is useful to analyse recent sales transactions involving companies operating in a similar industry.

While trading multiples were calculated for both TISA Bank and TISA Insurance, their roles differ in the analysis. For TISA Bank, trading multiples served only as a secondary cross-check to validate the results from the primary valuation methodology. In contrast for TISA Insurance, the guideline comparable method is the main valuation methodology, and as such we have also observed relevant transactions.

The price achieved in a sales transaction generally provides reliable evidence of earnings multiples for a valuation as it represents the market value of a controlling interest (including a control premium) in the asset being acquired. We note, however, that each sales transaction is a product of a combination of factors which may or may not be specific to the proposed transaction, including:

- Economic factors;
- Regulatory framework;
- General investment and share market conditions;
- Synergy benefits specific to the acquirer; and
- The number of potential buyers.

Table B.4 Comparable transactions - Insurance

	Country	Transaction closed	Implied Equity Value (K millions)	Implied P / E
Liberty Kenya Holdings Plc	Kenya	Oct-21	5,893	8.9x
TQR Public Company Limited	Thailand	Apr-22	1,173	10.6x
Mohandes Insurance Company	Egypt	Jan-21	1,092	9.9x
Günes Sigorta Anonim Sirketi (nka:Türkiye Sigorta A.S.)	Turkey	Feb-20	880	7.1x
Halk Sigorta A.S.	Turkey	Apr-20	649	2.2x
Oman Qatar Insurance Company SAOG	Oman	Oct-22	20	5.9x
Mean			**1,618**	**7.5x**
Median			**986**	**8.0x**
Min			**20**	**2.2x**
Max			**5,893**	**10.6x**

Source: Capital IQ as at 19 February 2026, data retrieved 20 February 2026, BDOCF analysis

1 Where transaction data has not been reported in PGK, conversions have been made using the appropriate FX rate as of the closing date of the transaction, sourced using Capital IQ on 20 February 2026.

Although the transactions listed in Table B.4 above and described in Table B.5 below may be considered broadly comparable to TISA Insurance's service offerings, there are several key differences between TISA Insurance and each of the target companies. In particular:

- The target companies operate in markets that differ significantly from Papua New Guinea, both in terms of economic structure and competitive landscape, resulting in different growth dynamics, risk profiles, and investor perceptions; and
- The target companies generally have substantially greater equity values than TISA Insurance, reflecting both larger operational scale and stronger market positioning.

Taken together, these factors suggest that TISA Insurance may warrant a lower multiple relative to the companies listed in Tables B.4 (on average).

Table B.5: Target descriptions - broadly comparable transactions

Target name	Description
Günes Sigorta Anonim Sirketi (nka:Türkiye Sigorta A.S.)	Türkiye Sigorta A.S. operates as a non-life insurance company in Turkey. The company offers auto and non-auto accident, fire, transportation, engineering, health, agriculture, liabilities, financial losses, loan, and legal protection insurance products.
Halk Sigorta A.S.	Halk Sigorta A.S. was acquired by TVF Finansal Yatirimlar AS. Halk Sigorta A.S. operates as an insurance company primarily in Turkey. It offers accident, health, travel health, land and water vehicles, cargo transportation, fire and natural disaster, home, compulsory earthquake, traffic, general losses and liability, financial losses, and legal protection insurance products.
Liberty Kenya Holdings Plc	Liberty Kenya Holdings Plc, an investment holding company, engages in the provision of insurance and wealth management services to the retail and corporate markets in Kenya and Tanzania. The company provides life insurance, annuities, medical, fire, motor, liability, and personal accident, as well as engineering, workmen's compensation, marine and aviation, theft, agriculture, bonds, goods in transit, and glass insurance products.
Mohandes Insurance Company	Mohandes Insurance Company provides life and general insurance products in Egypt. It offers fire and burglary; and engineering insurance products, including all-risk installation, contractors all-risk, machinery malfunction document, contractors machinery and equipment, electronic equipment document, and corruption document contents insurance. The company also provides transport and ship hull insurance; group medical treatment insurance; and compulsory and supplementary cars insurance.
Oman Qatar Insurance Company SAOG	Oman Qatar Insurance Company SAOG provides life and general insurance products in the Sultanate of Oman. It operates through three segments: Marine and Energy; Property & Casualty; and Medical and Life. The company offers personal insurance products, including car and travel insurance; and business insurance products, such as energy, property and commercial, life and medical, and corporate travel and fleet insurance, as well as marine and aviation insurance.
TQR Public Company Limited	TQR Public Company Limited operates as a reinsurance broker in Thailand. It operates through three segments: Traditional Business, Alternatives Business, and Other Business. The company offers treaty and facultative reinsurance, as well as motor car, motorcycle, extended warranty, travel, cyber security, medical malpractice, and director and officer liability insurance services.

Source: Capital IQ, BDO analysis

APPENDIX C: FINANCIAL SERVICES GUIDE

Dated: 20 April 2026

The Financial Services Guide ('FSG') is provided to comply with the legal requirements imposed by the Corporations Act 2001, and includes important information regarding the general financial product advice contained in this report ('this Report'). The FSG also includes general information about BDO Corporate Finance Ltd ABN 54 010 185 725, Australian Financial Services Licence No. 245513 ('BDO Corporate Finance, 'BDOCF' or 'we', 'us' or 'our'), including the financial services we are authorised to provide, our remuneration and our dispute resolution.

BDOCF holds an Australian Financial Services Licence to provide the following services:

a) Financial product advice in relation to deposit and payment products (limited to basic deposit products and deposit products other than basic deposit products), securities, and interests in managed investment schemes excluding investor directed portfolio services;

b) Arranging to deal in financial products in relation to securities; and

c) Applying for, acquiring, varying or disposing of a financial product in relation to interests in managed investment schemes excluding investor directed portfolio services, and securities.

General Financial Product Advice

This Report sets out what is described as general financial product advice. This Report does not consider personal objectives, individual financial position or needs and therefore does not represent personal financial product advice. Consequently, any person using this Report must consider their own objectives, financial situation and needs. They may wish to obtain professional advice to assist in this assessment.

The Assignment

BDOCF has been engaged to provide general financial product advice in the form of a report in relation to a financial product. Specifically, BDOCF has been engaged to provide an independent expert's report to the Teachers Savings and Loan Society Limited's ('TISA' or 'the Company') mutual members ('the Members') in relation to the proposed corporatisation of TISA through a demutualisation process ('the Proposed Demutualisation').

Further details of the Proposed Demutualisation are set out in Section 4. The scope of this Report is set out in detail in Section 3.3. This Report provides an opinion on whether or not the Proposed Demutualisation is 'fair and reasonable' to, and in the 'best interests' of, all Members as a whole, and has been prepared to provide information to Members to assist them to make an informed decision on whether to vote in favour of or against the Proposed Demutualisation. Other important information relating to this Report is set out in more detail in Section 3.

This Report cannot be relied upon for any purpose other than the purpose mentioned above and cannot be relied upon by any person or entity other than those mentioned above unless we have provided our express consent in writing to do so. A Member's decision to vote in favour of or against the Proposed Demutualisation is likely to be influenced by their particular circumstances, for example, their taxation considerations and risk profile. Each Member should obtain their own professional advice in relation to their own circumstances.

Fees, Commissions and Other Benefits we may Receive

We charge a fee for providing reports. The fees are negotiated with the party who engages us to provide a report. We estimate the fee for the preparation of this Report will be approximately $235,000 plus GST. Fees are usually charged as a fixed amount or on an hourly basis depending on the terms of the agreement with the engaging party. Our fees for this Report are not contingent on the outcome of the Proposed Demutualisation.

Except for the fees referred to above, neither BDOCF, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of this Report.

Directors of BDOCF may receive a share in the profits of BDO Group Holdings Limited, a parent entity of BDOCF. All directors and employees of BDO Group Holdings Limited and its subsidiaries (including BDOCF) are entitled to receive a salary. Where a director of BDOCF is a shareholder of BDO Group Holdings Limited, the person is entitled to share in the profits of BDO Group Holdings Limited.

Associations and relationships

From time-to-time BDOCF or its related entities may provide professional services to issuers of financial products in the ordinary course of its business. These services may include audit, tax and business advisory services. BDOCF, and its related entities have not provided any professional services to TISA within the last two years.

The signatories to this Report do not hold any membership in TISA and no such membership has ever been held by the signatories.

To prepare our reports, including this Report, we may use researched information provided by research facilities to which we subscribe or which are publicly available. Reference has been made to the sources of information in this Report, where applicable. Research fees are not included in the fee details provided in this Report.

Complaints Resolution

Internal Complaints Resolution Process

We are committed to meeting your needs and maintaining a high level of client satisfaction. If you are unsatisfied with a service we have provided you, we have avenues available to you for the investigation and resolution of any complaint you may have.

To make a formal complaint, please use the Complaints Form. For more on this, including the Complaints Form and contact details, see the BDO Complaints Policy available on our website.

Referral to External Dispute Resolution Scheme

BDO Corporate Finance is a member of Australian Financial Complaints Authority ('AFCA') (Member Number 10236).

Where you are unsatisfied with the resolution reached through our Internal Dispute Resolution process, you may escalate this complaint to the AFCA using the contact details set out below.

Australian Financial Complaints Authority Limited
Mail: GPO Box 3, Melbourne VIC 3001
Online Address: http://www.afca.org.au
Email: info@afca.org
Phone: 1800 931 678
Fax: (03) 9613 6399
Interpreter Service: 131 450

Compensation Arrangements

BDOCF and its related entities hold Professional Indemnity insurance for the purpose of compensating retail clients for loss or damage suffered because of breaches of relevant obligations by BDOCF or its representatives under Chapter 7 of the Corporations Act 2001. These arrangements and the level of cover held by BDOCF satisfy the requirements of section 912B of the Corporations Act 2001.

Contact Details

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