KAEBAUK

Ami ho ita

ANNUAL REPORT 2025

Kaebauk Investimentu no Finansas, S.A

AMI HO ITA

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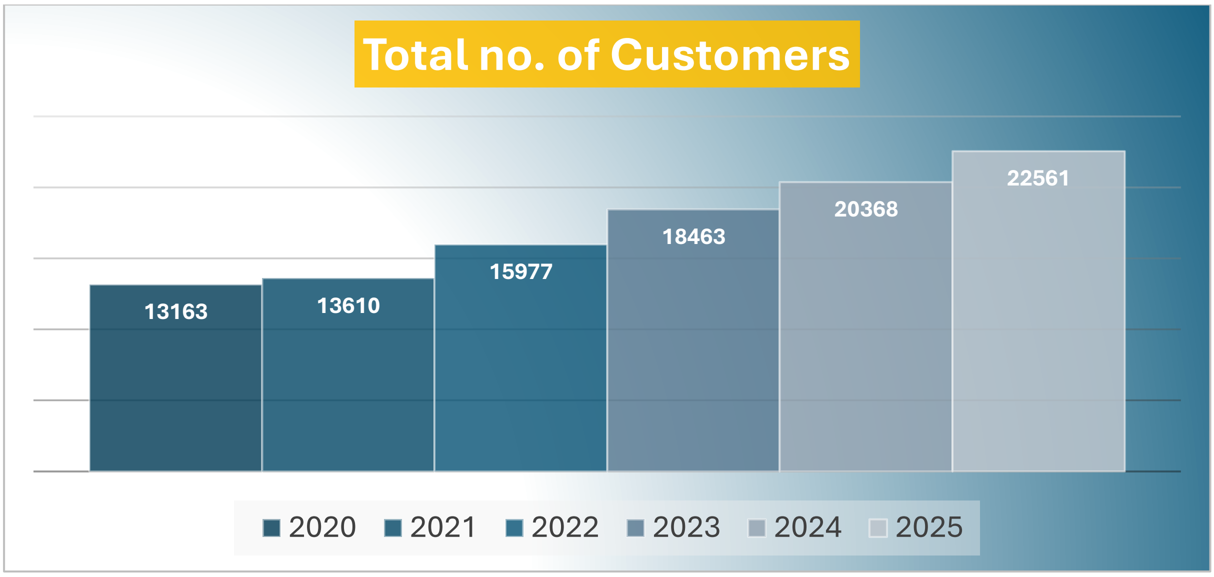
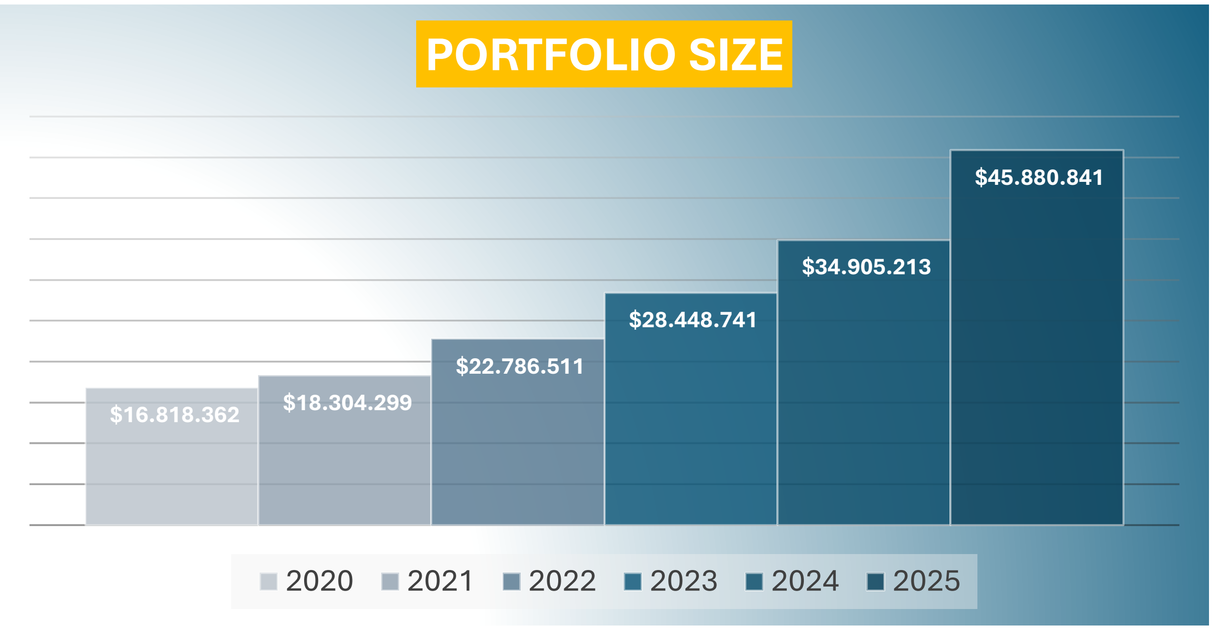
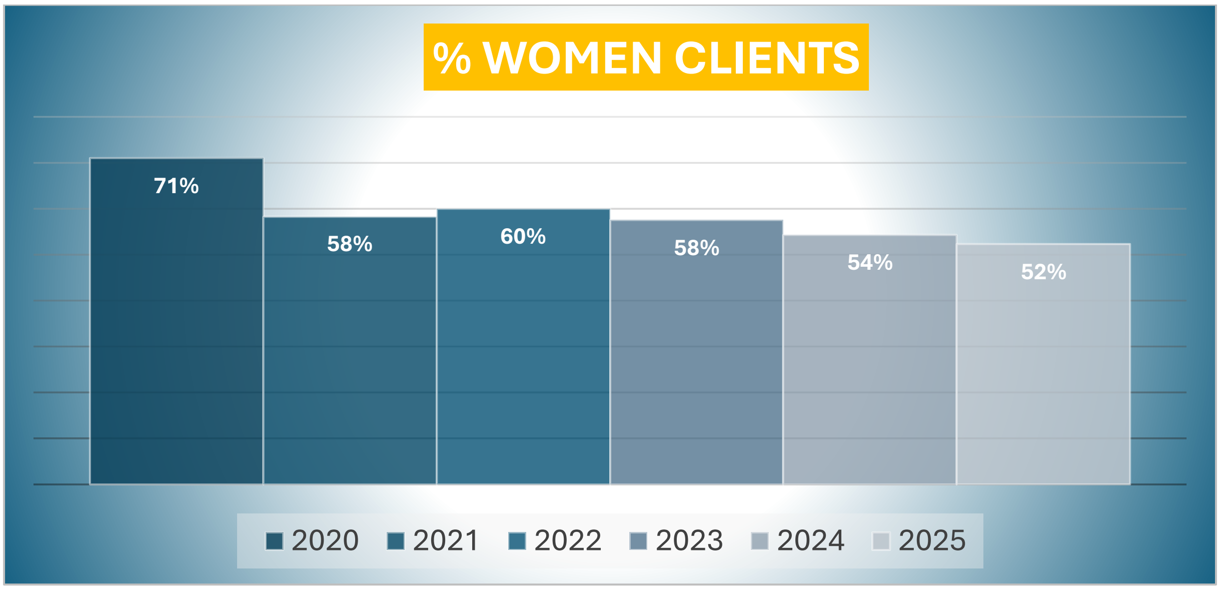
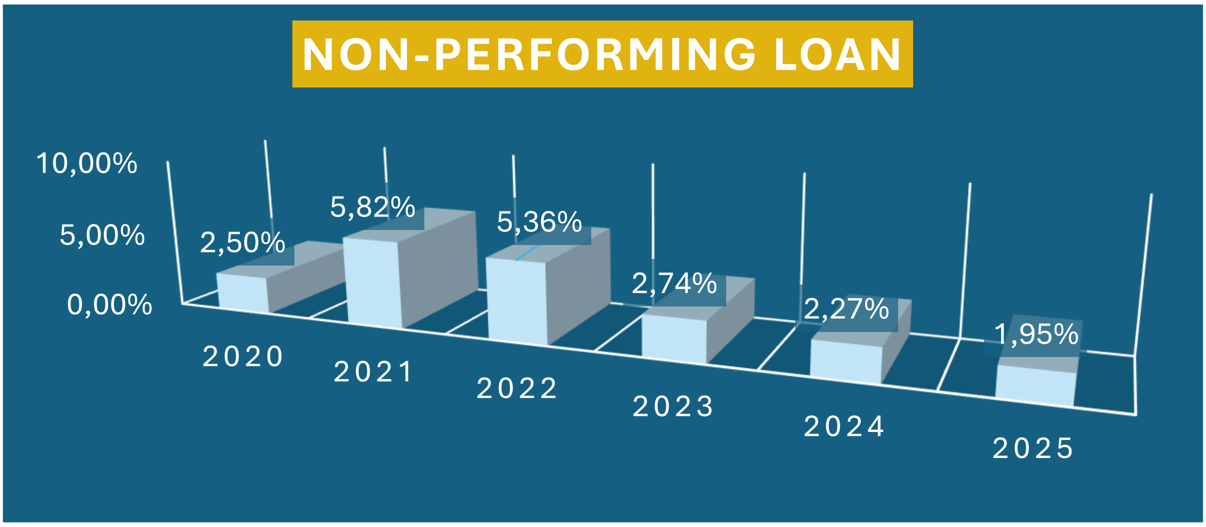
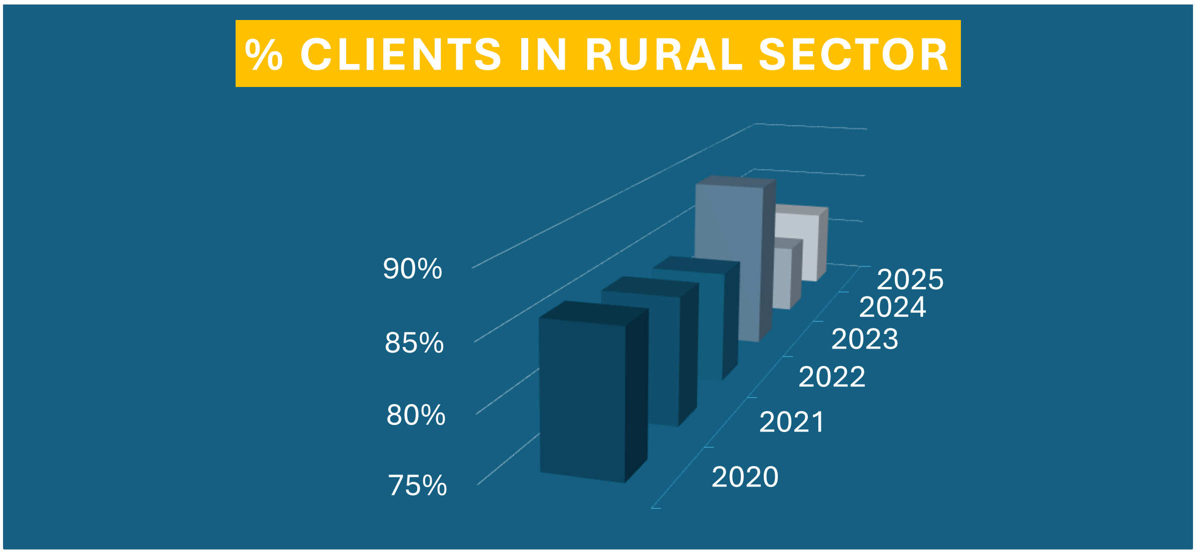

Total no. of Customers
13163
13610
15977
18463
20368
22561
2020
2021
2022
2023
2024
2025


PORTFOLIO SIZE
$16.818.362
$18.304.299
$22.786.511
$28.448.741
$34.905.213
$45.880.841
2020
2021
2022
2023
2024
2025


% WOMEN CLIENTS
71%
58%
60%
58%
54%
52%
2020
2021
2022
2023
2024
2025





Indicator	Value
Number of Branches	21
Municipalities Covered	13
Total Clients served since inception (March 2016)	53,598
Total number of Loans disbursed since inception (March 2016)	120,643
Total Loan disbursed since inception (March 2016)	$ 227 Million
Number of current active loan Clients	22,773
Percentage of Female Clients	55%
Rural Loan Portfolio	80%
Total staff	365

Kaebauk Investimentu no Finanasas, S.A. Overview

Kaebauk Investimentu no Finansas, S.A. (Kaebauk) began in 2001 as a microcredit program under the US-based NGO *Save the Children*. Its initial mission was to empower women and uplift underserved communities in Timor-Leste by providing essential financial services in a country with very limited access to formal banking.

In 2002, Catholic Relief Services (CRS) assumed management of the program and registered it as a local NGO under the name *Tuba Rai Metin (TRM)*. Under CRS's leadership, TRM commenced with only one (1) branch in Dili and gradually increased nationwide. Despite significant challenges during the 2006–2007 civil crisis, TRM demonstrated strong resilience and secured partnerships with international organizations such as UNCDF and BASIX. These partnerships laid a solid foundation for institutional growth and significantly strengthened operational capacity.

In 2016, TRM transitioned into *Kaebauk Investimentu no Finansas, S.A.* and obtained a preliminary Other Deposit-Taking Institution (ODTI) license from the Central Bank of Timor-Leste (BCTL). This marked a historic milestone, as Kaebauk became one of the first few regulated, locally owned microfinance institution in Timor-Leste.

Kaebauk primarily serves rural areas, focusing on unbanked, low-income entrepreneurs. Through this focus, the institution aims to contribute to sustainable economic growth and improved livelihoods across the country.

Kaebauk is guided by a strong commitment to financial inclusion. By extending financial services to unbanked populations, the institution supports poverty alleviation and empowers its customers with opportunities to build better and more secure lives. From 2025 onwards:

Kaebauk aim to be Timor-Leste's most reliable financial institution and to be a leader in Digitalization.

21 Branches across Timor-Leste Territory

About this Report

As a licensed deposit-taking institution in the Democratic Republic of Timor-Leste, we are required to report annually on our financial activities and operations. This document fulfils all mandatory regulatory reporting requirements, and all matters considered to be of material importance have been disclosed.

Material issues covered in this report include corporate governance, management, business performance, liquidity, capital adequacy, and geographic outreach.

Given our mission to expand access to financial services for the citizens of Timor-Leste, social impact is a priority for all key stakeholder groups. For Kaebauk, financial sustainability alone is not sufficient; our success is measured by the extent to which our products and services contribute to the well-being of individuals, communities, and society as a whole.

Accordingly, this annual report presents both social and financial performance indicators.

This report covers the financial year 2025 (FY 2025) and reflects the institution's performance and development during this period. Where applicable, historical data has been included to provide comparative insights.

All figures presented in this report are expressed in United States Dollars (USD), the official currency in use throughout Timor-Leste.

Our Mission & Vision

Mission

"To provide microfinance and allied services to a large number of poor entrepreneurs and underserved communities in a sustainable, transparent, and regulated manner."

Vision

"To be the most trusted and accessible financial institution in Timor-Leste."

List of Acronym

IAC	-	Internal Audit Committee
AML/CFT	-	Anti Money Laundering and Counter Financing of Terrorism
BCTL	-	Banco Central de Timor-Leste
BOPA	-	Base of Pyramid Asia
ITC	-	Information Technology Committee
CBS	-	Core Banking System
FY	-	Financial Year
HRC	-	Human Resource Committee
IFC	-	International Finance Corporation
RMC	-	Risk Management Committee
ROC	-	Risk Oversight Committee
SME	-	Small and Medium Enterprises
TURAME	-	Tuir Rasik Mehi
TRM	-	Tuba Rai Metin

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Message of CEO – Executive Board Director

Dear Valued Readers,

It is with great honour to present to you Kaebauk Investimentu no Finansas, S.A. Annual Report for 2025. I am proud to share that Kaebauk continues to thrive, having provided financial credit to more than 22,000 households. By the end of 2025, we achieved total revenue exceeding USD 12 million and a total loan portfolio of just over USD 45 million.

Throughout 2025, Kaebauk recorded an average monthly disbursement of $3.5 million, with its highest-ever performance achieved in October 2025, when total disbursements reached $4.47 million. This milestone represents a significant achievement for Kaebauk, particularly for the operations team, despite increasing competition from local banks and other financial institutions. These challenging market conditions tested the operation team's flexibility and resilience, highlighting their ability to adapt, strengthen internal processes, and continue providing effective support to accommodate Kaebauk's growth and operational demands.

In addition, Kaebauk has continued to work closely with our counterparts to promote and prioritize financial inclusion across Timor-Leste. Our collective resilience, strong commitment to our clients, and the trust of the communities we serve have been central to the sustained growth of our institution. We reaffirmed our role as a critical player in advancing financial inclusion in Timor-Leste and allocated USD 100,000 to support financial inclusion initiatives in 2025, providing training to 95% of total targeted clients in 2025.

To better serve our clients and contribute more broadly to the economic development of Timor-Leste, upgrading Kaebauk's license from an Other Deposit-Taking Institution (ODTI) to a Level C banking license is a key strategic priority. Kaebauk has operated as a licensed ODTI since 2016, and our long-held aspiration to become a bank is now in process for the final outcome. Kaebauk application on the Banking application-level C shall be decided and announced by Banco Central de Timor-Leste (BCTL) in early 2026.

In 2024, Kaebauk successfully completed a major upgrade of its core banking system, E-Fimo, and officially went live in March 2024, supported by the deployment of new back-end servers. This upgrade marked a significant step in strengthening Kaebauk's technological infrastructure and operational efficiency. Building on this progress, in 2025 Kaebauk recruited a Chief Digital Officer to lead the institution's digital transformation initiatives, with the objective to manage and implement the rollout of internet banking, mobile banking, and agent banking services in the future. To support this strategic direction, a fully specialized digital department will be established, dedicated to advancing these initiatives and driving Kaebauk's long-term vision of becoming a leader in digitalization.

Finally, we remain proud and confident in Kaebauk's journey. Since becoming an ODTI, our progress has been both successful and productive, laying the foundation for new and ongoing initiatives still to be achieved. Kaebauk will continue to expand access to financial services for historically underserved populations, with the goal of uplifting thousands of families, entrepreneurs, women-led businesses, and communities across the country.

Thank you

Sincerely yours,

Angelo B.C Soares
(CEO – Executive Director)

I. Corporate Governance (Kaebauk Board)

The Board of Directors remained actively engaged in guiding the institution's strategic direction, strengthening governance, and overseeing its transformation agenda, with a particular focus on regulatory readiness and the pursuit of a banking license.

The Board supported key operational milestones, including the inauguration of the Lospalos Branch, which reinforced the institution's commitment to expanding access to financial services across all regions. In line with its focus on responsible finance through pursuing a Client Certification Certificate, the Board received the delivery of Client Protection training conducted by Ms. Niroshani, a certified BOPA Client Protection trainer, and continued to emphasize adherence to international best practices in client protection.

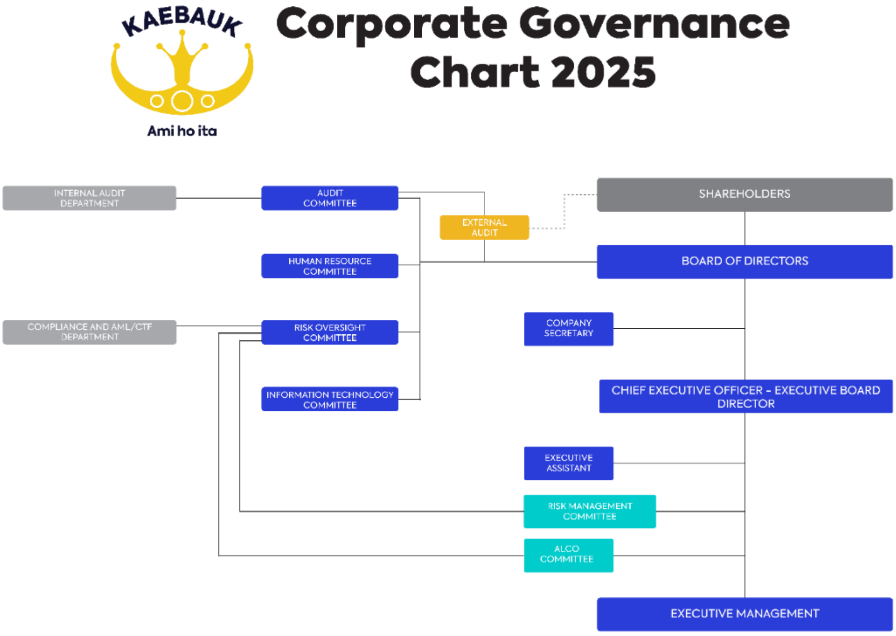
The Board played a critical role in ensuring the formal submission of the application to the Central Bank on 17 February 2025 and remained closely involved in subsequent engagement with the Central Bank of Timor-Leste. Throughout the year, the Board reviewed and approved management's responses to regulatory queries and concerns, including those related to interest rate structure commitments, remunerations, shareholding structure and other key requirements.

The Board also maintained close engagement with key partner and stakeholder International Finance Corporation (IFC) on the development of a robust digital banking transformation proposal. The Board also noted renovation in its composition, including the renewal of directorship for key Board Members, Mr. Mamadou Aliou Diallo and Mr. Neak Niporn.

Toward the end of the year, the Board played a key role with Management and Shareholders alike in re-engaging the banking license application process, including a thorough review and revision of the Banking Business Plan projections. The revised application was approved by the Board and subsequently submitted on 23 December 2025.

Overall, the Board's activities in 2025 demonstrate its strong commitment to effective governance, regulatory compliance, strategic leadership, and the successful transformation of the institution in preparation for licensed banking operations.

A. Kaebauk Corporate Governance Structure



B. Company Ownership

Kaebauk shareholdings maintained at 200,000 shares with an updated book value per share of \$51.05 as of 31st December 2025. The following table depicts the Shareholdings Structure which was unchanged from previous year 2024.

Shareholders	Shareholdings %
Tuba Rai Metin (TRM)	51.50%
Base of Pyramid Asia (BOPA Pte Ltd)	16.50%
International Finance Corporation (IFC)	12.50%
TURAME Holdings, S.A.	19.50%
Total	**100.00%**

i. TRM

Tuba Rai Metin started in 2001 as a Microfinance Program of "Save the Children USA". The Objective was to improve the livelihood of women and poor families through financial services. In 2016, the Central bank of Timor-Leste (BCTL) issued a preliminary Other Deposit Taking Institution (ODTI) license to TRM, a major milestone on the road to becoming the first ODTI license holder. As part of the final stage of transformation, TRM had to become a new entity, of the name Kaebauk Investimentu no Finansas, or KIF. Currently, TRM as a Foundation in Timor-Leste, is the largest shareholder of Kaebauk. The objectives of TRM are to raise incomes and quality of lives of poor women and their households by providing them with reliable access to multiple livelihood services.

TRM will not get direct involvement in providing financial services but will still contribute and support in creating remote access through strategic partners.

TRM main activities include providing financial literacy and financial inclusion trainings. Implementing agriculture value chain, skill building for employment (including self-employment), environmental protection. TRM is also in the process of constructing standard banking branch buildings for Kaebauk, in support for Kaebauk's transformation purposes to one day apply for a higher banking license.

ii. BOPA

BOPA (Base of Pyramid Asia) is a Singapore-based, holding company that invests equity in smaller and mid-sized Microfinance Institutions (MFIs) in Asia. Founded in 2013, BOPA has extensive experience in working with small and mid-sized MFIs in emerging and frontier markets. BOPA has made investments in Myanmar, India, Timor Leste, Kazakhstan and Kyrgyzstan. BOPA's mission is to help smaller and mid-sized Asian MFIs to scale up their operations by investing equity and take active involvement in the corporate governance.

BOPA's objective is to shape strong and responsible MFIs in Asia that will grow to reach over 2 million clients by 2025. A few of BOPA's Strategy is to invest in substantial minority equity positions in smaller and mid-sized Asian MFIs with proven sustainability and on a clear path to capture growth and scale. To take board seats in their portfolio MFIs and seek to engage in Risk Management and the Audit committee to provide guidance and assistance for MFIs to make well informed decisions on Technology and Digital Financial Services.

iii. IFC

IFC is a member of the World Bank Group, the largest global development institution focused exclusively on the private sector in developing countries. IFC leverages the power of the private sector and share expertise to transform ideas into investments for green growth, inclusive jobs and impactful projects.

IFC's impact spans more than 100 nations. IFC empowers entrepreneurs all over the world, turning bold ideas into engines of inclusive growth creating millions of jobs, uplifting lives, and transforming communities.

IFC has been actively engaging with Kaebauk with great support in helping strengthen Kaebauk's Corporate Governance Framework, as well as providing capacity building opportunities for Kaebauk employees, management, and the Board.

iv. TURAME Holdings, S.A.

TURAME Holdings owns 19.5%, reflecting Kaebauk's inclusive approach by aligning its workforce with the institution's long-term growth and mission. S.A. In 2016, as Kaebauk officially received the ODTI License from Central Bank of Timor-Leste. TURAME Holdings at the time known as TURAME Association, granted its employees' stock-options, particularly Long-term employees, who helped sustain the enterprise through the period of civil unrest in 2006 and the company's subsequent rebuilding. TURAME shares are held on behalf of the employees who were eligible to benefit from the stock options at the time of inception. In 2025, after nearly a decade of service and still a key shareholder to Kaebauk, TURAME Association has successfully transitioned from an association to a commercial company known as TURAME Holding S.A and continue to maintain itself as an equity holder and holds 19.5% of the total share capital.

C. Annual Shareholder Meeting

The Shareholders convened earlier during the year twice in February on the 5th and 14th February with focus to finalize key resolutions required for the initial submission of the banking license application for the 17th February 2025. The Shareholders convened the Annual Shareholder meeting on the 23rd May 2025 to focus on the approval of the Annual Report fy.2024 and approval of Dividend declaration and payout fy.2025. Additional Extraordinary meetings were convened in the months of June, July and December focused on completing key requirements for the banking license after further feedback from the central bank on the bank license application, which includes inquiries into interest rates, shareholdings structure and a more robust business plan.

D. Board of Directors

In 2025, the Board of Directors of Kaebauk composed of five (5) Board of Directors, reflecting a diverse mix of local and international expertise. Four of the directors are non-executive, based locally in Dili, Timor-Leste, enabling close and consistent engagement with the executive team and operations. The fifth director brought a valuable international perspective from Cambodia, contributing regional insights and cross-border experience that enriched the Board's deliberations and strategic oversight. This blend of local presence and international input ensured a balanced governance approach, fostering informed decision-making aligned with both national priorities and global standards. The Board also has one Executive Board Director who holds the position as Chief Executive Officer for Kaebauk.

The Board conducts Regular Board Meetings per-quarter, with occasional Extra Board Meetings and extra Committee meetings being conducted. The Board oversees the company and guides management with the objective of creating long-term shareholder value and considering the interests of all key stakeholders. The Board is responsible for defining and upholding our social mission, purpose, balancing social and financial priorities to ensure that we create value in a sustainable manner. To ensure that we are successful in delivering social and financial value over the long-term, the Board oversees:

- Strategy setting and performance against strategic objectives.
- Risk Management
- Financial reporting and internal controls
- The human resource framework
- Board Nominations
- Succession planning
- The performance and remuneration of senior management
- The governance and compliance framework

In 20224, the Board also approved a realignment of reporting structures, with the Banking Transformation initiatives moving its reporting line from the Risk Oversight Committee to the Information Technology Committee, effective 23 February 2024. This change ensured more focused oversight of digital initiatives and positioned the IT Committee to lead Kaebauk's digital banking transformation efforts.

Hence, a major operational milestone was also achieved with the successful launch of the Core Banking System (CBS). This significant investment modernized the institution's infrastructure and enabled improved service delivery, operational efficiency, and readiness for broader digital integration. Another highlight of the year was the inauguration of Kaebauk's Oecusse Branch in October, a strategic expansion aligned with the organization's mission to deepen financial inclusion in underserved regions.

Further reinforcing the organization's digital strategy, on 20 September 2024 the Board approved the pursuit of Agent Banking and Mobile Banking as key components of Kaebauk's future service channels. These efforts reflect the Board's ongoing commitment to innovation, client-centric solutions, and inclusive financial services.

Board of Directors Profile

Mr. Alvaro Menezes
Chairman of the Board

Mr. Alvaro is a professional Internal Auditor and a management accounting expert with PhD qualification with experience on the development of the National Strategic Plan for Timor-Leste in 2009, as well as procurement and bribery control in the Public Sector Funding. Mr. Alvaro is the Director at the Dili Institute of Technology University located in Dili, Timor-Leste, one of the top 3 universities in Timor-Leste. Mr. Alvaro democratic leadership style in the board has led to a drastic improvement in 2023 for the board, strengthening the function of the board and ensuring that the values and vision of the organization is communicated across all areas all levels of the organization. Mr. Alvaro is a member of the Audit Committee, Risk Committee, and the Human Resource Committee.

Mr. Mamadou Aliou Diallo
Board Member

Mr. Diallo is a seasoned IT professional. His experience and qualifications include selection, implementation & management of the vendor for the Core Banking Systems, Digital Financial Services (Mobile Money, Agent Banking, Internet Banking, Mobile Banking) In Risk Management, he is a Certified Expert in Risk Management from Frankfurt School of Finance and Management. Other Certification include Database development, where Mr. Diallo is a Microsoft Certified Solutions Associate in Microsoft SQL Server (MCSA) and in IT Networking, he is a Cisco Certified Network Associate (CCNA). Mr. Diallo is the Chair of the Human Resource Committee, ITC Committee & a Member in the Internal Audit Committee.

Mr. Neak Niporn
Board Member

Niporn Neak is a seasoned Chief Financial Officer with more than 16 years of experience in the financial services sector, specializing in strategic financial transformation, regulatory compliance, and risk management across Southeast Asia.

He has built a distinguished career in the banking and microfinance industry, most notably serving as Head of Finance at LOLC (Cambodia), one of the country's leading deposit-taking microfinance institutions. Throughout his career, Niporn has led high-impact initiatives in financial strategy, Financial Modeling, asset–liability management, and corporate governance, contributing to sustainable growth and operational excellence.

Niporn currently serves as CFO at BOPA, where he oversees financial management, risk oversight, and internal control frameworks. Based in Phnom Penh, he plays an active governance role by participating in audit and risk committees across BOPA's portfolio companies in Cambodia and Timor-Leste, supporting robust financial stewardship and compliance.
He is a Certified Practising Accountant (CPA) with CPA Australia (Credential ID: 10956326) and holds an MBA in Financial Management as well as a bachelor's degree in Banking and Finance. He also participated in several trainings at the Boulder Institute of Microfinance for risk and management concentration, Corporate Governance (CG) in the banking sector entitled by IFC.

Mr. Mohammed Shamim Shaban Khan
Independent Board Member

Mr. Shamim Khan latest job position is the Group Financial Controller & Business Development for JYL International in Timor-Leste. Specifically, Mr. Khan works as a Support Director and GM Operations on business strategy development and implementation of initiatives. Mr. Khan has over a decade of experience in the banking sector, being the Head of Operations for ANZ in Fiji from 2012-2013, Chief Operating Officer, ANZ Timor-Leste from 2006- 2009 & Manager Direct Banking for ANZ, Papua New Guinea from 2009- 2011 etc. For that, Mr. Shamim Khan is an expert in Leading & Managing operations team on property, leadership of electronic and business and great experience in implementing and coordinating the Core Banking system, making him great fit to joining Kaebauk Board. Mr. Shamim Khan is the Chairperson of the Risk Committee and a member of the Human Resource Committee.

Mr. Angelo B.C Soares
CEO – Executive Board Member

Mr. Angelo is 'The' senior member of Tuba-Rai-Metin (TRM) and began his work since 2001 and with his high enterprising & resilient power proven during civil war in 2006/07, transformed to the Chief Executive Officer and leading TRM become known today as Kaebauk Investimentu No Finansas, SA first other Deposit Taking institution of TL. Mr. Angelo is a seasoned and goal-focused microfinance banker with more than 20 years' experience ensuring successful completion of assigned tasks from start to completion. Instrumental in developing risk and control concepts, leading a team of more than 320 employees which make Kaebauk one of the biggest and reputed employer in Timor-Leste. Successful in defining business strategies, leading teams, improving operational efficiencies, improving processes, cultivating strategic relationships, resolving complex issues, restoring profitability, mitigating risk, and directing initiatives to grow revenue and drive profitability. Mr. Angelo as the CEO of Kaebauk and an Executive Board member. Mr. Angelo is a member of all Board-related Committees such as the Internal Audit Committee, Risk Committee, Human Resource Committee and ITC Committee.

E. Board of Directors Relevant Skills

To provide appropriate stewardship, the Board possess a broad range of expertise relevant to our operations. The table below provides an analysis of the relevant skill set of the current Board.

Relevant skills	Board of Directors
Financial services	• Mr. Neak Niporn • Mr. Shamim Khan • Mr. Mamadou Aliou Diallo • Mr. Angelo B.C Soares
Private sector development	• Mr. Alvaro Menezes • Mr. Shamim Khan • Mr. Angelo B.C Soares
Public policy and regulation	• Mr. Alvaro Menezes
Financial accounting and reporting, corporate finance	• Mr. Neak Niporn • Mr. Alvaro Menezes • Mr. Mamadou Aliou Diallo • Mr. Shamim Khan • Mr. Angelo B.C Soares
Strategy and resource allocation	• Mr. Alvaro Menezes • Mr. Neak Niporn • Mr. Mamadou Aliou Diallo • Mr. Shamim Khan • Mr. Angelo B.C Soares
Risk management	• Mr. Shamim Khan • Mr. Mamadou Aliou Diallo • Mr. Neak Niporn

F. Statement of Attendance for Regular Board Meeting

Name of Directors	Meetings Due	Meetings Attended
Mr. Alvaro Menezes	4	4
Mr. Mamadou Aliou Diallo	4	4
Mr. Mohammed Shamim Shaban Khan	4	4
Mr. Angelo B.C Soares	4	4

i. Statement of Attendance for Audit Committee Meetings

Name of Directors	Meetings Due	Meeting Attended
Mr. Neak Niporn	4	4
Mr. Mamadou Aliou Diallo	4	4
Mr. Angelo B.C Soares	4	4

ii. Statement of Attendance for Risk Committee Meetings

Name of Directors	Meetings Due	Meeting Attended
Mr. Mohammed Shamim Shaban Khan	4	4
Mr. Alvaro Menezes	4	4
Mr. Neak Niporn	4	4
Mr. Angelo B.C Soares	4	4

iii. Statement of Attendance for Human Resource Committee Meetings

Name of Directors	Meeting Due	Meeting Attended
Mr. Mamadou Aliou Diallo	4	4
Mr. Alvaro Menezes	4	4
Mr. Mohammed Shamim Shaban Khan	4	4
Mr. Angelo B.C Soares	4	4

G. Board of Director - Remuneration

On the 23rd of October 2021, the shareholders officially approved the new Board Sitting fee and was activated from the 1st of January 2022 onwards until such a time it is to be reviewed by the

Board and approved by the shareholders. A sitting fee is paid to the chairman of the board and every board member for all Regular Committee Meetings, Regular Board Meetings, including Extra Committee Meetings and Extra Board Meetings.

Based on Corporate Governance best practices, the board remuneration is set at a level to attract, motivate, and retain Board of Directors without jeopardizing Board Members' independence. The new proposal had been reviewed and endorsed by the Board on the 22nd of August 2022 and approved by the shareholders on the 5th of October 2022 with a secondary revisal approval in 2025.

The Board receives a sitting fee, an honorarium per-quarter and a board recognition package awarded after completing a term (3) years in Kaebauk for board members who are officially departing the institution.

H. Board Committees

Presently, the Board oversees 4x Official committees that include the Internal Audit Committee, Risk Oversight Committee, the Information Technology Committee, and the Human Resource Committee.

i. Internal Audit Committee (IAC)

The Internal Audit Committee (IAC), chaired by Mr. Neak Niporn, met on a quarterly basis to review key findings and recommendations from the Internal Audit Department, ensuring that identified issues were appropriately addressed and resolved through the proper channels.

In April 2025, the IAC met with the External Auditor to review and finalize the audited financial statements for FY2024. During the year, the Committee also approved the selection of the vendor for Expected Credit Loss (ECL) models under IFRS 9 and IFRS 16, providing the Finance Department with the necessary tools to generate forward-looking data and maintain compliance with regulatory requirements.

ii. Risk Oversight Committee (ROC)

The Risk Oversight Committee (ROC), chaired by Mr. Mohammed Shamim Shaban Khan (Shamim Khan), regularly reviewed Management's quarterly risk and compliance reports to ensure effective oversight of the institution's risk profile and regulatory compliance.

In addition to its routine reviews, the Committee monitored progress on the implementation of the Business Continuity Plan, reviewed the results of the Client Satisfaction Survey, and oversaw initiatives related to financial literacy training for Kaebauk's clients. The ROC also assessed Management proposals relating to branch cash limit adjustments and the write-off of non-performing exposures, providing guidance and recommendations to the Board where appropriate

iii. Human Resource Committee (HRC)

The Human Resources Committee (HRC), chaired by Mr. Mamadou Aliou Diallo, played an active role in overseeing human capital strategy, leadership performance, and governance-related people matters during the year. The Committee focused on reviewing and enhancing the staff incentive policy, as well as assessing and evaluating the Chief Executive Officer's Key Performance Indicators (KPIs) to ensure alignment with the institution's strategic objectives.

The HRC also oversaw the recruitment of key senior positions requiring international expertise, including a Chief Digital Banking Officer and a Senior Micro Lending and Branch Operations Manager, in support of the institution's operational strengthening and transformation agenda. Internally, the Committee endorsed a restructuring of management reporting lines, including the establishment of a second Deputy Chief Executive Officer position and succession planning for the Chief Risk Officer role.

In addition, the Committee conducted evaluations of selected Board Members ahead of tenure renewal, reviewed and approved the HR and Board budgets for FY2026, and assessed proposed revisions to staff benefit arrangements to ensure consistency with regulatory expectations, market practices, and the institution's long-term sustainability.

iv. Information Technology Committee (ITC)

The Information Technology Committee (ITC), chaired by Mr. Mamadou Aliou Diallo, regularly reviewed updates on IT-related matters, including the core banking system (CBS), and played a key role in assessing the International Finance Corporation's (IFC) Digital Transformation proposal. The Committee also monitored the establishment of the server room, ensuring that the project remained on track for completion by the end of 2025.

Following the recruitment of the Chief Digital Banking Officer, significant progress was achieved in automating key departmental processes, including human resources operations. During the period, the Board further mandated the ITC to oversee marketing-related initiatives, expanding the Committee's scope to include strategic alignment of technology and marketing efforts.

Frankfurt, Germany 20th Annual UNIGLOBAL Forum (13-14 March 2025)

A delegation comprising members of the Board of Directors and the Management Team attended the 20th Annual UNIGLOBAL Forum held in Frankfurt, Germany, from 13–14 March 2025. The Forum provided a valuable platform for engaging with global financial institutions, investors, and development partners, with discussions focusing on key themes such as economic empowerment, risk management, and responsible financial practices. Additional sessions explored emerging priorities including technological innovation, sustainability, and climate financing, all of which are increasingly relevant to the institution's long-term strategy and its transition toward regulated banking operations.

On the sidelines of the Forum, the delegation also held a series of bilateral meetings with existing funding partners as well as potential new financiers. These engagements were aimed at strengthening current relationships, exploring opportunities for future funding, and discussing potential areas of collaboration to support the institution's growth, resilience, and strategic objectives in the coming years.

London, UK Strategic Leadership Training by Mr. Howard Brady (11-17 October 2025)

A combined delegation of Board Members and Management participated in a five-day, face-to-face Strategic Leadership Training program held in London, United Kingdom, from 11 to 17 October 2026. The training was delivered by Mr. Howard Brady, a highly experienced and well-regarded veteran of the global microfinance industry and a senior expert from Microfin.

This course is built upon the institution's prior engagement with Mr. Brady in 2024, when he visited Timor-Leste to deliver on-site training on financial statement analysis and Microfin systems. The London-based training represented a continuation and deepening of that collaboration, with a strong emphasis on strategic leadership at both Board and executive levels.

The training focused on strengthening leadership capacity through in-depth discussions on revisiting and aligning the institution's mission and vision, enhancing strategic thinking, and reinforcing sound corporate governance practices. Participants also engaged in practical sessions designed to support effective decision-making and oversight, particularly in the context of the institution's growth ambitions and ongoing transformation.

List of Certifications Awarded to Kaebauk Participants:






II. Senior Management Team (SMT)

A. Senior Management Team Profiles

Angelo B.C Soares
CEO-Executive Board Director

Edio da Costa
Deputy CEO Support

Tarsisio da Costa
Deputy CEO Business & Operations

Alexandre de Castro
Chief Operations Officer

Eliseu Oliveira Gomes
Chief Corporate Service Officer

Jacob Domingos Neto
Chief Customer Advocate Officer

Sandeep Jain
Chief Internal Audit Officer

Kamran Saeed
Chief Finance Officer

Jesuina Soares Cabral
Chief Human Resource Officer

Rui Antonio Oliveira
Chief IT Officer

Gracia Albino
Chief Compliance & AML/CTF Officer

Basilio Ribeiro de C. Soares
Chief Treasury Officer

Antonio Carlos H. Soares
Chief Development and Marketing Officer

Jose Barreto
Chief Risk Officer

Praveen kumar
Chief Digital Officer

B. Newest Member to Senior Management Team (SMT) 2025

Mr. Praveen Kumar
Chief Digital officer

Mr. Thiruveedhi Praveen Kumar is a technology professional with over two decades of experience driving digital transformation in the banking and financial services sector. He has led more than 100 successful digital implementations across India, Bhutan, Sri Lanka, Myanmar, and Timor-Leste, bringing deep domain expertise and a strong record of innovation.

Mr. Praveen Kumar has been associated with Kaebauk and TRM since 2014 as a strategic IT solutions partner. In April 2025, he joined Kaebauk as Chief Digital Officer, where he leads the institution's digital strategy, innovation roadmap, and end-to-end execution of digital financial services. At Kaebauk, he is committed to accelerating financial inclusion through customer-centric, scalable, and secure digital solutions.

Mr. Jose Barreto
Chief Risk Officer

Mr. Jose Barreto joined TRM in 2006 as a Field Officer, a position he held until 2010. In 2011, he was promoted to Branch Manager at the Oecusse Branch, where he served until 2012. From 2013 to 2014, he advanced to the role of Internal Audit Officer. Later in 2014, Mr. Jose was promoted to Operational Risk Manager (ORM), a position he held until January 2025. Mr. Jiby is a highly dedicated professional who works diligently, demonstrates strong attention to detail, and possesses extensive experience and deep familiarity with risk management. In February 2025, he was promoted to Chief Risk Officer.

Mr. Tarsisio da Costa
Deputy CEO Business & Operations

Mr. Tarsisio da Costa commenced his career with Tuba-Rai-Metin in 2005. He received professional training at AMK-Cambodia and BASIX-India and, after proving himself as a strong operations performer, was appointed Training Manager from 2016 to 2020.

In 2020, Mr. Tarsisio da Costa was promoted to Chief Risk Officer, a position previously held by an expatriate staff member. This promotion reflected his substantial experience in operations and his comprehensive understanding of Kaebauk's overall business.

In early 2025, Mr. Tarsisio da Costa was officially promoted to Deputy CEO – Business & Operations. Mr. Tarsisio da Costa has proved to be strong leader known for his direct, clear communication and his ability to guide teams with confidence and purpose. In this role, he oversees the Operations Department, Finance Department, Marketing and Business Development Department, Risk Department, and Customer Advocacy.

Mr. Kamran Saeed
Chief Finance Officer

Mr. Kamran Saeed joined TRM as Chief Financial Officer (CFO) in June 2014. In this role, he led the implementation of new initiatives and coordinated closely across departments. He is a proactive and result-oriented Fellow Chartered Certified Accountant (FCCA) with extensive experience in accounting, auditing, strategy, finance, and transformation management.

He began his professional career with Deloitte Pakistan, where he was involved in a wide range of assurance and advisory engagements for publicly listed and non-listed companies, as well as private limited companies across diverse economic sectors. During this process he has been active in different roles as per the organization need.

From 2020 to 2024, Mr. Kamran was transferred to the position of Chief Strategic Initiatives Officer. In early 2025, he was reappointed as CFO in view of Kaebauk's potential license upgrade to a bank.

III. Our Business

Kaebauk operates 21 branches across all 14 municipalities of Timor-Leste, offering a wide range of financial products, including consumer loans. Kaebauk's objective remains to provide tailored loan solutions that meet the diverse needs of the people of Timor-Leste.

As of December 2025, Kaebauk employed over 369 staff, making it one of the largest private-sector employers in Timor-Leste. The operations team comprises 158 employees and 108 field officers. Through this workforce, Kaebauk remains closely engaged with its target clientele and continues to deliver appropriate and accessible loan products.

In 2025, Kaebauk primarily focused on informal, micro, and small enterprises, while serving medium-sized enterprises on a limited basis, mainly supporting clients transitioning into that segment. Kaebauk had also served 22,561 clients by year end of 2025, of whom 55% were women, with approximately 80% of borrowers located in rural areas. The gross loan portfolio stood at USD 45 million, with an average outstanding loan size of USD $2000.00.

The majority of Kaebauk's loan portfolio comprised micro loans, representing 46.66% of the total portfolio, followed by SME loans at 26.4% and agricultural loans at 17.1%. Together, these three categories accounted for 90.16% of the total credit portfolio, underscoring Kaebauk's strong commitment to financing micro and small enterprises, including smallholder farmers. As of August 2025, Kaebauk's loan portfolio represents approximately 6% of the total loan market in Timor-Leste with Kaebauk Loan Portfolio: USD 35.5 million+ Total Sector Loan Portfolio: USD 630 million+ in 2025.

Loan Outstanding Market Share:

In response to market demand, Kaebauk also developed a new product in 2025 in partnership with AVM -Timor-Leste with a total projected loan disbursement of over USD 50,000 expected in early 2026.

The product is a Consumer Flexible Repayment Loan designed to finance costs for clients interested in participating in pathway programs offered by the government, private sector, NGOs, and other industry programs. It provides employment opportunities for individuals who have the commitment and capacity to succeed but lack the financial means to fund themselves through such programs or pathways to job opportunities, both within Timor-Leste and overseas.

2025 Operational Footprint and Achievement: Kaebauk is proud to have established a significant operational footprint across Timor-Leste, achieving notable milestones in financial inclusion and economic empowerment and will continue to actively improve from 2025 onwards.

Branch Network	Client Base	Rural Outreach
Kaebauk operates 21 branches across all 14 municipalities of Timor-Leste, ensuring comprehensive coverage and accessibility for clients nationwide.	Serving over 22,000 (FY 2025) customers, with ~55% being women, Kaebauk emphasises support for female entrepreneurs and low-income households.	80% (FY 2025) of Kaebauk's gross loan portfolio is concentrated in rural areas, highlighting the institution's focus on underserved communities

A. Financial Literacy Program

Financial literacy is a critical component of sustainable microfinance and banking. For many Kaebauk clients, access to financial services represents their first formal engagement with the financial system. Kaebauk therefore considers financial literacy a top priority for promoting both individual development and broader economic growth in Timor-Leste, particularly within the communities it serves.

In 2025, Kaebauk officially collaborated with *Tuba Rai Metin (TRM)*, the majority shareholder of Kaebauk, to conduct its Annual Financial Literacy Program, which was successfully completed in December 2025. The program aimed to enhance clients' financial management skills through structured training in household cash flow management, business record keeping, credit management and responsible borrowing, and savings habits and financial planning.

During 2025, a total of 2,413 clients attended the financial literacy classes delivered by TRM across 116 completed sessions, achieving over 90 percent attendance of targeted participants. Over 8 Districts was covered for this program.

Through this collaboration, Kaebauk and TRM equipped clients with the knowledge and skills needed to manage loans responsibly, understand savings and repayment obligations, and make informed financial decisions. By strengthening budgeting, cash flow management, and financial planning capabilities, the program supports improved household resilience, reduces the risk of over-indebtedness, and enables clients to grow their income-generating activities. For Kaebauk, financially literate clients contribute to healthier portfolios and long-term institutional sustainability, while for communities, improved financial capability supports economic stability and inclusive development.

B. Corporate Social Responsibility

In 2025, Kaebauk established a working partnership with a well-known local humanitarian, Mr. Januario Soares. Mr. Soares has been supporting vulnerable communities across various districts in Timor-Leste by providing basic goods, clothing, food, education support, and, most recently, shelter. Over the past eight years, Mr. Soares has led these initiatives by seeking and receiving small grants to support individuals and families in need. He has also built a strong public presence, with over 10,000 followers on Facebook. The content he shares, the public engagement it generates, and most importantly the tangible impact of his initiatives on beneficiaries are widely recognized as extraordinary.

Kaebauk Chief Development & marketing Officer, , visited the shelter sites and observed that the terrain from the public road to the shelters is extremely challenging, involving long distances and muddy conditions. Transporting construction materials to the sites was therefore very difficult; however, Mr. Januario Soares and his team successfully managed these challenges and completed the work through strong coordination and commitment. The selected beneficiaries were individuals in desperate need of shelter. Through this CSR initiative, Kaebauk has made a life-changing impact on their lives and looks forward to continuing and expanding this support from 2026 onwards.

CSR 1 (Location: Camea, Timor-Leste)

CSR 2 (Location: Kasnafar, Timor-Leste)

CSR 3 (Location: Mauboke, Timor-Leste)

CSR 4 (Location: Taibessi, Dili, Timor-Leste)

Social and Environmental Performance Management (SEPM) – Client Protection Certification.

In 2024, Kaebauk officially began its journey toward achieving the Client Protection Certification at the Bronze level. As a responsible financial service provider in Timor-Leste, Kaebauk joined the Client Protection Committed Pathway in 2024. The Client Protection Pathway, developed by CERISE+SPTF, serves as a structured roadmap to support financial service providers in implementing the Client Protection (CP) Standards, monitoring progress, and continuously improving and maintaining certification levels. The Client Protection Certification framework consists of three levels: Bronze, Silver, and Gold.

Pursuing Client Protection Certification is of significant importance to Kaebauk, as it reinforces the institution's commitment to being client-centric, with a strong focus on transparency, fair treatment of clients, and the prevention of over-indebtedness. The certification process requires a comprehensive review and strengthening of Kaebauk's policies, procedures, management systems, staff training, and operational practices to ensure alignment with the eight Client Protection Principles. In addition, certification supports compliance with the expectations and requirements of investors, donors, and other key stakeholders.

In 2025, Kaebauk formally entered a contract with MFR to conduct the audit process for the certification. MFR completed the due diligence assessment in November 2025. Kaebauk expresses its appreciation to MFR for their transparency, professionalism, and technical support throughout this process. Following the assessment, Kaebauk entered a two-month adjustment phase, with only a limited number of indicators remaining to be addressed. In early 2026, Kaebauk completed the remaining indicators and submitted the required documentations to MFR for review. In March of 2026, Kaebauk officially achieved the Client Protection Certification (Bronze).

Requirement 1 - Comply with:			Requirement 2 - Total score	Achievement
100% of Entry indicators			Compliance with ≥ 65% of total indicators	Bronze
100% of Entry indicators	100% of Progress indicators		Compliance with ≥ 80% of total indicators	Silver
100% of Entry indicators	100% of Progress indicators	100% of Advanced indicators	Compliance with ≥ 95% of total indicators	Gold

C. Environmental & Social Governance (ESG)

In 2025, Kaebauk continued to strengthen its commitment to implementing effective Environmental, Social, and Governance (ESG) management practices across its operational activities, while ensuring compliance with the Company's ESG Policy. At the same time, Kaebauk remains attentive to ESG-related legislation in Timor-Leste and to relevant international best practices that may be adopted in the future.

Kaebauk's ESG commitment has been reinforced through participation in a series of two-day ESG training programs delivered by Agents for Impact (AFI). These trainings were conducted across three different periods and locations:

- **Ubud, Bali, Indonesia (2023)**, attended by Mr. Antonio H. Soares, Chief Development & Marketing Officer;
- **Valencia, Spain (2024)**, attended by Mr. Antonio H. Soares and Mr. Tarsisio da Costa, Deputy CEO – Business & Operations; and
- **Ubud, Bali, Indonesia (2025)**, attended by Mr. Jacob Neto, representing Kaebauk.

The training programs emphasized the importance of ESG principles for financial institutions and covered key topics such as the Global Reporting Initiative (GRI) framework, ESG corporate strategy and alignment, and sustainability practices within microfinance institutions. Participants also examined case studies, assessed waste impacts in the tourism sector, and explored the United Nations Sustainable Development Goals (SDGs) as global sustainability benchmarks.

🌱 During the first day of the training, participants gained a strong foundation in ESG principles and explored how corporate strategies can be transformed to support long-term sustainability and resilience.

🌱 Key topics included sustainability and climate-related risks and their impacts on financial institutions, as well as balancing Net Zero commitments with Diversity, Equity, and Inclusion (DEI) objectives within ESG strategies.

🌱 The training also featured practical components, including simulated exercises and interactive activities, which challenged participants to develop solutions aligned with ESG principles and to apply sustainability concepts in real-world scenarios.

🌱 In addition, participants had the opportunity to observe ESG in action through a field visit to sustainable and eco-friendly landscapes, providing practical insights into environmental stewardship and responsible development.

Looking ahead, Kaebauk will continue to prioritize and integrate ESG practices throughout 2025. In 2026, the Company plans to further strengthen its ESG framework by engaging a third-party organization to conduct an independent ESG assessment and to develop a long-term ESG action plan. This initiative will enable Kaebauk to align with global ESG standards, obtain an official assessment of its current ESG performance, and implement tailored actions that reflect both Kaebauk's operational context and the regulatory and social environment of Timor-Leste.


AGENTS
FOR
IMPACT
Let's drive
Impact together!


AGENTS
FOR
IMPACT


Thank you!
CONTACT US FOR THE NEXT ESG TRAINING
www.agentsforimpact.com
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D. Banking License (Business Transformation Team)

Kaebauk 's evolution from an ODTI to a commercial bank aligns with its vision to broaden its financial services, enhance operations, and address the needs of Timor-Leste's underserved communities. This transition will enable Kaebauk to offer a wider range of products, strengthen governance, and introduce innovative financial solutions. As Kaebauk transitions into a formal bank, it remains steadfast in its commitment to microfinance. This strategic evolution will enable Kaebauk to continue providing essential financial services to its existing clientele while expanding its reach to underserved communities. By integrating microfinance operations within a regulated banking framework, Kaebauk aims to enhance service delivery, ensure financial inclusion, and better serve the public.

Hence, the Executive Management in 2024 formalized the Business Transformation Committee which consisted of three members from the Senior Management team such as Mr. Kamran Saeed (The spokesperson and head of the committee), Mrs. Gracia Albino (Member) and Mr. Antonio H. Soares (Member). From this committee with the support from the full board and Executive Management, the team successfully submitted the Banking Application to the Central Bank of Timor-Leste (BCTL) in 2025. The final decision of BCTL is expected in early 2026.

E. Kaebauk Preliminary Banking License - Granted!

On February 14, 2026, Kaebauk Investmentu no Finansas, S.A. held a ceremony to inaugurate its new building for the Maliana Branch.

The ceremony was attended by distinguished guests, including the Minister of Commerce and Industry, Mr. Filipus Nino Pereira; the PAM of Bobonaro, Mr. Paulo Moniz; and the Governor of the Central Bank of Timor-Leste (BCTL), Mr. Helder Lopes, along with the Deputy Governor, committee members, partners from across Timor-Leste, and representatives of Kaebauk.

The official opening of the new Maliana Branch office was conducted by the Governor of BCTL, Mr. Helder Lopes, accompanied by the Minister of Commerce and Industry, Mr. Filipus Nino Pereira, and local authorities.

In his remarks, the CEO of Kaebauk, Mr. Angelo B. C. Soares, stated that the new building reflects Kaebauk's commitment to providing improved financial services to the community of Bobonaro Municipality (Maliana).

During the ceremony, Kaebauk also launched its new website, designed to make it easier for the public to access information. The website features a modern, simple design and is accessible across devices at www.kaebauk.tl.

On this occasion, the Governor of BCTL, Mr. Helder Lopes, announced that Kaebauk has been granted a temporary banking license to become a commercial bank in Timor-Leste. This announcement marks an important milestone for Kaebauk, which is now preparing to meet all requirements to officially operate as a bank in the future.

New Building, Maliana Branch

Innauguration Ceremony, Maliana, Bobonaro.

F. Women Awards

Kaebauk is honored to announce that our staff member, Mrs. Gracia Eugenia Albino, Chief Chief Compliance Officer, was recognized at this prestigious event, highlighting her leadership and contribution to Kaebauk. Mrs. Gracia Albino was awarded women corporate leader of the year for 2025.

In addition, Kaebauk is especially proud that one of our valued client's, Mrs. Juneita de Araujo, from the Municipality of Covalima, won the award for "Top Women-Led Business Owner of the Year" for 2025. Her achievement reflects the strength, resilience, and innovation of women entrepreneurs supported by Kaebauk.

This event was particularly meaningful for Kaebauk, as it demonstrated both the strength and success of one of Kaebauk's senior management team member's and the positive impact of a successful Kaebauk loan within the community.

Kaebauk remains firmly committed to supporting women in leadership within the organization and entrepreneurship for our clients. We strongly believe that empowering women leads to improved household livelihoods, increase diverse economic activity, and will lead to a a stronger national economy, while also inspiring future generations of women leaders..

Mrs. Gracia Albino - Chief Compliance Officer at Kaebauk Investimentu no Finansas, S.A. (Women Corporate Leader 2025)

Woman Corporate Leader of the Year: This category honors a top female executive who has shown exceptional leadership and management skills in her role.

*From Company Secretary to Chief Compliance Officer – A Decade of Dedicated Service and Leadership with Broader Contributions to Agriculture and Health***.**

Mrs. Juneita de Araujo - Client Kaebauk Investimentu no Finanasas, S.A. (Top Women Led Business Owner of the year 2025

Recognizes a female business owner who has successfully led her business for more than 3 years, demonstrating excellence and leadership.

Kaebauk Client Mrs. Junita De Araujo. From a microloan client to one of the most successful SME clients in Kaebauk - setting an example for all Business Owners to diversify their income and promote the importance of Business planning & use of Digital Marketing.

Regulatory Ratios

During FY 2025 there were no major issues related to the non-compliance with the BCTL Law being reported and Kaebauk has been successfully maintaining all regulatory ratios above the BCTL threshold. In FY 2024 Kaebauk's regulatory ratio are as follows:

Liquidity risk, we were well funded with a strong liquidity position, underpinned by long-term funding and an appropriately sized liquid assets buffer. The liquidity coverage ratio reported at the end 2025 was 26.29%, comfortably above the regulatory requirement of 20%.

Capital Adequacy (CAR), we must remain solvent and so balance sheet positioning, and capital planning is critical to addressing capital risks. The capital adequacy ratio was at 24.03% as of 31st December 2025, and this ratio is also well more than the regulatory requirement of 20%.

Client Success Story (Micro – Business)

Client Name : Mr. Sabino Bere Tai

Product : Micro

Branch : Maliana

Loan Cycle : 3

Mr. Sabino Bere Tai, aged 52, from Bobonaro Municipality, is a father of four children and has more than 20 years of work experience in carpentry. With limited resources, Mr. Sabino began his career as a carpentry, using simple tools, and gradually started his own business.

Mr. Sabino's dream has always been to build a house for his family and ensure all his children finish university. Facing the realities of life, Mr. Sabino looked for ways to obtain financial support to expand his carpentry business and a kiosk (Small Store), with the aim of increasing his family's income.

By visiting the branch in Maliana. Mr. Sabino learned that Kaebauk could provide financial support through loans. Based on this information, he and his wife decided to apply for a loan from Kaebauk. They took their first loan in 2021 and continued borrowing and after three loan cycles, Mr. Sabino Bere Tai's most recent loan is $10,000.00 USD.

From this, Mr. Sabino was able to grow the business, build his family home and significantly, expand his carpentry business, increase the operations of his kiosk, purchase land for agriculture, and supported one of his children to complete university. Mr. Sabino also wants to diversify his income and will soon grow his own crops in his new purchased land and will commence his business in agriculture.

Mr. Sabino stated, "My dream is to make enough income to be sustainable and ensure all my children finish university and build our dream home, through Kaebauk has allowed this to happen."

Client Success Story (Micro – Business)

Client Name : Mrs. Elia Pereira Goncalves

Product : Micro

Branch : Balide Branch

Loan Cycle : 2

Mrs. Elia Pereira Goncalves, a Tais seller at the Tais Market in Colmera, Dili. Mrs. Elia comes from the municipality of Ermera began her business activities in 2021, continuing a family tradition that was previously managed by her mother and father.

Her parents decided to hand over the Tais business to Mrs. Elia. When she first took over the business, income decreased because the quantity and variety of goods in the shop were limited, Mrs. Elia made enough just to get by and maintain the business.

Mrs. Elia started thinking about increasing her income by adding more Tais and accessories to her shop. However, she did not have enough capital to purchase additional goods. While seeking information from her family about credit opportunities, she knew KAEBAUK was the solution.

Together with her husband, Mrs. Elia visited KAEBAUK office in Dili (Colmera – branch *now Balide* Branch) she prepared the required documents and successfully accessed the credit with her recent loan cycle at $3000.00 USD.

The credit provided by KAEBAUK was used to purchase more Tais and accessories, significantly increasing the number and variety of products in her store. As a result, Mana Elia experienced an increase in her daily income.

With the improvement in her business, Mana Elia is now considering opening a new selling location and plans to apply for additional credit to further increase her income and support her family. In addition to being a Tais seller, she is also a housewife and manages her household. She has one child, and her husband supports the business by helping her purchase Tais from the municipalities and transport them to her shop in Colmera, Dili.

Mrs. Elia shared her experience by saying:

"I am happy to be able to get credit from KAEBAUK. With the credit, I was able to add many goods to my store. Before, I had only a few products, but after receiving the credit, I now have many more goods and a better source of income"

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AUDITOR'S INDEPENDENCE DECLARATION
UNDER APES 110 CODE OF ETHICS FOR PROFESSIONAL ACCOUNTANTS
TO THE KAEBAUK INVESTIMENTU NO FINANSAS, SA

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2025, there have been no contraventions of:

(a) the auditor independence requirements of the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit.

PKF

PKF (GOLD COAST)

M S KASMANI
REGISTERED COMPANY AUDITOR
16 APRIL 2026

GOLD COAST

PKF (Gold Coast) Pty Ltd
ABN 93 137 531 250

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KAEBAUK INVESTIMENTU NO FINANSAS, SA

Opinion

We have audited the financial report of Kaebauk Investimentu No Finansas, SA (the "Company"), which comprises the statement of financial position as at 31 December 2025, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial report of the Company, is in accordance with the instruction of Banco Central Timor Leste N. 15/2021, including:

(i) Giving a true and fair view of the Company's financial position as at 31 December 2025 and of its financial performance for the year then ended; and

(ii) Complying with International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the Audit of the Financial Report* section of our report.

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

Independence

We are independent of the Company in accordance with the auditor independence requirements of the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (including Independence Standards) (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the *Code*.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's director's report for the year ended 31 December 2025 but does not include the financial statements and our auditor's report thereon.

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

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

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

Other Matter

The financial report of the Company for the year ended 31 December 2024 was audited by another auditor who expressed an unmodified opinion on that report on 29 April 2025.

Directors' Responsibilities for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with International Financial Reporting Standards and comply with instruction of Banco Central Timor Leste N. 15/2021, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

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

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

PKF

PKF (GOLD COAST)

M S KASMANI
REGISTERED COMPANY AUDITOR
16 APRIL 2026

GOLD COAST

Kaebauk Investimentu No Finansas, SA

Financial Statements for the year ended
December 31, 2025

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KAEBAUK INVESTIMENTU NO FINANSAS, SA

DIRECTORS' REPORT

The Directors present their report on the affairs of the Kaebauk Investimentu No Finansas, SA ("the Company") for the year ended 31 December 2025.

The Company is an institution registered as joint stock company.

Information on Directors

The names of the directors in office at any time during or since the end of the period are:

Mr. Alvaro Menezes	Board Director - Chairman
Mr. Mohammed Shamim Shaban Khan	Board Director
Mr. Mamadou Aliou Diallo	Board Director
Mr. Neak Niporn	Board Director
Mr.Angelo B.C Soares	CEO - Executive Board Member

All directors have held their office from 1 January 2024 to the date of this report unless otherwise stated.

Principal Activities

The principal activities of the Company during the year were the provision of financial services to clients in the form of taking deposits and giving loans as prescribed by the Constitution.

No significant changes in the nature of these activities occurred during the year.

Operating Results

The net profit of the Company for the year was $2,166,860 (2024: $1,824,329).

Dividends

A dividend of $1,000,000 was declared and paid for the year ended 31 December 2025 (2024: $1,000,000).

Significant Changes in State of Affairs

Apart from disclosures elsewhere in this report, there were no significant changes in the state of the affairs of the Company during the year.

Events Subsequent to the End of the Reporting Period

No other matters or circumstances have arisen since the end of the reporting period which have significantly affected or may significantly affect the operations, the results of those operations, or the state of affairs of the Company in subsequent financial period.

Signed for and on behalf of the directors in accordance with a resolution of the Board.

Alvaro Menezes
Chairman Board of Director

Dated this April 16, 2026

KAEBAUK INVESTIMENTU NO FINANSAS, SA
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2025

	Note	2025 ------USD------	2024 ------USD------
Interest revenue	8	**12,842,014**	10,252,917
Interest expense	9	**(2,529,015)**	(1,706,525)
Net interest income		**10,312,999**	8,546,392
Credit loss expense on financial assets	10	**(442,570)**	(236,614)
Other operating income	11	**12,086**	14,641
Net operating income		**9,882,515**	8,324,419
Personnel expenses		**(5,083,320)**	(4,407,337)
Depreciation of property and equipment	17	**(203,990)**	(196,591)
Depreciation of right-of-use assets	19	**(312,532)**	(237,308)
Amortisation of intangible assets		**(49,353)**	-
Other operating expenses	12	**(1,826,489)**	(1,455,243)
Total operating expenses		**(7,475,684)**	(6,296,479)
Profit before tax		**2,406,831**	2,027,940
Income tax expense	37	**(239,971)**	(203,611)
Profit for the year		**2,166,860**	1,824,329
Other comprehensive income for the year		**-**	-
Total comprehensive income for the year		**2,166,860**	1,824,329

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

KAEBAUK INVESTIMENTU NO FINANSAS, SA
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025

	Note	2025 ------USD------	2024 ------USD------
ASSETS			
Cash on hand		**151,716**	74,555
Due from banks	**14**	**13,397,589**	9,327,084
Loan and advances	**16**	**45,101,392**	34,106,980
Property and equipment	**17**	**550,633**	660,141
Right-of-use assets	**19**	**598,343**	788,345
Intangible assets	**20**	**301,503**	2,809
Other assets	**21**	**1,622,539**	1,165,296
TOTAL ASSETS		**61,723,715**	46,125,210
LIABILITIES			
Cash collateral	**22**	**6,643,912**	5,262,874
Payables due to other financial institutions	**23**	**38,082,316**	26,188,815
Subordinated debt	**24**	**2,000,000**	1,000,000
Deposits	**25**	**922,600**	885,836
Lease liabilities	**26**	**695,944**	907,535
Current tax liabilities		**244,271**	196,885
Other liabilities	**27**	**2,956,625**	2,667,778
Deferred tax liabilities	**37**	**6,463**	10,763
TOTAL LIABILITIES		**51,552,131**	37,120,486
NET ASSETS		**10,171,584**	9,004,724
EQUITY			
Share capital	**30**	**2,000,000**	2,000,000
Retained earnings		**7,958,701**	6,711,254
Other reserves		**212,883**	293,470
TOTAL EQUITY		**10,171,584**	9,004,724

The above statement of financial position should be read in conjunction with the accompanying notes.

KAEBAUK INVESTIMENTU NO FINANSAS, SA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Note	2025 ------USD------	2024 ------USD------
CASH FLOW FROM OPERATING ACTIVITIES			
Operating profit before tax		**2,406,831**	2,027,940
Adjustments:			
Credit loss expense on financial assets	10	**442,570**	236,614
Depreciation on property and equipment		**203,990**	196,591
Depreciation on right-of-use assets		**312,532**	237,308
Amortization of intangible		**49,353**	-
Interest expense on lease liability		**71,265**	73,156
Gain on termination of lease		**(9,062)**	-
Gain on sale of property and equipment		**(2,185)**	(13,466)
Changes in assets and liabilities:			
Loan and advances		**(11,436,982)**	(6,692,002)
Other assets		**(457,243)**	(518,115)
Deposits, cash collateral and other liabilities		**1,706,649**	2,214,642
Income tax paid		**(196,885)**	(203,611)
Net cash used in operating activities		**(6,909,167)**	(2,440,943)
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for property and equipment		**(303,142)**	(298,503)
Payments for Intangible		**(130,325)**	-
Proceeds from sale of property and equipment		**2,185**	13,500
Net cash used in investing activities		**(431,282)**	(285,003)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from debts and borrowings		**26,884,483**	13,795,178
Repayments of debts and borrowings		**(13,990,982)**	(8,790,825)
Payment of lease liabilities	26	**(405,386)**	(304,123)
Cash outflow in respect of dividend		**(1,000,000)**	(1,000,000)
Net cash generated from financing activities		**11,488,115**	3,700,230
Net increase in cash and cash equivalents		**4,147,666**	974,284
Cash and cash equivalents at the beginning of the year		**9,401,639**	8,427,355
Cash and cash equivalents at the end of the year	15	**13,549,305**	9,401,639

The above statement of cash flows should be read in conjunction with the accompanying notes.

KAEBAUK INVESTIMENTU NO FINANSAS, SA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025				2024			
	Share capital	**Retained earnings**	**Reserves**	**Total equity**	Share capital	Retained earnings	Reserve	Total equity
	-----USD-----	**-----USD-----**	**-----USD-----**	**-----USD-----**	-----USD-----	-----USD-----	-----USD-----	-----USD-----
Balance at the beginning of the year	**2,000,000**	**6,711,254**	**293,470**	**9,004,724**	2,000,000	5,886,925	293,470	8,180,395
Profit for the year	**-**	**2,166,860**	**-**	**2,166,860**	-	1,824,329	-	1,824,329
Dividend declared	**-**	**(1,000,000)**	**-**	**(1,000,000)**	-	(1,000,000)	-	(1,000,000)
Transfer to retained earnings	**-**	**80,587**	**(80,587)**	**-**	-	-	-	-
Balance at the end of the year	**2,000,000**	**7,958,701**	**212,883**	**10,171,584**	2,000,000	6,711,254	293,470	9,004,724

The above statement of changes in equity should be read in conjunction with the accompanying notes.

1 GENERAL INFORMATION

The financial statements cover KAEBAUK INVESTIMENTU NO FINANSAS, SA ("Kaebauk" or "KIF" or "the Company") an individual entity. Kaebauk is registered as joint stock company with Company registration No. 1242933A/MCIA/III/2016 with total share capital of USD 2,000,000. Shareholders are Tuba Rai Metin ("TRM") - 51.5%, BOPA Pte Ltd - 16.5%, IFC- World Bank Group - 12.5% and TURAME Holdings - 19.5% . Kaebauk is the first Other Deposit Taking Institution 'ODTI' in the country. Registered office of the Company is situated at 20 Setembro, Bebonuk, Dom Alexio, Dili,Timor-Leste.

Kaebauk is mainly promoted by Tuba Rai Metin which had its firm footing for over 15 years in the country with market leader status among MFIs. TRM has transferred its business to Kaebauk with effect from 1st March 2016. BOPA and IFC's equity with Kaebauk is their 1st investment in Timor Leste to strengthen the microfinance sector in the country running on commercial principles with social mission. Kaebauk has 21 branches to make the easy access to financial services.

2 STATEMENT OF COMPLIANCE

The financial statements are general purpose financial statements which have been prepared in accordance with instruction of Banco Central Timor Leste Instruction No. 24/2023 on reporting and publication. As per these instructions, the financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS accounting standards) as issued by the International Accounting Standards Board (IASB).

3 BASIS OF PREPARATION

The financial statements have been prepared on an accrual basis and are based on historical cost except for certain financial assets measured at fair value.

The presentation currency of the financial statements is United States Dollars (USD), which is also the functional currency of the Company. All values are rounded to the nearest dollar, except when otherwise indicated.

The financial statement have been prepared on going concern basis.

The financial statements were authorised for issue in accordance with a resolution of the directors on April 16, 2026.

4 PRESENTATION OF FINANCIAL STATEMENTS

The Company presents its statement of financial position in order of liquidity based on the Company's intention and perceived ability to recover/settle the majority of assets/liabilities of the corresponding financial statement line item.

5 CHANGE IN ACCOUNTING POLICIES AND DISCLOSURES

5.1 New and amended standards

The following amendment to IAS 21 became effective for annual periods beginning on January 01, 2025:

Lack of exchangeability - amendments to IAS 21

This amendments specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of an entity's financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

This amendment did not have a material impact on the Company's financial statements.

5.2 Standard issued but not yet effective

New and amended standards and interpretations that are issued but not yet effective are being assessed by the Company to determine the impact on the financial statements.

5.2 Standard issued but not yet effective *continued*

5.2.1 Amendments to the classification and measurement of financial instruments - amendments to IFRS 9 and IFRS 7

On May 30, 2024, the IASB issued Amendments to IFRS 9 and IFRS 7. The Amendments include:

▪ Clarifications of the requirements for recognition and derecognition of financial assets and liabilities
▪ A clarification that a financial liability is derecognised on the 'settlement date' and introduce an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date
▪ Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed
▪ Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments
▪ The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI)

The Amendments are effective for annual periods starting on or after January 01, 2026.

The Company does not expect that the amendments will have a material impact on its financial statements.

5.2.2 Contracts referencing nature-dependent electricity - amendments to IFRS 9 and IFRS 7

In December 2024, the IASB issued Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature dependent Electricity. The amendments apply only to contracts that reference nature-dependent electricity.

The amendments:
▪ Clarify the application of the 'own-use' requirements for in-scope contracts
▪ Amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts
▪ Add new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows.

The amendments will take effect for annual reporting periods starting on or after January 01, 2026. Early adoption is allowed, but it must be disclosed. The amendments concerning the own-use exception are to be applied retrospectively, while the hedge accounting amendments should be applied prospectively to new hedging relationships designated from the initial application date. Additionally, the IFRS 7 disclosure amendments must be implemented alongside the IFRS 9 amendments. If an entity does not restate comparative information, it cannot present comparative disclosures.

The Company does not expect that the amendments will have a material impact on its financial statements.

5.2.3 IFRS 18 presentation and disclosure in financial statements

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

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

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

6 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

6.1 Recognition of interest income

6.1.1 The effective interest rate method(EIR)

Interest income is recorded using the EIR method for all financial assets measured at amortised cost.Interest expense is also calculated using the EIR method for all financial liabilities held at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or liability or, when appropriate, a shorter period, to the gross carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the financial asset) is calculated by taking into account transaction costs and any discount or premium on the acquisition of the financial asset, as well as fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, the EIR calculation also takes into account the effect of potentially different interest rates that may be charged at various stages of the financial asset's expected life, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

6.2 Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances held in other banks and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risks of changes in their value, and are used by the Company in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the statement of financial position.

6.3 Lease

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

6.3.1 Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

6.4 Property and equipment

Property and equipment is stated at cost excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the depreciation period or methodology, as appropriate, and treated as changes in accounting estimates. Right-of-use assets are presented together with property and equipment in the statement of financial position.Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term or the useful life of the underlying assets.

Depreciation of owned assets is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

▪ Buildings and leasehold improvements	10-33.3%
▪ Vehicles	20%
▪ Furniture and fixtures and office equipments	20-33.3%

An item of property and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

6.5 Intangible assets

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the Company and that the cost of such asset can also be measured reliably.These are stated at cost less accumulated amortization and impairment losses, if any.

Intangible assets comprise of computer software and related applications. Intangible assets are amortized over their estimated useful lives. These lives range from 2 - 5 years. Subsequent expenditure is capitalized only when it increase the future economic benefit embodied in the specific asset to which it relates. All other expenditure is recognized in profit and loss account as incurred.

6.5 Taxes

6.5.1 Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income respectively and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

6.5.2 Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

▪ Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences

▪ In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it becomes probable that future taxable profit will allow the deferred tax asset to be recovered.

6.5 Taxes *continued*

6.5.2 Deferred tax *continued*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred taxes are recognised as income tax benefits or expenses in the income statement except for tax related to the fair value remeasurement of debt instruments at fair value through OCI, foreign exchange differences and the net movement on cash flow hedges, which are charged or credited to OCI.These exceptions are subsequently reclassified from OCI to the income statement together with the respective deferred loss or gain. The Company also recognises the tax consequences of payments and issuing costs, related to financial instruments that are classified as equity, directly in equity.

The Company only off-sets its deferred tax assets against liabilities when there is both a legal right to offset its current tax assets and liabilities and it is the Company's intention to settle on a net basis.

6.6 Provisions

A provision is recognized when, and only when, the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

6.7 Foreign currency transactions

The financial statements are presented in United States Dollars (USD), which is the Company functional currency. Transactions in foreign currencies are translated into USD at exchange rate on the date of transaction. All monetary assets and liabilities in foreign currencies are translated into USD at the rate of exchange approximating those ruling at the statement of financial position date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the transaction at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss and other comprehensive income.

6.8 Financial instruments - initial recognition

6.8.1 Date of recognition

Financial assets and liabilities, with the exception of loans and advances to customers and balances due to customers, are initially recognized on the trade date, i.e., the date on which the Company becomes a party to the contractual provisions of the instrument. This includes regular way trades, i.e., purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans and advances to customers are recognized when funds are transferred to the customers' accounts. The Company recognizes balances due to customers when funds are transferred to the Company.

6.8.2 Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value , except in the case of financial assets and financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount.

6.8.3 Measurement categories of financial assets and liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:
• Amortized cost
• Fair value though Other comprehensive income (FVOCI), and
• Fair value through profit and loss (FVTPL)

The Company classifies and measures its derivative and trading portfolio at FVPL.The Company may designate financial instruments at FVPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies.

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortized cost or at FVPL when they are held for trading and derivative instruments or the fair value designation is applied.

6.8 Financial instruments - initial recognition

6.8.4 Financial assets and liabilities

Due from banks, loans and advances to customers

The Company measures due from banks, loans and advances to customers at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective:

- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)

The expected frequency, value and timing of sales are also important aspects of the Company's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'best case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The SPPI test

As a second step of its classification process the Company assesses the contractual terms of the financial asset to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

6.8.5 Debt instruments at FVOCI

The Company applies the new category under IFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset meet the SPPI test .

These instruments largely comprise assets that had previously been classified as financial investments available-for-sale. FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in OCI. Interest income and foreign exchange gains and losses are recognized in profit or loss in the same manner as for financial assets measured at amortized cost. Where the Company holds more than one investment in the same security, they are deemed to be disposed of on a first–in first–out basis. On derecognition, cumulative gains or losses previously recognized in OCI are reclassified from OCI to profit or loss.

6.8 Financial instruments - initial recognition

6.8.6 Equity instruments at FVOCI

Upon initial recognition, the Company occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit. Dividends are recognized in profit or loss as other operating income when the right of the payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

6.8.7 Debt issued and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortized cost. Amortized cost is calculated by taking into account any discount or premium on issued funds, and costs that are an integral part of the EIR.

6.9 Derecognition of financial assets and liabilities

6.9.1 Derecognition for substantial modification of Financial assets

The Company derecognizes a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognized as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognized loans are classified as stage 1 for ECL measurement purposes, unless the new loan is deemed to be POCI.

For financial liabilities, the Company considers a modification substantial based on qualitative factors and if it results in a difference between the adjusted discounted present value and the original carrying amount of the financial liability of, or greater than, ten percent. For financial assets, this assessment is based on qualitative factors.

6.9.2 Derecognition other than for substantial modification Financial assets

A financial asset (or, where applicable, a part of a financial asset) is derecognized when the rights to receive cash flows from the financial asset have expired. The Company also derecognizes the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

6.9.2 Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in profit or loss.

6.9.3 Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities in 2025.

6.10 Impairment of financial assets

6.10.1 Overview of the ECL principles

IFRS 9 has fundamentally changed the Company's loan loss impairment method by replacing incurred loss approach with a forward-looking ECL approach.The Company has been recording the allowance for expected credit losses for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or (LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

6.10 Impairment of financial assets *continued*

6.10.1 Overview of the ECL principles *continued*

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Company groups its loans into Stage 1, Stage 2, Stage 3 and POCI, as described below:

Stage 1 When loans are first recognized, the Company recognizes an allowance based on 12month ECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2 When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

Stage 3 Loans considered credit-impaired . The Company records an allowance for the LTECLs

POCI Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognized based on a credit-adjusted EIR. ECLs are only recognized or released to the extent that there is a subsequent change in the expected credit losses.

6.10.2 The calculation of ECLs

The Company calculates ECLs based on a three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

PD The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio.

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

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

When estimating the ECLs, the Company considers three scenarios (a base case, an upside and a downside). The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Company has the legal right to call it earlier. Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanics of the ECL method are summarized below:

Stage 1 The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.

6.10 Impairment of financial assets *continued*

6.10.2 The calculation of ECLs *continued*

Stage 2 When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR

Stage 3 For loans considered credit-impaired , the Company recognizes the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

POCI POCI assets are financial assets that are credit impaired on initial recognition. The Company only recognizes the cumulative changes in lifetime ECLs since initial recognition, based on a probability-weighting of the three scenarios, discounted by the credit-adjusted EIR.

6.10.3 Debt instruments measured at fair value through OCI

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortized cost is recognized in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognized in OCI is recycled to the profit and loss upon derecognition of the assets.

6.10.4 Purchased or originated credit impaired financial assets (POCI)

For POCI financial assets, the Company only recognizes the cumulative changes in LTECL since initial recognition in the loss allowance.

6.10.6 Credit enhancements: collateral

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. Collateral, unless repossessed, is not recorded on the Company's statement of financial position. However, the fair value of eligible collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a requirement basis.

6.10.7 Write-offs

Financial assets are written off either partially or in their entirety only when the Company has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

6.10.8 Provisioning and Reserves

"BCTL instruction no. 17 / 2021, On Credit Classification, Regulatory Provisions & Reserves" Article 8: Loss allowance for expected credit losses, Clause 6, requires If the Bank's loss allowance based on ECL is less than regulatory amount determined using the standard percentage method, described on Article 7, then the Bank's allowance shall be considered as inadequate, and the difference shall be treated as an appropriation of retained earnings and placed in a non-distributable regulatory loan reserve, not charging the income statement.
In line with above mentioned instructions, differential amount between ECL and standard percentage method is allocated to non-distributable reserves accordingly.

7 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with the accounting and reporting standards as applicable requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

7.1 Impairment losses on financial assets

The measurement of impairment losses under IFRS 9 across all categories of financial assets in scope requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's expected credit loss(ECL) calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The segmentation of financial assets when their ECL is assessed on a collective basis.
- Development of ECL models, including the various formulas and the choice of inputs.
- The Company's criteria for assessing if there has been a significant increase in credit risk.
- Determination of associations between macroeconomic scenarios and, economic inputs.
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

7.2 Taxation

The Company takes into account the current income tax law and decisions taken by taxation authorities.Those amounts are shown as contingent liabilities wherein, the Company's views differ from the views taken by the taxation authorities at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law.

7.3 Operating fixed assets / intangible assets / useful life

Estimates of residual values and useful lives of operating fixed assets and intangible assets are reassessed annually and any change in estimate is taken into account in the determination of depreciation / amortization charge and impairment loss. Change in estimates are accounted for over the estimated remaining useful life of the assets.

7.4 Lease term and effective interest rate for recognition of lease contracts

The Company determines the lease term as the non cancellable period of lease, together with periods covered by an option to extend and terminate the lease, if the Company is reasonably certain to exercise that option at the time of entering the contract. Further, the Company uses incremental borrowing rate to discount the lease payments to measure the lease liability at the time of entering the contract.

	2025	2024
	------USD------	------USD------

8 INTEREST REVENUE

	2025	2024
Interest income on loan and advances	**11,465,477**	9,185,028
Interest income on term deposits	**197,042**	129,639
Fee and commission	**1,179,495**	938,250
	12,842,014	10,252,917

9 INTEREST EXPENSE

	2025	2024
Interest expense on borrowings	**2,456,784**	1,632,415
Interest expense on deposits	**966**	954
Interest expense on lease liability	**71,265**	73,156
	2,529,015	1,706,525

10 CREDIT LOSS EXPENSE ON FINANCIAL ASSETS

	2025	2024
Expected credit loss on loan and advances	**442,570**	236,614
	442,570	236,614

11 OTHER OPERATING INCOME

	2025	2024
Gain on disposal of assets	**11,247**	13,466
Other operating income	**839**	1,175
	12,086	14,641

12 OTHER OPERATING EXPENSES

	2025	2024
Administrative expenses	**347,268**	222,586
Bank charges	**16,384**	13,184
Fuel and oil	**179,912**	185,047
Legal and professional fee	**221,107**	140,678
Repairs and maintenance	**325,418**	251,252
Staff training and meeting	**231,798**	206,152
Travel and lodging allowance	**124,560**	90,886
Utilities	**223,368**	198,734
Rent	**9,618**	13,633
Other expenses	**147,056**	133,091
	1,826,489	1,455,243

13 RELATED PARTIES

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Company and related parties at terms agreed between the parties.

Transactions occurred during the year		**2025** **------USD------**	2024 ------USD------
IFC	Interest expense on borrowings	**30,311**	94,156
	Dividend paid	**125,000**	125,000
	Loan repaid	**625,000**	500,000
TRM	Dividend paid	**515,000**	550,000
	Rental expense	**252,449**	185,989
	Interest expense	**91,035**	93,909
	Financial literacy program	**99,956**	-
	Loan received	**400,000**	-
	Loan repaid	**400,000**	-
			-
TURAME	Dividend paid	**195,000**	160,000
Balances at year end			
IFC	Loan	**-**	625,000
TRM	Sub debt	**1,000,000**	1,000,000
	Saving deposit	**30,567**	49,884
TURAME	Saving deposit	**14,981**	29,331

13 RELATED PARTIES *continued*

13.1 The Company has entered into agreements with its majority shareholder, TRM, for the leasing of buildings used as the Head Office (HO) and branch locations. These lease agreements are conducted on an arm's length basis and are priced according to prevailing market rates. The Company ensures that the terms of these agreements comply with applicable regulations and industry standards to maintain transparency and fairness in its transactions.
Additionally, the Company has received loans from TRM and IFC, which are structured on market commercial terms and reflect market-related pricing. These loans are negotiated to ensure adherence to fair and competitive lending practices, demonstrating the Company's commitment to conducting all financial dealings at arm's length and in line with market norms.

13.2 *Compensation of key management personnels in total and for each of the following categories was as follows:*

	Note	2025 ------USD------	2024 ------USD------
Short-term employee benefits		**1,354,797**	1,106,838
Post-employment benefits		**95,765**	73,920
		1,450,562	1,180,758

14 DUE FROM BANKS

	Note	2025	2024
Current account		**4,897,589**	3,327,084
Deposits	**14.1**	**8,500,000**	6,000,000
	14.2 & 14.3	**13,397,589**	9,327,084

14.1 The short term deposits carry an interest rate ranging from 3% to 3.4% having maturity ranging from 01 months to 03 months.

14.2 Expected credit loss (ECL) on due from banks is immaterial.

14.3 This includes an amount of USD 1,000,000 held as collateral against a loan facility, as described in note 29.

15 CASH AND CASH EQUIVALENTS

	Note	2025 ------USD------	2024 ------USD------
Cash on hand		**151,716**	74,555
Due from banks	**14**	**13,397,589**	9,327,084
		13,549,305	9,401,639

16 LOANS AND ADVANCES

	2025	2024
Gross loan portfolio	**45,881,050**	34,905,212
Allowance for expected credit losses	**(779,658)**	(798,232)
	45,101,392	34,106,980

16.1 According to the BCTL Instruction No. 17/2021, an amount of USD 212,883, representing the excess of the amount determined using the standard percentage method prescribed under Article 7 of the Instruction over the expected credit loss calculated in accordance with IFRS 9, has been placed as a non-distributable reserve.

16.2 Loans and advances outstanding by geographical location

	2025	2024
Aileu	**1,704,238**	1,195,480
Ainaro	**1,180,093**	977,423
Atauro	**495,339**	355,808
Atsabe	**850,488**	678,311
Batugade	**2,067,407**	1,484,521
Baucau	**2,482,409**	1,842,596
Bazartete	**1,722,996**	1,274,602
Becora	**6,349,911**	5,136,662
Comoro	**5,071,743**	4,103,007
Ermera	**1,628,781**	1,148,782
Laclubar/ Natarbora	**1,008,032**	733,733
Liquica	**2,509,491**	1,781,802
Lospalos	**2,665,988**	2,141,351
Maliana	**3,059,090**	2,237,495
Manatuto	**1,283,007**	932,609
Maubisse	**1,036,659**	700,698
Oecusse	**2,121,270**	1,936,152
Same	**3,148,074**	2,015,739
Suai	**2,286,895**	1,899,248
Viqueque	**1,991,746**	1,366,936
Zumalai	**1,217,393**	962,257
	45,881,050	34,905,212

16 LOANS AND ADVANCES *Continued*

16.3 Loans and advances acccounts by geographical location (by number of account holders)

	Note	2025 ------USD------	2024 ------USD------
Aileu		**1,192**	988
Ainaro		**875**	816
Atauro		**410**	359
Atsabe		**503**	464
Batugade		**1,093**	982
Baucau		**1,052**	940
Bazartete		**1,064**	912
Becora		**2,318**	2,217
Comoro		**1,762**	1,624
Ermera		**849**	699
Laclubar/ Natarbora		**587**	565
Liquica		**1,441**	1,300
Lospalos		**1,465**	1,371
Maliana		**1,402**	1,255
Manatuto		**760**	678
Maubisse		**780**	633
Oecusse		**1,161**	1,062
Same		**1,395**	1,220
Suai		**1,074**	960
Viqueque		**865**	812
Zumalai		**513**	511
		22,561	20,368

16.4 Movement in gross loan portfolio - 2025

Advances - exposure	**Stage 1** -----USD-----	**Stage 2** -----USD-----	**Stage 3** -----USD-----	**Total** -------USD-------
Gross carrying amount - opening balance	33,539,960	683,499	681,753	**34,905,212**
New advances	42,590,711	76,582	36,363	**42,703,656**
Advances derecognised or repaid	(30,782,688)	(391,780)	(92,206)	**(31,266,674)**
Transfer to stage 1	73,705	(73,705)	-	**-**
Transfer to stage 2	(95,009)	95,009	-	**-**
Transfer to stage 3	(259,158)	(354,174)	613,332	**-**
	(280,462)	(332,870)	613,332	**-**
Amounts written off / charged off	-	-	(461,144)	**(461,144)**
	45,067,521	**35,431**	**778,098**	**45,881,050**

16.5 Movement in allowance for expected credit losses - 2025

Advances - allowance for expected credit losses				
Allowance for expected credit losses - opening balance	201,363	163,194	433,675	**798,232**
New advances	326,132	24,548	24,580	**375,260**
Advances derecognised or repaid	(77,781)	(50,879)	(35,026)	**(163,686)**
Transfer to stage 1	26,207	(26,207)	-	**-**
Transfer to stage 2	(1,077)	1,077	-	**-**
Transfer to stage 3	(2,024)	(82,117)	84,141	**-**
	23,106	(107,247)	84,141	**-**
Amounts written off / charged off	-	-	(461,144)	**(461,144)**
Changes in risk parameters	(90,293)	17,553	303,736	**230,996**
	382,527	**47,169**	**349,962**	**779,658**

16.6 Aging analysis

The aging analysis and credit classification of loans to customers was as follows:

		2025		2024	
		Outstanding Principal	**Cash Collateral**	Outstanding Principal	Cash Collateral
		-----------USD-----------	**-----------USD-----------**	-----------USD-----------	-----------USD-----------
Credit classification	*Days past due*				
Standard	0-60	**45,067,521**	**6,489,614**	34,172,927	5,110,539
Undersupervision	61-90	**35,431**	**6,610**	50,532	8,300
Substandard	91-180	**101,787**	**20,510**	99,665	23,078
Doubtful	181-365	**322,323**	**57,718**	232,667	45,300
Loss	>365	**353,988**	**69,460**	349,421	75,656
		45,881,050	**6,643,912**	34,905,212	5,262,873

The aging analysis of loans to customers by branch is as follows:

As at December 31, 2025

Branch	**Accounts**					
	Standard	**Undersupervision**	**Substandard**	**Doubtful**	**Loss**	**Total**
	------USD------	**------USD------**	**------USD------**	**------USD------**	**------USD------**	**------USD------**
Aileu	**1,693,156**	**551**	**-**	**8,642**	**1,889**	**1,704,238**
Ainaro	**1,139,130**	**2,135**	**2,228**	**16,556**	**20,044**	**1,180,093**
Atauro	**495,339**	**-**	**-**	**-**	**-**	**495,339**
Atsabe	**825,303**	**-**	**-**	**7,445**	**17,740**	**850,488**
Batugade	**2,035,063**	**3,579**	**5,829**	**2,695**	**20,241**	**2,067,407**
Baucau	**2,450,982**	**174**	**7,849**	**16,158**	**7,246**	**2,482,409**
Bazartete	**1,716,331**	**3,188**	**1,355**	**-**	**2,122**	**1,722,996**
Becora	**6,155,060**	**3,617**	**18,226**	**67,726**	**105,282**	**6,349,911**
Comoro	**4,920,809**	**6,578**	**13,728**	**44,445**	**86,183**	**5,071,743**
Ermera	**1,604,381**	**-**	**2,995**	**9,288**	**12,117**	**1,628,781**
Natarbora	**994,308**	**3,773**	**3,755**	**896**	**5,300**	**1,008,032**
Liquica	**2,483,447**	**-**	**731**	**20,600**	**4,713**	**2,509,491**
Lospalos	**2,633,772**	**9,040**	**11,481**	**5,903**	**5,792**	**2,665,988**
Maliana	**2,980,472**	**1,617**	**11,456**	**28,950**	**36,595**	**3,059,090**
Manatuto	**1,277,007**	**-**	**5,093**	**276**	**631**	**1,283,007**
Maubisse	**1,021,569**	**1,080**	**2,423**	**9,464**	**2,123**	**1,036,659**
Oecusse	**2,069,549**	**99**	**281**	**46,429**	**4,912**	**2,121,270**
Same	**3,137,420**	**-**	**1,554**	**8,117**	**983**	**3,148,074**
Suai	**2,269,742**	**-**	**-**	**9,884**	**7,269**	**2,286,895**
Viqueque	**1,963,169**	**-**	**8,005**	**9,047**	**11,525**	**1,991,746**
Zumalai	**1,201,512**	**-**	**4,798**	**9,802**	**1,281**	**1,217,393**
	45,067,521	**35,431**	**101,787**	**322,323**	**353,988**	**45,881,050**

16.6 Aging analysis

As at December 31, 2024

Branches	Accounts					
	Standard	Undersupervision	Substandard	Doubtful	Loss	Total
	------USD------	------USD------	------USD------	------USD------	------USD------	------USD------
Aileu	1,186,823	-	1,707	3,691	3,259	1,195,480
Ainaro	942,916	800	7,340	14,304	12,063	977,423
Atauro	355,646	-	-	162	-	355,808
Atsabe	650,473	-	6,092	7,116	14,630	678,311
Batugade	1,459,357	537	931	6,469	17,227	1,484,521
Baucau	1,812,817	-	11,908	3,712	14,159	1,842,596
Bazartete	1,272,018	304	137	1,388	755	1,274,602
Becora	4,902,726	26,099	27,948	64,301	115,588	5,136,662
Comoro	3,937,208	12,090	19,004	46,879	87,826	4,103,007
Ermera	1,132,121	-	4,651	2,681	9,329	1,148,782
Natarbora	726,644	-	6,372	717	-	733,733
Liquica	1,757,956	3,519	1,223	11,447	7,657	1,781,802
Lospalos	2,127,210	4,181	622	-	9,338	2,141,351
Maliana	2,176,071	-	3,930	47,233	10,261	2,237,495
Manatuto	924,035	-	-	8,074	500	932,609
Maubisse	697,017	-	1,586	1,428	667	700,698
Oecusse	1,923,152	-	-	1,223	11,777	1,936,152
Same	2,015,023	716	-	-	-	2,015,739
Suai	1,886,412	-	907	2,902	9,027	1,899,248
Viqueque	1,330,260	1,487	4,238	8,372	22,579	1,366,936
Zumalai	957,042	799	1,069	568	2,779	962,257
	34,172,927	50,532	99,665	232,667	349,421	34,905,212

17 PROPERTY AND EQUIPMENT

	Note	2025 ------USD------	2024 ------USD------
Property and equipment	17.1	**459,554**	625,855
Work in process	18	**91,079**	34,286
		550,633	660,141

17.1 Movement in the property and equipment is as follows:

2025

	Cost				Accumulated depreciation				Net book value as at December 31, 2025
	As at January 01, 2025	Additions	Disposals	As at December 31, 2025	As at January 01, 2025	Charge for the year	Disposals	As at December 31, 2025	
	------USD------	------USD------	------USD------	------USD------	------USD------	------USD------	------USD------	------USD------	------USD------
Buildings and leasehold improvements	**324,774**	**42,048**	**(60,324)**	**306,498**	**218,410**	**57,581**	**(60,324)**	**215,667**	**90,831**
Furniture and fixtures and office equipment	**1,023,326**	**175,681**	**(261,569)**	**937,438**	**573,548**	**109,774**	**(23,829)**	**659,493**	**277,945**
Vehicles	**211,100**	**57,700**	**-**	**268,800**	**141,387**	**36,635**	**-**	**178,022**	**90,778**
	1,559,200	**275,429**	**(321,893)**	**1,512,736**	**933,345**	**203,990**	**(84,153)**	**1,053,182**	**459,554**

2024

	Cost				Accumulated depreciation				Net book value as at December 31, 2024
	As at January 01, 2024	Additions	Disposals	As at December 31, 2024	As at January 01, 2024	Charge for the year	Disposals	As at December 31, 2024	
	------USD------	------USD------	------USD------	------USD------	------USD------	------USD------	------USD------	------USD------	------USD------
Buildings and leasehold improvements	324,774	-	-	324,774	165,520	52,890	-	218,410	106,364
Furniture and fixtures and office equipment	800,418	225,858	(2,950)	1,023,326	474,777	101,721	(2,950)	573,548	449,778
Vehicles	208,100	38,000	(35,000)	211,100	134,407	41,980	(35,000)	141,387	69,713
	1,333,292	263,858	(37,950)	1,559,200	774,704	196,591	(37,950)	933,345	625,855

18 WORK IN PROCESS

	2025 ------USD------	2024 ------USD------
Opening balance	**34,286**	-
Add : Lease hold improvements	**98,841**	34,286
Transfer to leasehold improvements	**(42,048)**	-
	91,079	34,286

19 RIGHT-OF-USE ASSETS

2025

	Cost				Accumulated depreciation				Net book value as at December 31, 2025
	As at January 01, 2025	Additions	Disposals	As at December 31, 2025	As at January 01, 2025	Charge for the year	Disposals	As at December 31, 2025	
	------USD------	------USD------	------USD------	------USD------	------USD------	------USD------	------USD------	------USD------	------USD------
Building	**1,687,304**	**319,587**	**(371,128)**	**1,635,763**	**898,959**	**312,532**	**(174,071)**	**1,037,420**	**598,343**
	1,687,304	**319,587**	**(371,128)**	**1,635,763**	**898,959**	**312,532**	**(174,071)**	**1,037,420**	**598,343**

2024

	Cost				Accumulated depreciation				Net book value as at December 31, 2024
	As at January 01, 2024	Additions	Disposals	As at December 31, 2024	As at January 01, 2024	Charge for the year	Disposals	As at December 31, 2024	
	------USD------	------USD------	------USD------	------USD------	------USD------	------USD------	------USD------	------USD------	------USD------
Building	1,590,431	144,139	(47,266)	1,687,304	695,076	237,308	(33,425)	898,959	788,345
	1,590,431	144,139	(47,266)	1,687,304	695,076	237,308	(33,425)	898,959	788,345

20 INTANGIBLE ASSETS

2025

	Cost				Accumulated amortisation				Net book value as at December 31, 2025
	As at January 01, 2025	Additions	Disposals	As at December 31, 2025	As at January 01, 2025	Charge for the year	Disposals	As at December 31, 2025	
	------USD------	------USD------	------USD------	------USD------	------USD------	------USD------	------USD------	------USD------	------USD------
Computer software	**46,111**	**232,722**	**(46,111)**	**232,722**	**43,302**	**49,353**	**(46,111)**	**46,544**	**186,178**
	46,111	**232,722**	**(46,111)**	**232,722**	**43,302**	**49,353**	**(46,111)**	**46,544**	**186,178**

2024

	Cost				Accumulated amortisation				Net book value as at December 31, 2024
	As at January 01, 2024	Additions	Disposals	As at December 31, 2024	As at January 01, 2024	Charge for the year	Disposals	As at December 31, 2024	
	------USD------	------USD------	------USD------	------USD------	------USD------	------USD------	------USD------	------USD------	------USD------
Computer software	46,111	-	-	46,111	43,302	-	-	43,302	2,809
	46,111	-	-	46,111	43,302	-	-	43,302	2,809

20.1 WORK IN PROCESS

	2025	2024
	------USD------	------USD------
Opening balance	**-**	-
Add : softwares & data center	**115,325**	-
	115,325	-

		Note	2025 ------USD------	2024 ------USD------
21	**OTHER ASSETS**			
	Advance to vendor and staff		**364,775**	280,009
	Accrued interest receivables		**913,007**	756,616
	Prepayments		**320,627**	128,671
	Other receivables		**24,130**	-
			1,622,539	1,165,296
22	**CASH COLLATERAL**			
	Cash collateral	**22.1**	**6,643,912**	5,262,874
			6,643,912	5,262,874

22.1 The cash collateral represents the compulsory deposits required from loan customers. There are no restrictions on the utilization of these funds.

Cash collateral balances by geographical location:

	2025	2024
Aileu	**246,873**	181,912
Ainaro	**173,859**	141,483
Atauro	**67,837**	55,452
Atsabe	**125,485**	101,817
Batugade	**294,942**	227,772
Baucau	**359,060**	286,072
Bazartete	**249,441**	183,961
Becora	**907,757**	756,351
Comoro	**735,652**	633,619
Ermera	**243,505**	171,533
Laclubar/ Natarbora	**140,209**	106,374
Liquica	**348,519**	259,091
Lospalos	**410,588**	337,097
Maliana	**459,551**	350,241
Manatuto	**187,974**	140,401
Maubisse	**150,904**	109,215
Oecusse	**309,378**	279,312
Same	**448,794**	300,971
Suai	**328,442**	281,249
Viqueque	**284,992**	217,986
Zumalai	**170,150**	140,965
	6,643,912	5,262,874

23 PAYABLE DUE TO OTHER FINANCIAL INSTITUTIONS

		2025					
	Note	Balance as at January 01, 2025	Loans received during the year	Loans repaid during the year	Balance as at December 31, 2025	Current loans	Non-current loans
		------USD------	------USD------	------USD------	------USD------	------USD------	------USD------
European Investment Bank-EIB	23.1	667,280	-	(223,640)	443,640	443,640	-
KIVA	23.2	91,916	-	(65,790)	26,126	26,126	-
Incofin	23.3	3,500,000	3,500,000	(2,800,000)	4,200,000	700,000	3,500,000
Triple Jump	23.4	7,500,000	6,750,000	(4,250,000)	10,000,000	3,250,000	6,750,000
Federal Insurance Timor S.A	23.5	1,250,000	2,250,000	(1,250,000)	2,250,000	2,250,000	-
International Financial Corporation-IFC	23.6	625,000	-	(625,000)	-	-	-
Symbiotics S A	23.7	4,750,000	4,000,000	(1,750,000)	7,000,000	1,250,000	5,750,000
BNCTL - Credit Line	23.8 & 29	-	500,000	-	500,000	500,000	-
Tuba Rai Metin - Credit Line		-	400,000	(400,000)	-	-	-
Lendahand	23.9	804,618	484,483	(293,219)	995,883	631,221	364,662
Bank Im Bistum Essen eG	23.10	2,000,000	2,000,000	(333,333)	3,666,667	1,666,667	2,000,000
ResponsAbility	23.11	4,000,000	2,000,000	(1,000,000)	5,000,000	4,500,000	500,000
Cordaid	23.12	1,000,000	-	(1,000,000)	-	-	-
Water Equity - GAFLP	23.13	-	1,000,000	-	1,000,000	-	1,000,000
Enabling Capital	23.14	-	3,000,000	-	3,000,000	-	3,000,000
		26,188,814	25,884,483	(13,990,982)	38,082,316	15,217,654	22,864,662

		2024					
		Balance as at January 01, 2024	Loans received during the year	Loans repaid during the year	Balance as at December 31, 2024	Current loans	Non-current loans
		------USD------	------USD------	------USD------	------USD------	------USD------	------USD------
European Investment Bank-EIB	23.1	1,112,740	-	(445,460)	667,280	445,460	221,820
KIVA	23.2	620,693	1,383	(530,159)	91,917	68,937	22,980
Incofin	23.3	5,000,000	-	(1,500,000)	3,500,000	2,800,000	700,000
Triple Jump	23.4	2,500,000	5,000,000	-	7,500,000	4,250,000	3,250,000
Federal Insurance Timor S.A	23.5	-	1,250,000	-	1,250,000	1,250,000	-
International Financial Corporation-IFC	23.6	2,125,000	-	(1,500,000)	625,000	625,000	-
Symbiotics S A	23.7	3,000,000	2,000,000	(250,000)	4,750,000	2,250,000	2,500,000
BNCTL - Credit Line	23.8	3,000,000		(3,000,000)	-	-	-
Tuba Rai Metin - Credit Line		500,000		(500,000)	-	-	-
Lendahand	23.9	326,029	543,795	(65,206)	804,618	271,805	532,813
Bank Im Bistum Essen eG	23.10	1,000,000	1,000,000	-	2,000,000	333,333	1,666,667
ResponsAbility	23.11	-	4,000,000	-	4,000,000	500,000	3,500,000
Cordaid	23.12	2,000,000	-	(1,000,000)	1,000,000	500,000	500,000
		21,184,462	13,795,178	(8,790,825)	26,188,815	13,294,535	12,894,280

23 PAYABLE DUE TO OTHER FINANCIAL INSTITUTIONS *continued*

23.1 The purpose of European Investment Bank (EIB)'s loan is to provide funds to KIF to support micro and small enterprises, self employed entrepreneurs and sole proprietorships in urban and rural areas and also low-income house hold to improve housing & sanitation.

23.2 The KIVA Micro funds represents small loans obtained from KIVA web based business which allows website user throughout the world to connect with local lenders that provide small loans to individuals or groups in developing countries.

23.3 The Incofin loan is intended for KIF to follow its set growth pattern and consolidate its existing activities of extending small loans to micro-entrepreneurs. The loan term is for 2 years, among others, the loan agreement requires that KIF shall at all times maintain a capital adequacy ratio of not less than 20%, risk coverage ratio of not less than 100% and liquidity ratio of a minimum of 20%.

23.4 The loan from "MicroBuild I.B.V (represented by "Triple Jump B.V.)" aims to support the on-lending activities of the Borrower aimed at improving housing condition of low income families in home country. The loan term is for two years from the date of disbursement.

23.5 Federal Insurance Timor S.A (FIT) loan is to provide the assistance to credit clients. In order to support this micro credit, (FIT) has provided the loans with amount of USD 2,250,000 to Kaebauk Investimentu no Finansas S.A against cash security deposit of $350,000.

23.6 The purpose of the IFC Loan is to provide the borrower with funding to be used by the borrower for financing its lending operations to micro and small enterprises in the Country. The loan term is for four years from the date of disbursement.

23.7 The Symbiotics SA, loan is issued to finance micro, small, or medium enterprises and/or low and middle income households. The loan agreement requires that Kaebauk Investimentu No Finansas, SA to maintain a Capital Adequacy ratio of not less that 20% and all other Regulatory Prudential Ratios.

23.8 BNCTL loan represents amounts withdrawn for the revolving loan facility to provide support for capital funding of Kaebauk Investimentu no Finansas, SA. The term for this loan is 3 years. Refer to note 29 for details.

23.9 Lendahand is a crowdfunding lender where this institution provided the loan facility with maximum amount of USD 1,500,000 to Kaebauk Investimentu no Finansas S.A.

23.10 Bank Im Bistum Essen eG (BIB) loan is to provide the assistance to micro credit clients. In order to support this micro credit, BIB has provided the loans with amount of USD 3,666,667 to Kaebauk Investimentu no Finansas S.A.

23.11 ResponsAbility is an existing business partnership which have established the relationship with Kaebauk since 2016. ResponsAbility has provided financial assistance in the form of loan to Kaebauk with amount of USD 5,000,000.

23.12 The Stichting Cordaid loan is intended to finance micro-credit loans to expand the microfinance portfolio. The loan is provided for the period of 3 years. The loan agreement requires that Kaebauk Investimentu No Finansas, SA to maintain a Capital Adequacy ratio of not less that 20%.

23.13 Water Equity - GAFLP The loan from "Water Equity - GAFLP" aims to support the on-lending activities of the Borrower aimed at improving housing condition of low income families in home country. The main focus is to provide water & sanitation facilities.

23.14 The Enabling Capital loan is intended to finance micro & SME loans to expand the microfinance portfolio.

24 SUB ORDINATED DEBT

	Note	Balance as at January 01, 2025	Loans received during the year	Loans repaid during the year	Balance as at December 31, 2025	Current loans	Non-current loans
		2025					
		------USD------	------USD------	------USD------	------USD------	------USD------	------USD------
Tuba Rai Metin-TRM	**24.1**	**1,000,000**	**-**	**-**	**1,000,000**	**-**	**1,000,000**
EDFI - Agrifi	**24.2**		**1,000,000**		**1,000,000**	**-**	**1,000,000**
		1,000,000	**1,000,000**	**-**	**2,000,000**	**-**	**2,000,000**

	Note	Balance as at January 01, 2024	Loans received during the year	Loans repaid during the year	Balance as at December 31, 2024	Current loans	Non-current loans
		2024					
		------USD------	------USD------	------USD------	------USD------	------USD------	------USD------
Tuba Rai Metin-TRM	**24.1**	1,000,000	-	-	1,000,000	-	1,000,000
		1,000,000	-	-	1,000,000	-	1,000,000

24.1 Kaebauk secured a convertible subordinated debt facility of USD 1,000,000 from its majority shareholder, Tuba Rai Metin, for a term of five years commencing February 2023. This loan was obtained on an arm's-length basis with competitive pricing. The agreement grants the lender an option to convert the principal into equity during the loan's tenure, subject to Kaebauk raising new equity from its core promoters in single or multiple tranches. The conversion will be executed at a share price mutually agreed upon by all core investors at the time of raising fresh capital.

24.2 Kaebauk entered into a subordinated debt agreement with EDFI-Agrifi for a total facility of USD 2,000,000. The first tranche of USD 1,000,000 was received in 2025, and the second tranche of USD 1,000,000 will be received in 2026. The facility carries a tenure of five years and is structured as non-convertible debt. The agreement provides long-term growth capital at competitive pricing, reinforcing Kaebauk’s strong capital base as Tier II equity.

25 DEPOSITS

		2025 ------USD------	2024 ------USD------
Deposits	25.1	**922,600**	885,836
		922,600	885,836

25.1 Deposit balances by geographical locations:

	2025	2024
Aileu	**148,659**	116,492
Ainaro	**13,862**	12,722
Atauro	**704**	483
Atsabe	**9,364**	8,582
Batugade	**73,246**	52,531
Baucau	**44,173**	63,343
Bazartete	**4,886**	2,757
Becora	**63,220**	61,325
Comoro	**155,339**	194,820
Ermera	**26,967**	34,974
Laclubar/ Natarbora	**2,547**	3,231
Liquica	**45,424**	52,270
Lospalos	**10,951**	10,424
Maliana	**83,686**	58,503
Manatuto	**25,851**	22,281
Maubisse	**7,817**	10,963
Oecusse	**59,643**	67,781
Same	**43,628**	32,619
Suai	**84,235**	60,751
Viqueque	**15,505**	16,592
Zumalai	**2,893**	2,392
	922,600	885,836

26 LEASES LIABILITIES

	2025	2024
As at January 01	**907,535**	1,008,528
Additions	**319,587**	144,139
Interest expense	**71,265**	73,156
Paid during the year	**(405,386)**	(304,123)
Lease terminated	**(197,057)**	(14,165)
As at December 31	**695,944**	907,535
Short-term and low value lease expense	**9,618**	13,633
Financial liability		
Current		
Lease liabilities	**365,373**	254,064
Non-current		
Lease liabilities	**330,571**	653,471
	695,944	907,535

27 OTHER LIABILITIES

	2025	2024
Deferred loan processing fee	**1,162,301**	866,939
Sundry creditors and accruals	**1,794,324**	1,800,839
	2,956,625	2,667,778

28 COMMITMENTS

The Company has no commitment as at December 31, 2025. (2024: Nil)

29 BORROWING FACILITIES

The Company has the following borrowing facilities :

	Note	Approved facility	Used at reporting date	Net available
		------USD------	------USD------	------USD------
2025				
Pre-approved loan facility				
BNCTL (Credit line facility)	**29.1**	**5,000,000**	**500,000**	**4,500,000**
		5,000,000	**500,000**	**4,500,000**

29.1 Kaebauk has entered into a credit line facility agreement with Banco Nacional Commercio de Timor Leste (BNCTL) for a total of USD 5,000,000. This facility is secured by cash collateral amounting to USD 1,000,000, with the current bank balance of USD 1,000,000 being locked as collateral for the agreement.

	Approved facility	Used at reporting date	Net available
	------USD------	------USD------	------USD------
2024			
Pre-approved loan facility			
BNCTL (Credit line facility)	3,000,000	-	3,000,000
	3,000,000	-	3,000,000

30 SHARE CAPITAL

	Note	2025	2024
		------USD------	------USD------
Authorised share capital			
200,000 ordinary share of $10 each	**30.1**	**2,000,000**	2,000,000
		2,000,000	2,000,000
Ordinary shares			
Issued and fully paid			
200,000 ordinary share of $10 each		**2,000,000**	2,000,000
		2,000,000	2,000,000

30.1 Tuba Rai Metin(TRM) holds 51.5% , BOPA Pte Ltd holds 16.5%, IFC- World Bank Group holds 12.5% and TURAME Holdings holds 19.5% shares.

31 CONTINGENT LIABILITIES

The Company had no contingent liabilities as at December 31, 2025. (2024: Nil)

32 RISK MANAGEMENT POLICY AND OBJECTIVES

Introduction

The risk philosophy of KIF is to establish a robust risk management system in the Company, with a view to inculcate risk culture, enhance stakeholder value and comply with regulatory guidelines.

The board of Directors (the Board) has endorsed a policy of compliance and risk management and risk appetite to suit the risk profile of the Company.

32 RISK MANAGEMENT POLICY AND OBJECTIVES *continued*

Key risk management policies encompassed in the overall risk management framework include:

- Interest rate risk management
- Liquidity risk management
- Credit risk management
- Operations risk management including data risk management

Authority flows from the Board to the risk management committee and from there to the audit committee which are integral to the management of risk.

The main elements of risk governance are as follows:

(i) Board

This is the primary governing body and approves the level of risk to which the Company is exposed and the framework for reporting and mitigating those risks.

(ii) Audit committee

As part of the integrated risk framework, a three line defence mechanism has been implemented. Business as the first line of defence defines and adheres to controls. Risk and compliance units act as the second line to monitor and enhance controls. The Internal Audit Department as the third line of defence provides oversight and independent assurance on the effectiveness of the design and operations of the risk control framework.

Its key role in risk management is the assessment of the controls that are in place to mitigate risks. The Audit Committee considers and confirms that the significant risks and controls are to be assessed within the internal audit plan. The Audit Committee receives the internal audit reports on assessment and compliance with controls, and provides feedback to the Risk Management Committee for their consideration.

(iii) Internal audit

Internal Audit has responsibility for implementing the controls testing and assessment as required by the Audit Committee. On periodic basis Audit Committee reviews reports and recommends for action.

(iv) Risk management committee

This is a key body in the control of risk. It has three representatives from the Board and reports are put up by the Company 's Risk Manager. CEO is not present in the meetings to keep independence of risk reporting. The Risk Management Committee does not form a view on the acceptability of risks but instead reviews risks and controls that are used to mitigate those risks. This includes the identification, assessment and reporting of risks. Regular monitoring is carried out by the Risk Management Committee through monthly review of operational reports. Control assignments are reviewed by the Risk Management Committee monthly to confirm whether risks are within the parameters outlined by Board.

The Risk Management Committee carries out a regular review of all operational areas to ensure that operational risks, credit risks and other risks are being properly controlled and reported. It also ensures that contingency plans are in place to achieve business continuity in the event of serious disruptions to business operations. The Risk Management Committee monitors compliance with the framework laid out in the policy on a quarterly basis and reports in turn to the Board, where actual exposures to risks are measured against prescribed limits.

Arrears are strictly controlled. The size of loan book is such that it is possible to monitor each individual exposure to evaluate whether provisions are necessary and adequate. A dedicated credit control team, which reports to the committee, implements the Company credit risk policy.

(v) Risk manager

Risk manager has responsibility for both liaising with the operational function to ensure timely production of information for the Risk Committees and ensuring that instructions passed down from the Board via the Risk Committee are implemented.

32 RISK MANAGEMENT POLICY AND OBJECTIVES continued

(vi) Asset and Liability Committee (ALCO)

This committee meets monthly as financial market in the country is not very dynamic yet and has responsibility for managing interest rate risk exposures, and ensuring that the treasury and finance functions adhere to exposure limits as outlined in the policies for interest rate GAP. The monthly scrutiny of liquidity position in different time buckets to ensure liquidity risk is well monitored.

The management of market risk is the responsibility of the ALCO Committee whose reports go to the audit committee of the Board and on a monthly basis to Risk Management Committee.

A. Interest rate risk

Interest rate risk is the risk of variability of the fair value or future cash flows arising from financial instruments due to changes in interest rates. Most ODTIs are exposed to interest rate risk within their Treasury operations but in Timor Leste financial market and control measures are still at infancy stage and local currency is also USD. KIF is putting all interest on fixed rate for lending as well as borrowing. ALCO reporting needs to keep pace of market dynamics as per growth of vibrancy.

B. Credit risk

Credit risk is the risk that customers, financial institutions and other counterparties will be unable to meet to their obligations to the Company which may result in financial losses. Credit risk arises principally from the Company's loan book and investment assets.

Credit risk - loans and advances

The method of managing credit risk is by way of strict adherence to the credit assessment policies before loans are approved and close monitoring of defaults in the repayment of loans thereafter on a regular basis. The credit policy has been endorsed by the Board to ensure that loans are only made to members that are credit-worthy (capable of meeting loans repayments).

The Company has established policies over the:
- Credit assessment and approval of loans and facilities covering acceptable risk assessment and security requirements;
- Limits of acceptable exposure over the individual borrowers, ending and concentrations of geographic groups considered a high risk of default;
- Reassessing and review of the credit exposures on loan and facilities;
- Establishing appropriate provisions to recognise the impairment of loans and facilities;
- Debt recovery procedures; and
- Review of compliance with the above policies.

A regular review of compliance is conducted as part of the internal audit scope.

A loan is past due when the counterparty has failed to make payment when contractually due. Past due does not means that a counter-party will never pay but it can trigger various actions such as renegotiation, enforcement of covenants, or legal proceedings.

Reports monitor loan repayments or detect delays in repayments and recovery action is undertaken regularly. For loans where repayments are doubtful recovery action is undertaken once the loan is in arrears. The exposures to losses arise predominantly in the personal loans.

Provisions are maintained at a level that the management deems sufficient to absorb probable expected losses in the Company's loan portfolio from homogenous portfolios of assets and individually identified loans.

(i) Expected credit loss

(ia) Definition of default

The Company considers a financial instrument defaulted for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

32 RISK MANAGEMENT POLICY AND OBJECTIVES continued

(ia) Definition of default *continued*

As a part of a qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as stage 3 for ECL calculations or whether stage 2 is appropriate. Such events include:

- The borrower is deceased
- A material decrease in the underlying collateral value where the recovery of the loan is expected from the sale of the collateral
- The loan has been rescheduled
- A covenant breach not waived by the Company
- the borrower is unable to pay due to any other reason

It is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of stage 3 when none of the default criteria have been present. The decision whether to classify an asset as stage 2 or stage 1 once cured depends on the updated delinquency, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition. However, no financial assets is directly classified from stage 3 to stage 1.

(ib) Probability of default

Consumer lending

The Company's entire loans and advances portfolio consist of consumer lending. The Company does not have credit score card model for consumer lendings, therefore, the Company used delinquency (day past due) based model for estimations of PDs. Average monthly transitions to default of relevant delinquency states were converted into current 12 months point in time PDs using statistical models. The Lifetime PD is developed by applying a maturity profile to the current 12 months PD.

(ib) Loss given default

The Company segments its consumer lending products into smaller homogeneous segments, based on key characteristics that are relevant to the estimation of future cash flows. The Company calculate LGD of each segment based historical experiences of cash recoveries from defaults (including settlements), cost and time of recoveries. Effective interest rate or approximate thereof has been used to discount recoveries to date of default.

(ib) Forward looking information

IFRS 9 requires incorporating future economic conditions into the measurement of ECL. Future economic conditions are incorporated by adjusting estimates of PD and LGD to reflect expectations about the stage of economic cycle expected to be prevalent in the economy as-and-when default is expected to arise in the future. The macroeconomic factors were selected based on management analysis of historical default rates. Gross Domestic Product(GDP) growth rate and Consumer prices index (CPI) were considered to be the most suitable for the Company customers.

(ii) Concentration risk - individuals

Concentration risk is a measurement of the Company's exposure to an individual counterparty.

The Company minimises concentrations of credit risk in relation to loans by undertaking transactions with a large number of customers and different sectors. Sector wise portfolio's division as at December 31 is as follows:

	2025	2024
Agriculture water & forestry	**15.92%**	15.32%
Construction/housing	**8.51%**	9.83%
Individuals	**1.71%**	1.76%
Manufacturing	**0.12%**	0.22%
Others	**0.01%**	0.01%
Services	**19.01%**	16.88%
Trade & finance	**54.27%**	55.50%
Transport & communication	**0.46%**	0.49%

32 RISK MANAGEMENT POLICY AND OBJECTIVES continued

B. Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulties raising funds to meet commitments associated with financial instruments e.g. borrowing repayments or member withdrawal demands. It is the policy of the Board that treasury maintains adequate cash reserves and committed credit facilities so as to meet the member withdrawal demands when requested.

The Company manages liquidity risk by:

- Continuously monitoring actual cash flows and longer term forecasted cash flows;
- Monitoring the maturity profiles of financial assets and financial liabilities;
- Maintaining adequate reserves, liquidity support facilities and reserve borrowing facilities.

33 MATURITY PROFILE OF FINANCIAL LIABILITIES

The table below shows the periods in which the financial liabilities mature. Contractual cash flows relating to the principal outstanding amounts are shown in the table:

	Carrying amount	Total Cash Flows	Within 1 month	2 - 6 months	7 - 12 months	1 - 5 years	Over 5 years
	------USD------	------USD------	------USD------	------USD------	------USD------	------USD------	------USD------
2025							
Cash collateral	**6,643,912**	**6,643,912**	**430,607**	**1,734,145**	**1,772,055**	**2,707,105**	**-**
Payables due to other financial institutions	**38,082,316**	**38,082,316**	**365,934**	**7,399,025**	**7,452,695**	**22,864,662**	**-**
Subordinated debt	**2,000,000**	**2,000,000**	**-**	**-**	**-**	**2,000,000**	**-**
Lease liabilities	**695,944**	**695,944**	**29,130**	**148,721**	**187,521**	**330,572**	**-**
Other liabilities	**2,956,625**	**2,956,625**	**717,528**	**1,455,503**	**310,007**	**473,587**	**-**
Deposits	**922,600**	**922,600**	**92,260**	**147,616**	**221,424**	**461,300**	**-**
	51,301,397	**51,301,397**	**1,635,459**	**10,885,010**	**9,943,702**	**28,837,226**	**-**
2024							
Cash collateral	5,262,874	5,262,874	425,280	840,058	1,233,836	2,763,700	-
Payables due to other financial institutions	26,188,815	26,188,815	282,601	5,861,653	7,150,281	12,894,280	-
Subordinated debt	1,000,000	1,000,000	-	-	-	1,000,000	-
Lease liabilities	907,535	907,535	21,172	105,860	127,032	653,471	-
Other liabilities	2,667,778	2,667,778	120,584	238,192	1,129,921	1,179,081	-
Deposits	885,836	885,836	88,584	97,442	186,026	513,784	-
	36,912,838	36,912,838	938,221	7,143,205	9,827,096	19,004,316	-

To manage liquidity risk arising from financial liabilities, the Company holds liquid assets comprising cash and cash equivalents. These assets are readily available to meet liquidity requirements.

34 INTEREST RATE RISK

The Company's exposure to interest rate risk, which is the risk that financial instrument's value or cash flows will fluctuate as a result of changes in market interest rates is set below.

	Floating interest rate	Fixed interest rate maturing			Non-interest bearing	Total
		Within 1 year	1 - 5 years	Over 5 years		
	------USD------	------USD------	------USD------	------USD------	------USD------	------USD------
2025						
Cash on hand	**-**	**-**	**-**	**-**	**151,716**	**151,716**
Due from banks	**-**	**13,397,589**	**-**	**-**	**-**	**13,397,589**
Loan and advances	**-**	**27,186,520**	**18,694,530**	**-**	**-**	**45,881,050**
Other assets	**-**	**1,086,164**	**536,375**	**-**	**-**	**1,622,539**
Cash collateral	**-**	**-**	**-**	**-**	**(6,643,912)**	**(6,643,912)**
Deposits	**-**	**(461,300)**	**(461,300)**	**-**	**-**	**(922,600)**
Payables due to other financial institutions	**-**	**(15,217,654)**	**(22,864,662)**	**-**	**-**	**(38,082,316)**
Subordinated debt	**-**	**-**	**(2,000,000)**	**-**		**(2,000,000)**
Lease liabilities	**-**	**(365,372)**	**(330,572)**	**-**	**-**	**(695,944)**
Other liabilities	**-**	**(2,956,625)**	**-**	**-**	**-**	**(2,956,625)**
Interest sensitivity gap	**-**	**22,669,322**	**(6,425,629)**	**-**	**(6,492,196)**	**9,751,497**
2024						
Cash on hand	-	-	-	-	74,555	74,555
Due from banks	-	9,327,084	-	-	-	9,327,084
Loan and advances	-	28,132,692	6,772,520	-	-	34,905,212
Other assets	-	-	-	-	1,165,296	1,165,296
Cash collateral	-	-	-	-	(5,262,874)	(5,262,874)
Deposits	-	(372,052)	(513,784)	-	-	(885,836)
Payables due to other financial institutions	-	(13,294,535)	(12,894,280)	-	-	(26,188,815)
Lease liabilities	-	(254,064)	(653,471)	-	-	(907,535)
Other liabilities	-	-	-	-	(2,667,778)	(2,667,778)
Interest sensitivity gap	-	23,539,125	(7,289,015)	-	(6,690,801)	9,559,309

35 FAIR VALUE MEASUREMENTS

The Company measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using the input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Currently, no financial instruments are classified as level 1, level 2 and level 3.

The Company's policy is to recognize transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused such transfer takes place.There were no transfers between levels during the year.

36 WORKING CAPITAL

	2025	2024
	------USD------	------USD------
Current assets		
Cash on hand	151,716	74,555
Due from banks	4,897,589	3,327,084
Loans and advances	27,186,520	28,132,692
	32,235,825	31,534,331
Current liabilities		
Cash collateral	3,936,807	2,499,174
Payables due to other financial institutions	15,217,654	13,294,535
Other liabilities	2,483,038	2,875,426
Deposits	461,300	372,052
	22,098,799	19,041,187
Net current assets	10,137,026	12,493,144

37 INCOME TAX EXPENSE

	2025	2024
Current tax		
Deferred tax	244,271	196,885
	(4,300)	6,726
	239,971	203,611

37.1 Reconciliation

	2025	2024
Accounting profit before tax	2,406,831	2,027,940
Donation expense	1,468	1,833
Interest expense on lease liability	71,265	73,156
Depreciation expense - right-of-use assets	312,532	237,308
Expenses paid		
Actual rent paid for lease	(392,391)	(304,123)
Taxable profit	2,399,705	2,036,114
Deferred tax		
Depreciation as per financial statements	253,343	196,591
Addition in property and equipment	(210,338)	(263,858)
Tax payable profit	2,442,710	1,968,847
Tax expense (10% of taxable profit)	239,971	203,611
Tax payable (10% of tax payable profit)	244,271	196,885

37.1 Assets acquired under property, and equipment , excluding right-of-use assets, have been fully depreciated in the year of purchase for tax purposes, in compliance with Timor-Leste's tax regulations. This depreciation treatment is duly reflected in the tax reconciliation presented above.

IFRS 16 requires to recognise right-of-use assets and lease liability for the long term leases and then depreciate the right-of-use asset over the lease term and simultaneously pay off the liability with interest expense over the lease period.

For tax purpose, the Company add back the depreciation over right-of-use assets and interest expense over lease liability and deduct the actual rent paid for the leases during the year.

38 CORRESPONDING FIGURES

During the year ended December 31, 2025, the Company reclassified certain comparative amounts to conform with the presentation adopted in the current year, in accordance with IAS 1 Presentation of Financial Statements.

The reclassification was made to enhance the relevance and reliability of information presented and to ensure consistency with the current year’s presentation format.

The reclassification does not have any material impact on the amounts presented except for the effect on the presentation and disclosure:

STATEMENT OF FINANCIAL POSITION

From	To	2024 -----USD-----
ASSETS	**ASSETS**	
Property and equipment	Intangibles	2,809
Property and equipment	Right-of-use assets	788,345
Fixed term deposit	Due from banks	6,000,000
Cash and cash equivalent	Due from banks	3,327,084
LIABILITIES	**LIABILITIES**	
Other liabilities	Current tax liability	196,885
Other liabilities	Deferred tax liabilities	10,763

STATEMENT OF PROFIT OR LOSS

From	To	
INCOME	**INCOME**	
Other revenue and income	Interest revenue	129,639
EXPENSES	**EXPENSES**	
Administrative expenses	Other operating expenses	222,586
Legal and professional fees	Other operating expenses	140,678
Staff training and meeting expenses	Other operating expenses	206,152
Repairs and maintenance expense	Other operating expenses	251,252
Fuel and oil expense	Other operating expenses	185,047
Rent expense	Other operating expenses	13,633
Travel and lodging allowance expense	Other operating expenses	90,886
Utilities expense	Other operating expenses	198,734
Other expenses	Other operating expenses	146,275

39 SUBSEQUENT EVENT

Subsequent to the year-end on January 29, 2026, BCTL granted to Keabauk a preliminary license for banking activities subject to fulfillment of certain conditions prior to granting a definite license.

---------------------***End of notes to the financial statements***---------------------