



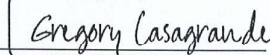
South Pacific Business Development
Microfinance Ltd.

Financial Statements

For the Period Ending 31 December 2025

SOUTH PACIFIC BUSINESS DEVELOPMENT MICROFINANCE LTD.
STATEMENT OF FINANCIAL POSITION
As of 31 December 2025

ASSETS		Audited	Audited
Current Assets	<i>Note</i>	2025	2024
Cash on Hand and in Bank	5	5,302,021	2,885,064
Loan Portfolio Outstanding	6	24,936,122	22,420,314
Receivables	7	144,925	20,006
Short-Term Investments	8	409,341	404,146
Total Current Assets		30,792,409	25,729,530
Fixed Assets			
Property, plant and equipment	9	1,746,988	1,252,261
Less: Accumulated Depreciation		(761,850)	(595,595)
Net Fixed Assets		985,138	656,666
Other Assets	<i>10</i>	67,092	53,949
TOTAL ASSETS		31,844,639	26,440,145
LIABILITIES			
Current Liabilities			
Clients' Savings deposits	<i>11</i>	2,839,987	2,467,706
Secured Borrowings	<i>12</i>	3,423,132	1,373,140
Unsecured Borrowings	<i>13</i>	2,055,682	3,075,327
Accounts Payable	<i>14</i>	1,969,365	1,679,118
Lease Liability	<i>15</i>	103,597	103,597
Members Death Benefit Reserve	<i>16</i>	64,951	(280,113)
Total Current Liabilities		10,456,714	8,418,776
Non Current Liabilities			
Secured Borrowings	<i>12</i>	2,178,853	1,127,659
Unsecured Borrowings	<i>13</i>	239,866	700,295
Lease Liability	<i>15</i>	224,460	328,057
Total Non Current Liabilities		2,643,179	2,156,011
TOTAL LIABILITIES		13,099,893	10,574,787
EQUITY			
Owner's equity	<i>17</i>	528,233	528,233
Retained Earnings		14,437,125	11,575,935
Profit/(Loss) for the year		3,779,388	3,761,190
TOTAL EQUITY		18,744,746	15,865,357
TOTAL LIABILITIES AND EQUITY		31,844,639	26,440,145

DocuSigned by:

554ASC428592490
Gregory F. Casagrande
 Chairman/ President

Date: 28 April 2026

These financial statements are to be read in conjunction with the accompanying notes to accounts.

SOUTH PACIFIC BUSINESS DEVELOPMENT MICROFINANCE LTD.
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2025

Financial Income	<i>Note</i>	Audited 2025	Audited 2024
Interest on Loans		6,877,858	5,665,318
Development Fee		1,335,910	1,139,994
Loan Security Fee - LSF		890,261	760,065
Death Benefit Fee - DBF		206,974	193,420
Weekly Centre Meeting Fee		1,930,909	1,634,149
Interest earned on Bank Accounts & Term Deposits		16,183	12,307
Other operating revenues		418,860	326,439
Total Financial Income		11,676,955	9,731,692
Financial Expenses			
Interest and fees		946,385	777,063
Foreign Exchange Loss		344,031	65,379
Interest on Client Saving		40,419	35,130
Loan Security Loss		235,396	153,947
Death Benefit Loss		445,064	55,016
Total Financial Expenses		2,011,295	1,086,534
NET FINANCIAL INCOME		9,665,660	8,645,157
Loan Loss Provision	6	25,420	29,605
NET FINANCIAL MARGIN		9,640,240	8,615,553
Operating Expenses			
Computer Support System		88,506	42,605
Conference & Meetings		31,623	23,392
Depreciation	9	223,042	208,488
Electricity and Water		34,190	34,087
Fees and Bank Charges		6,811	4,363
Insurance		20,948	16,148
Membership Fees and Subscription		210	458
Office Expenses		22,990	13,696
Postage, Telephone and Communications		37,284	36,299
Printing and Office Stationeries		103,211	65,126
Professional Services		2,337,645	1,712,719
Audit fees		15,000	15,000
Public Relations and Advertisements		31,264	17,466
Rent		44,240	47,240
Repairs and Maintenance		340	1,489
Salaries and Benefits		1,131,522	1,042,071
Staff Training and Development		94,214	16
Transportation, Fuel, Oil		80,061	81,307

SOUTH PACIFIC BUSINESS DEVELOPMENT MICROFINANCE LTD.
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2025

Travel Local		38,287	42,037
Travel Overseas		47,668	26,986
Board of Directors Fees		4,600	4,600
SPBD Award day		101,391	52,557
Staff Retreat		35,407	39,691
Financial Diaries Expenses		15,835	16,313
Total Operating Expenses		4,546,209	3,544,154
Non-Operating Income/(Expenses):			
Grants & Donations Income		-	-
Grants & Donations Expenses		-	-
Sale of/ (Writeoff) Fixed Assets		10,869	7,170
		<u>10,869</u>	<u>7,170</u>
OPERATING PROFIT/(LOSS) BEFORE INCOME TAX		5,104,820	5,078,568
Income Tax	19	<u>(1,325,432)</u>	<u>(1,312,378)</u>
PROFIT (LOSS) FOR THE YEAR		<u>3,779,388</u>	<u>3,766,190</u>

These financial statements are to be read in conjunction with the accompanying notes to accounts.

SOUTH PACIFIC BUSINESS DEVELOPMENT MICROFINANCE LTD
STATEMENT OF CHANGES IN EQUITY
For the Year ended 31 December 2025

	Equity Contribution	Retained Earnings	Total
	TOP	TOP	TOP
Balance at 01 January 2025	528,233	15,337,125	15,865,358
Net Income for the year	-	3,779,388	3,779,388
Prior Year Adjustment-Dividend payment 2024.		(900,000)	(900,000)
Balance at 31 December 2025	528,233	18,216,513	18,744,746

These financial statements are to be read in conjunction with the accompanying notes to accounts.

SOUTH PACIFIC BUSINESS DEVELOPMENT MICROFINANCE LTD.
STATEMENT OF CASH FLOW
For the year ending 31 December 2025

	Audited 2025	Audited 2024
Cash flows from operating activities		
Cash was provided from:		
Receipts from Customers and other revenue.	11,676,955	7,491,278
Total Receipts	11,676,955	7,491,278
Cash was disbursed to:		
Payments to suppliers and employees.	(7,743,954)	(4,565,412)
Taxes Payable	(1,522,752)	(1,354,097)
Total Payments	(9,266,706)	(5,919,509)
Net cash inflows from operating activities	2,410,249	1,571,769
Cash flows from Investing Activities		
Cash was provided from:		
Cash was disbursed to:		
Purchase of property, plant and equipment	(553,144)	(167,682)
Purchase of Short Term Investments	(5,195)	-
Other Asset	(13,143)	-
Net Cash Flow used in investing activities	(571,482)	(167,682)
Cash flows from financing activities		
Cash was provided from:		
Borrowings: Loans	1,478,190	(2,230,400)
Cash was disbursed to:		
Dividend paid	(900,000)	-
Net Cash Flow from Financing Activities	578,190	(2,230,400)
Net increase/ (decrease) in cash and cash equivalent	2,416,957	(826,313)
Cash and cash equivalents at the beginning of the year	2,885,064	3,711,377
Cash and cash equivalents at the end of the year	5,302,021	2,885,064

These financial statements are to be read in conjunction with the accompanying notes to accounts.

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SOUTH PACIFIC BUSINESS DEVELOPMENT MICROFINANCE LTD.
STATEMENT OF CASHFLOW
For the period 1 January to 31 December 2025

Reconciliation of reported net profit/ (loss) after taxation with Cash flows from operating activities.

	Audited 2025	Audited 2024
Net Income after Tax	3,779,388	3,761,190
Add back non cash items		
Depreciation	223,042	208,488
Loan Loss Provision & Fx	25,420	29,605
 Movements in working capital:		
(Increase)decrease in Gross Loan Portfolio	(2,541,228)	(2,961,241)
(Increase)decrease in Receivables	10,081	9,496
(Increase)decrease in Other assets		(3,834)
(Increase)decrease in Clients Saving Deposit	372,281	-
(Increase)decrease in Lease Liability	(103,597)	-
Increase (decrease) in Account Payable	132,294	117,652
Increase (decrease) in Taxes Payable	125,989	357,994
Increase (decrease) in Accrued Expenses	41,516	(3,906)
Increase (decrease) in Death Benefit Reserve	345,064	56,716
(Increase) decrease in Short Term Investments		(391)
Net Cash Flow from Operating Activities	<u>2,410,249</u>	<u>1,571,769</u>

These financial statements are to be read in conjunction with the accompanying notes to accounts.

SOUTH PACIFIC BUSINESS DEVELOPMENT MICROFINANCE LTD.

*NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 DECEMBER 2025*

1. GENERAL INFORMATION

South Pacific Business Development Microfinance Ltd. (or SPBD) is a privately owned microenterprise development organization with a mission to provide financial services to economically disadvantaged people particularly women who cannot access savings and loan products from traditional banks. SPBD provides unemployed and low incomes women entrepreneurs with financial services, training, ongoing guidance and motivation to help them start or grow micro-businesses so that they can improve their lives and that of their families. It was incorporated under the Companies Act 1995 on July 7, 2009 and licensed by the Ministry of Commerce, Tourism and Labour to provide financial services. SPBD have four office branches operating in the Kingdom of Tonga: Nuku'alofa, Tongatapu; Neiafu, Vava'u; Pangai, Ha'apai; and Mu'a, 'Eua.

2. BASIS OF PREPARATION

The financial statements have been prepared on a going concern basis, and the account policies have been applied consistently throughout the year.

3. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with generally accepted accounting practices represented by International Financial Reporting Standards.

The Financial Statements comply with the Disclosure Guidelines for financial reporting of Microfinance Institutions.

Other changes in accounting policies

There have been no changes in SPBD's accounting policies since the date of the last audited financial statements. The accounting policies have been applied consistently throughout the year.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting Currency

All amounts are expressed in Tongan Pa'anga (TOP) currency.

b. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

c. Investments

Bank term deposits

Bank term deposits are initially measured at the amount invested. Interest is subsequently accrued and added to the investment balance. A loss allowance for expected credit losses is recognised if the estimated loss allowance is not trivial.

SOUTH PACIFIC BUSINESS DEVELOPMENT MICROFINANCE LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDING 31 DECEMBER 2025

d. Loan Receivables

Loan receivables are initially recognised at fair value plus directly attributable transaction costs and are subsequently measured at amortised cost, less an allowance for expected credit losses (ECL).

Impairment of Loans and Other Receivables

Loans and other receivables measured at amortised cost are subject to expected credit loss (ECL) assessment in accordance with IFRS 9.

SPBD assesses whether there has been a significant increase in credit risk since initial recognition using both quantitative and qualitative factors, including days past due, repayment behaviour, restructures or modifications, and other relevant credit risk indicators. Expected credit losses are measured on a collective basis for loans that share similar credit risk characteristics.

- Where credit risk has not increased significantly since initial recognition, a 12-month ECL is recognised.
- Where credit risk has increased significantly or where loans are credit-impaired, a lifetime ECL is recognised.

As a backstop, loans that are more than 90 days past due are presumed to be in default, unless this presumption is rebutted based on reasonable and supportable information.

Loans and receivables are written off when management determines that there is no reasonable expectation of recovery, following completion of the required follow-up and escalation procedures. Recoveries of amounts previously written off are recognised in profit or loss when received.

e. Property, plant and equipment

All plant and equipment is measured at cost less depreciation and impairment.

Additions and Subsequent costs

The cost of an item is recognised as an asset or costs incurred subsequent to initial recognition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to SPBD and the cost of the item can be measured reliably.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit.

Leased assets

SPBD has entered into property leases which are classified as Finance leases under IFRS 16. The net carrying amount of the leased asset is classed as "Right of Use assets". Refer to in Note 16 for finance leasing arrangements.

SOUTH PACIFIC BUSINESS DEVELOPMENT MICROFINANCE LTD.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 DECEMBER 2025

Depreciation

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Office Equipment	12.5%
Computers and Peripherals	25.0%
Software and Electronics System	25.0%
Furniture and Fittings	12.5%
Leasehold Improvements	5.0%
Used Motor Vehicles	25.0%
Right to use asset	3 years

Right to use asset is depreciated over the unexpired period of the lease.

The residual value and useful life of an asset are reviewed, and adjusted if applicable, at each financial year end.

f. Impairment of Property, plant and equipment

Assets held at cost that have a finite useful life is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment is recognised in the profit or loss. Property, plant and equipment that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

g. Revenue

The specific accounting policies for significant revenue items are explained below.

- i. Interest Income - Interest income on loans is recognised using effective interest method where they are recognised at the time they are due for payment. For restructured loans, unearned interest at the time of restructure is considered as lapsed interest and full unearned amount is recognised as interest income.
- ii. Development Fee – SPBD charges a fee of 3% of principal loan amount to be used to cover the cost of training the clients, loan evaluation and monitoring. This fee is deducted from the loan proceeds.
- iii. Loan Security Fee – This fee is 2% of the loan principal to cover the risk in the event of death of the client. A member's loan obligations to SPBD will be eliminated upon the death of that member. The Loan Security Fee is deducted from the loan proceeds.

SOUTH PACIFIC BUSINESS DEVELOPMENT MICROFINANCE LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDING 31 DECEMBER 2025

- iv. Weekly Centre Management Fee – This is a 5% of the loan principal amount and charged equally over 50 weeks of the loan tenor. It covers the cost of resources and logistics deployed to conduct and manage the weekly centre meeting in various communities where members conveniently make their weekly loan repayments and make small savings. These centre meetings are effectively used for delivering financial literacy, small business training and ongoing guidance & motivation to the SPBD members.
- v. Death Benefit Fee –
 - a) SPBD offers a Death Benefit Product to help the families of SPBD members to reduce the burden of bereavement and funeral expenses when the member dies. When an SPBD member dies during the period of the loan, her beneficiaries will receive a fixed payment of between 1,000 to 5,000 Pa’anga. The Death Benefit fee is deducted from the loan proceeds.

Size of Death Benefit Pa’anga	Death Benefit Fee in Pa’anga	
Minimum 1,000	15	Compulsory for all members
2,000	35	Voluntary
3,000	55	Voluntary
4,000	75	Voluntary
5,000	95	Voluntary

- b) SPBD also offers a Spousal Death Benefit Product for the same reason in a). When an SPBD member spouse dies during the period of the loan, his beneficiaries will receive a fixed payment of amount between TOP1,000 to TOP5,000. The Spousal death benefit Fee is deducted from the loan proceeds as stated below in 2017.

Size of Benefit Pa’anga	Spousal Death Benefit Fee in Pa’anga	
Minimum 1,000	20	Compulsory
2,000	40	Voluntary
3,000	60	Voluntary
4,000	80	Voluntary
5,000	100	Voluntary

- vi. Savings Fees – A TOP\$1.00 fee is charged by SPBD to its member when they withdraw from their savings account and are recognised in the period in which they are received.

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SOUTH PACIFIC BUSINESS DEVELOPMENT MICROFINANCE LTD.

*NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 DECEMBER 2025*

h. Expenses

Personnel costs

Salaries and wages

Salaries and wages are recognised as an expense as employees provide services.

Superannuation schemes

Employer contributions to the Government National Retirement Fund are accounted for as defined contribution scheme and is recognised as an expense in the profit and loss as incurred.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Financial and Operating expenses

All financial and operating expenses are recorded on an accrual basis.

i. Leases

Finance Leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, finance leases where SPBD is the lessee are recognised as assets and liabilities in the Statement of Financial Position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The finance charge is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no reasonable certainty as to whether SPBD will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating Leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lease or the lease term is less than 12 months. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

SOUTH PACIFIC BUSINESS DEVELOPMENT MICROFINANCE LTD.

*NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 DECEMBER 2025*

j. Financial Instruments

Financial instruments are recognized in the balance sheet when SPBD becomes a party to a financial contract. These include cash balances, borrowings, related-party advances, receivables and payables. All financial instruments are initially recorded at cost and subsequently carried at the balance outstanding at the balance date.

Credit Risk Management and Loan Collection

SPBD manages credit risk through a structured loan collection process supported by **weekly centre meetings**, where loan repayments of principal and interest are contractually due and collected. Loan performance is monitored continuously through field staff collection records, centre-level reporting, and periodic ageing analyses.

Repayment schedules, including instalment amounts, frequency, interest and applicable fees, are established at loan origination and communicated to clients. Missed or delayed repayments are subject to immediate follow-up in accordance with SPBD’s loan collection and escalation procedures.

Where group or centre guarantee mechanisms apply, missed instalments may be settled at the centre or group level in accordance with product rules. Such settlements are treated as payment of the instalment due to SPBD. Any resulting obligation between the centre/group and the individual client is managed outside SPBD’s receivables unless SPBD has a direct legal claim.

k. Income Tax

Income tax is accounted for using the taxes payable method. The corporate income tax rate is 25%.

l. Tonga Consumption Tax

Provision of financial services is exempted from Consumption Tax by the order of the Commissioner of the Revenue Services Department with the consent of the Privy Council.

m. Foreign Currencies

Transactions in foreign currency have been converted into Tongan Pa’anga (TOP) amount at rates ruling at the particular balance sheet date. The source for exchange rates were the published rates of either Bank of South Pacific (Tonga) Ltd or ANZ Bank (Tonga) Ltd using the average of the buying and selling rates. Exchange differences should be taken to the income statement as foreign exchange gain or loss.

	2025	2024
Exchange rate used at balance sheet date (TOP/USD)	0.4169	0.4109
Exchange Rate used at balance sheet date (TOP/NZD)	0.7191	0.7272
Exchange Rate used at balance sheet date (TOP/AUD)	0.6210	0.6582
Exchange Rate used at balance sheet date (TOP/EURO)	0.3521	0.3921

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SOUTH PACIFIC BUSINESS DEVELOPMENT MICROFINANCE LTD.

*NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 DECEMBER 2025*

n. Creditors and other payables

Creditors and other payables are recorded at their face value.

o. Borrowings

Borrowings are initially recognised at the amount borrowed plus transactions costs. Interest due on the borrowings is subsequently accrued and added to the borrowing balance. Borrowings are classified as current liabilities unless SPBD has an unconditional right to defer settlement of the liability for at least 12 months after the balance date. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

p. Employee entitlements

Short term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to but not yet taken at balance date and sick leave.

Long term employee entitlements

There are long term employee entitlements.

q. Provisions

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditure will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

r. Change in Accounting Policies

There have been no changes to accounting policies during the financial year.

Interest Income policy clarification

The accounting policy now clarifies that interest income is recognised using the effective interest method, where they are recognised at the time they are due for payment. This update is a clarification, not a change to how interest income is measured or recognised. SPBD collects principal and interest weekly at centre meetings, so interest accrual aligns closely with cash collection. As a result, this clarification has no material impact on the financial statements, and no adjustments were needed for current or prior periods.

SOUTH PACIFIC BUSINESS DEVELOPMENT MICROFINANCE LTD.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 DECEMBER 2025

s. Critical judgements in applying accounting policies

Management has exercised the following critical judgements in applying accounting policies:

Lease Classification

Judgement is required in determining whether a lease arrangement transfers substantially all the risks and rewards incidental to ownership of the underlying asset to SPBD. This assessment considers factors including the estimated economic life of the asset, whether renewal options are reasonably certain to be exercised, and the discount rate applied in measuring lease liabilities. The outcome of this judgement determines whether a right-of-use asset and lease liability are recognised in the Statement of Financial Position.

Expected Credit Losses on Loan Receivables (IFRS 9)

The measurement of expected credit losses (ECL) on loan receivables requires judgement in assessing whether there has been a significant increase in credit risk since initial recognition. Management considers both quantitative and qualitative factors, including days past due, repayment behaviour observed through weekly centre meetings, and the occurrence of loan restructures or modifications.

Judgement is also applied in determining when a loan is credit-impaired and when there is no reasonable expectation of recovery, including the application of the IFRS 9 presumption that loans more than 90 days past due are in default unless rebutted by reasonable and supportable information.

5. CASH ON HAND AND IN BANK

	<u>Cash on Hand</u>	<u>2025</u>	<u>2024</u>
Undeposited Collections		15,882	13,203
Petty Cash Imprest		2,000	2,000
Saving Reserve Imprest		50,000	50,000
Money Transfer Reserve Imprest		25,000	25,000
SUB_TOTAL		92,882	90,203
	<u>Cash in Bank</u>		
ANZ Dollar Account 165-3890		81,053	151,775
BSP Account 2001851985		74,064	900
BSP Account 2000732848		4,755,583	2,404,019
BSP Account 2001343143		79,509	91,408
TDB- Ha'apai Bank Account 149464 S1		10,231	10,096
BSP Account 2001642673		87,061	58,488
BSP Account 2001642681		121,639	78,175
SUB_TOTAL		5,209,139	2,794,861
TOTAL		5,302,021	2,885,064

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SOUTH PACIFIC BUSINESS DEVELOPMENT MICROFINANCE LTD.

*NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 DECEMBER 2025*

6. LOAN PORTFOLIO

6.1 Loan Portfolio Overview

SPBD's loan portfolio comprises group-based microfinance loans issued to members, with repayments of principal and interest contractually due and collected on a weekly basis at centre meetings. Loan repayments are monitored continuously through these weekly collection processes.

As at 31 December 2025, the gross loan portfolio amounted to TOP 25,188,002 (2024: TOP 22,646,031) and comprised 6,232 active loans (2024: 5,649 loans).

	<u>Loans Receivables</u>	<u>2025</u>	<u>2024</u>
Opening Balance		22,646,774	19,685,533
Total Loan Disbursement		44,765,000	38,229,250
Less: Total Principal Loan Repayments		42,223,772	35,268,009
Gross Loan Portfolio		25,188,002	22,646,774
Less: Loan Loss Reserve		(251,880)	(226,460)
Net Loan Portfolio		24,936,122	22,420,314
		<u>2025</u>	<u>2024</u>
Opening Balance (Nuku'alofa)		16,597,945	14,775,721
Plus: 2025 Loan Disbursement		32,108,300	27,183,750
Less: 2025 Loan Repayments		(30,556,528)	(25,361,526)
Gross Loan Portfolio (Nuku'alofa)		18,149,717	16,597,945
Opening Balance (Vava'u)		3,152,788	2,666,239
Plus: 2025 Loan Disbursement		6,238,850	5,914,250
Less: 2025 Loan Repayments		(5,939,763)	(5,427,701)
Gross Loan Portfolio (Vava'u)		3,451,875	3,152,788
Opening Balance (Ha'apai)		1,740,355	1,194,896
Plus: 2025 Loan Disbursement		3,670,500	2,962,600
Less: 2025 Loan Repayments		(3,363,107)	(2,417,141)
Gross Loan Portfolio (Ha'apai)		2,047,748	1,740,355
Opening Balance ('Eua)		1,155,686	1,048,677
Plus: 2025 Loan Disbursement		2,747,350	2,168,650
Less: 2025 Loan Repayments		(2,364,374)	(2,061,641)
Gross Loan Portfolio ('Eua)		1,538,662	1,155,686
SPBD Gross Loan Portfolio		25,188,002	22,646,774
No. of Loans Outstanding		2025	2024
SPBD Group Loan Product		6,232	5,649

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SOUTH PACIFIC BUSINESS DEVELOPMENT MICROFINANCE LTD.

*NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 DECEMBER 2025*

6.2 Portfolio at Risk (PAR)

Portfolio quality is primarily measured using Portfolio at Risk (PAR), defined as the outstanding principal balance of all loans with any instalment of principal overdue, expressed as a percentage of the gross loan portfolio. The number of days past due is determined based on the due date of the earliest unpaid instalment.

Portfolio at Risk greater than 30 days (PAR > 30) is a key indicator used to assess credit risk and portfolio performance in microfinance institutions.

Loan repayments are collected through scheduled weekly centre meetings and recorded by field officers at the time of collection. Collections are reconciled to client and centre records and reviewed by branch and management staff.

SPBD monitors loan performance using daily and weekly collection records, supported by periodic portfolio ageing reports. Overdue accounts are followed up promptly using a staged escalation process aligned to days past due, which may include centre-level follow-up, field visits, management review, and, where permitted, formal restructuring.

As at 31 December 2025, all loans were performing and current, and there were no loans in arrears. Accordingly:

- Portfolio at Risk (PAR) across all ageing buckets was nil, and
- Portfolio at Risk greater than 30 days (PAR > 30) was nil (2024: nil), reflecting the absence of overdue loans at the reporting date.

Portfolio at Risk by Aging Bucket

Ageing category	Outstanding Loan Balance	Portfolio at Risk Rate
Current	25,188,002	1%
1 week to 4 weeks in arrears	0	0%
5 weeks to 8 weeks in arrears	0	0%
9 weeks to 12 weeks in arrears	0	0%
13 weeks to 16 weeks in arrears	0	0%
17 weeks to 20 weeks in arrears	0	0%
21 + weeks in arrears	0	0%
Total	25,188,002	

SOUTH PACIFIC BUSINESS DEVELOPMENT MICROFINANCE LTD.

*NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 DECEMBER 2025*

6.3 Loan Loss Provisioning and Coverage

SPBD maintains a loan loss reserve to absorb potential credit losses arising from its loan portfolio. The loan loss reserve is determined by applying provisioning rates to the loan portfolio based on delinquency status and historical experience, and is reviewed quarterly by management and approved by the Board.

Although there were no loans in arrears at year end, the Board approved the maintenance of a general provision equivalent to 1% of the gross loan portfolio, reflecting a prudent approach to credit risk management.

Movement in Loan Loss Reserve

	2025 (TOP)	2024 (TOP)
Opening balance	226,460	196,855
Provision for the year	25,420	29,605
Closing balance	251,880	226,460

The loan loss reserve at 31 December 2025 represents **1.0% of the gross loan portfolio**.

The following schedule is to be used from the loan portfolio aging report to set the reserve:

Number of weeks in arrears	Percentage of outstanding principal required to be charged as loan loss provision
Current	1%
1 week to 4 weeks in arrears	5%
5 weeks to 8 weeks in arrears	10%
9 weeks to 12 weeks in arrears	25%
13 weeks to 16 weeks in arrears	50%
17 weeks to 20 weeks in arrears	75%
21 + weeks in arrears	100%

6.4 Loan Write-offs and Recoveries

Loans are considered for write-off when there is no reasonable expectation of recovering the contractual cash flows, following completion of the required collection and escalation steps and approval in accordance with delegated authorities.

During the year ended 31 December 2025:

- No loans were written off, and
- No recoveries of previously written-off loans were recognised.

SOUTH PACIFIC BUSINESS DEVELOPMENT MICROFINANCE LTD.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 DECEMBER 2025

6.5 Renegotiated Loans

Under exceptional circumstances, SPBD may approve the rescheduling or refinancing of loans for members experiencing significant adverse events. Such renegotiated loans are subject to enhanced monitoring and are treated as higher credit risk exposures for impairment assessment purposes. As at 31 December 2025, there were no renegotiated loans outstanding (2024: nil).

6.6 Credit Risk Management

Credit risk is managed through:

- group lending methodologies and centre-based accountability,
- compulsory weekly centre meetings and repayments,
- continuous monitoring of repayments by field staff, and
- conservative provisioning policies approved by the Board.

Management assesses portfolio quality on an ongoing basis, and the loan loss reserve and provisioning methodology are reviewed regularly to ensure they remain appropriate given the portfolio risk profile.

7. RECEIVABLES

	<u>2025</u>	<u>2024</u>
Other Receivables	139,488	13,152
Prepaid Expenses	5,437	6,854
Total Receivables	144,925	20,006

8. SHORT-TERM INVESTMENTS

	<u>2025</u>	<u>2024</u>
Term Deposit BSP	58,327	57,935
Term Deposit ANZ Bank	182,451	177,648
Term Deposit TDB	168,563	168,563
Total	409,341	404,146

9. PROPERTY, PLANT AND EQUIPMENT

Type	Cost	Accumulated Depreciation	Depreciation for the year	Net Book Value
Furniture and Fixtures	73,052	67,323	1,362	5,728
Computer Equipment and Peripherals	193,978	163,186	15,501	30,792
Motor Vehicles	378,660	201,808	89,210	176,853
Office Equipment	82,734	71,268	3,218	11,466
Software and Electronics System	44,601	44,601	-	-
Leasehold Improvements	44,748	23,736	2,265	21,012
Right of use Assets	517,985	189,928	111,486	328,057
Work-In-Progress Intangible Asset	411,230	-	-	411,230
2025 TOTAL	1,746,988	761,850	223,042	985,138
2024 TOTAL	1,252,261	595,595	208,488	656,667

SOUTH PACIFIC BUSINESS DEVELOPMENT MICROFINANCE LTD.

*NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 DECEMBER 2025*

10. OTHER ASSETS

	<u>2025</u>	<u>2024</u>
Stocks of Passbooks	3,091	3,191
Stocks of Receipt Books	8,386	3,857
Stocks of Secretary Books	2,432	3,175
Stocks of Financial Diaries Booklets	18,336	10,844
Stocks of Debit Notes Books	1,714	1,075
Other Stock	26,133	24,807
Rental Bond - Head Office	7,000	7,000
Total	<u>67,092</u>	<u>53,949</u>

11. CLIENTS SAVINGS DEPOSITS

SPBD promotes good management of household finances by members and a household with a sufficient savings is assured of having cash when an unforeseen event occurs.

SPBD actively encourages its members to develop a regular habit of savings. All members are required to open a savings account and deposit an initial amount of TOP 10. This must be performed prior to any 1st Cycle loan disbursement occurring.

All members also face a compulsory savings requirement. The compulsory savings requirement is 2.5% of the loan amount and deducted from the loan proceeds. The compulsory savings amount

The compulsory savings amount cannot be withdrawn while the loan is outstanding. Only when a loan is fully repaid can a member withdraw the compulsory savings.

Members are also encouraged to make voluntary deposits during centre meetings or at the SPBD office. These voluntary deposits can be withdrawn at any time when needed by the member.

All clients' savings are deposited in a segregated bank account at Westpac Bank. SPBD is not a regulated financial institution and does not use clients' savings for onward lending.

The number of savings accounts as of the end of the financial year is:

	<u>2025</u>	<u>2024</u>
No. of Saving Accounts	11,718	11,053
Clients Saving Balances	2,839,987	2,467,706

SOUTH PACIFIC BUSINESS DEVELOPMENT MICROFINANCE LTD.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 DECEMBER 2025

12. SECURED BORROWINGS

	<u>2025</u>	<u>2024</u>
Tonga Development Bank	1,123,259	1,520,161
Lend a Hand	4,260,153	886,254
ANZ Overdraft	218,572	94,385
Total	5,601,985	2,500,799
Secured Borrowings - Current	3,423,132	1,373,140
Secured Borrowings - Non-Current	2,178,853	1,127,659
Total	5,601,985	2,500,799

a) Tonga Development Bank

The fluctuating credit facility with Tonga Development Bank is secured by a charge of 120% of SPBD loan portfolio or 2,500,000 facility amounts.

Date	Currency	Amount	Interest	Maturity Date	Balance 31-12-24 (TOP\$)	Additional Fund during the year	Principal Repayment (TOP\$)	Foreign Currency Movement	Balance 31-12-25 (TOP\$)	Interest Repayment (TOP\$)
25-10-23	TOP	2,000,000	9.0%	30-09-28	1,520,161	-	396,901	-	1,123,259	120,647
TOTAL					1,520,161	-	396,901	-	1,123,259	120,647

b) Lend a Hand

This loan is secured by loan portfolio up to 100% of the loan outstanding with Lend a Hand and a 100% guarantee from SPBD Microfinance Holdings (Singapore).

Date	Currency	Amount	Interest	Maturity Date	Balance 31-12-24 (TOP\$)	Additional Fund during the year	Principal Repayment (TOP\$)	Foreign Currency Movement	Balance 31-12-25 (TOP\$)	Interest Repayment (TOP\$)
31-10-23	EURO	45,000	5.75%	01-10-25	57,383	-	60,382	2,999	-	2,610
31-11-23	EURO	150,000	5.75%	01-11-25	191,278	-	205,464	14,186	-	8,595
01-01-24	EURO	200,000	5.75%	01-01-26	255,037	-	277,006	21,969	-	11,609
05-03-24	EURO	150,000	5.75%	01-03-26	286,917	-	206,426	26,014	106,504	14,316
01-05-24	EURO	50,000	5.75%	01-05-26	95,639	-	68,488	8,350	35,501	4,796
01-04-25	EURO	300,000	7.50%	01-04-27	-	774,994	208,797	72,827	639,023	31,319
01-05-25	EURO	400,000	7.50%	01-05-27	-	1,031,499	288,101	108,633	852,031	43,265
01-06-25	EURO	400,000	7.50%	01-06-27	-	1,040,854	288,668	99,845	852,031	43,215
01-07-25	EURO	100,000	7.50%	01-07-27	-	266,738	71,010	10,008	213,008	-
01-08-25	EURO	100,000	7.50%	01-08-27	-	271,961	-	12,049	284,010	-
01-10-25	EURO	125,000	7.50%	01-10-27	-	347,996	-	7,017	355,013	-
01-11-25	EURO	150,000	7.50%	01-11-27	-	415,924	-	10,091	426,015	-
01-12-25	EURO	100,000	7.50%	01-12-27	-	285,668	-	1,657	284,010	-
01-01-26	EURO	75,000	7.50%	01-01-28	-	215,455	-	2,448	213,008	-
TOTAL					886,254	4,651,087	1,675,151	397,964	4,260,153	159,725

c) ANZ Overdraft

This overdraft facility limits at \$500,000 and is secured by SPBD Term Investment of \$182,451 with ANZ Bank.

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SOUTH PACIFIC BUSINESS DEVELOPMENT MICROFINANCE LTD.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 DECEMBER 2025

13. UNSECURED BORROWINGS

	<u>2025</u>	<u>2024</u>
Microdreams Foundation	239,866	547,578
SPBD Holdings	-	606,809
KIVA	1,559,334	1,346,140
Evanders Management	139,063	275,028
P.I.F Foundation	69,531	137,514
Whole Planet Foundation	287,754	862,554
Total	2,295,548	3,775,622
Unsecured Borrowings - Current	2,055,682	3,075,327
Unsecured Borrowings - Long Term	239,866	700,295
Total	2,295,548	3,775,622

a) MicroDreams Foundation

The loans with Microdreams Foundation are unsecured. There are no deposits tied to these loans and no guarantee was obtained to secure them.

Date	Currency	Amount	Interest	Maturity Date	Balance 31-12-24 (TOP\$)	Additional Fund during the year	Principal Repayment (TOP\$)	Foreign Currency Movement	Balance 31-12-25 (TOP\$)	Interest Repayment (TOP\$)
19-07-21	USD	150,000	6.5%	30-06-25	182,526	-	182,491	(35)	-	4,364
24-11-21	USD	50,000	6.5%	30-06-25	121,684	-	121,661	(23)	-	4,459
28-03-22	USD	100,000	3.0%	31-03-25	243,368	-	243,132	(237)	-	3,676
24-02-25	USD	100,000	6.5%	30-06-29	-	237,289	-	2,576	239,866	-
TOTAL					547,578	237,289	547,284	2,282	239,866	12,499

b.) SPBD Holdings

The loan with SPBD Holdings is in a form of a promissory note between Issuer: SPBD Microfinance Ltd and Note Holder: SPBD Microfinance Holdings (Singapore) PTE LTD.

Date	Currency	Amount	Interest	Maturity Date	Balance 31-12-24 (TOP\$)	Additional Fund during the year	Principal Repayment (TOP\$)	Foreign Currency Movement	Balance 31-12-25 (TOP\$)	Interest Repayment (TOP\$)
22-07-21	USD	100,000.00	9.5%	31-12-25	243,368	-	241,284	(2,084)	-	17,165
06-12-21	USD	40,000.00	8.0%	31-12-25	48,674	-	48,315	(359)	-	2,298
06-12-21	AUD	233,334.00	8.0%	31-12-25	177,253	-	184,455	7,202	-	11,145
06-12-21	NZD	200,000.00	8.0%	31-12-25	137,514	-	142,216	4,702	-	8,658
TOTAL					606,809	-	616,271	9,462	-	39,266

c.) KIVA

The loan with KIVA is unsecured. There are no deposits tied to this loan and no guarantee was obtained to secure it.

Date	Currency	Amount	Interest	Maturity Date	Balance 31-12-24 (TOP\$)	Additional Fund during the year	Principal Repayment (TOP\$)	Foreign Currency Movement	Balance 31-12-25 (TOP\$)	Interest Repayment (TOP\$)
31-12-22	USD	650,086	0%	On Going	1,346,140	583,237	345,801	- 24,242	1,559,334	-
TOTAL					1,346,140	583,237	345,801	- 24,242	1,559,334	-

SOUTH PACIFIC BUSINESS DEVELOPMENT MICROFINANCE LTD.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 DECEMBER 2025

d.) Evanders Management

The loan with Evander Management is unsecured. There are no deposits tied to this loan and no guarantee was obtained to secure it.

Date	Currency	Amount	Interest	Maturity Date	Balance 31-12-24 (TOP\$)	Additional Fund during the year	Principal Repayment (TOP\$)	Foreign Currency Movement	Balance 31-12-25 (TOP\$)	Interest Repayment (TOP\$)
23-03-22	NZD	200,000	0%	30-06-26	275,028	-	141,805	5,840	139,063	-
TOTAL					275,028	-	141,805	5,840	139,063	-

e.) P.I.F Foundation

The loan with P.I.F is unsecured. There are no deposits tied to this loan and no guarantee was obtained to secure it.

Date	Currency	Amount	Interest	Maturity Date	Balance 31-12-24 (TOP\$)	Additional Fund during the year	Principal Repayment (TOP\$)	Foreign Currency Movement	Balance 31-12-25 (TOP\$)	Interest Repayment (TOP\$)
08-04-22	NZD	100,000	3%	30-06-26	137,514	-	71,084	3,101	69,532	4,265
TOTAL					137,514	-	71,084	3,101	69,532	4,265

f.) Whole Planet Foundation (WPF)

The loan with WPF is unsecured. There are no deposits tied to this loan and no guarantee was obtained to secure it.

Date	Currency	Amount	Interest	Maturity Date	Balance 31-12-24 (TOP\$)	Additional Fund during the year	Principal Repayment (TOP\$)	Foreign Currency Movement	Balance 31-12-25 (TOP\$)	Interest Repayment (TOP\$)
11-05-22	TOP	500,000	0%	30-04-26	862,554	-	574,800	-	287,754	-
TOTAL					862,554	-	574,800	-	287,754	-

14. ACCOUNTS PAYABLE

	<u>2025</u>	<u>2024</u>
Accounts Payable	286,465	188,001
Employees Entitlement	30,688	28,666
WGF Payable	73,102	50,845
Accrued Interest Payable	56,359	14,843
Taxes Payable	1,522,751	1,396,763
Total	1,969,365	1,679,118

SOUTH PACIFIC BUSINESS DEVELOPMENT MICROFINANCE LTD.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 DECEMBER 2025

15. FINANCE LEASES

SPBD has leases for offices throughout the Tonga islands. Except for the Tongatapu main office lease agreement, all other office lease agreements were considered short term rentals. The main office lease located in the Tongatapu Island is therefore reflected on the Statement of Financial Position as a right-of-use asset and a lease liability. There is no other asset category that is leased.

Lease liabilities are presented in the statement of financial position as follows:

	<u>2025</u>	<u>2024</u>
Current	103,597	103,597
Non Current	224,460	328,057
	<u>328,057</u>	<u>431,654</u>

SPBD has entered into finance lease for the lease of the Tongatapu main office. The lease commenced in 1st March 2024 and it is for a period of five years ending 28th February 2029.

The fair value of finance is \$328,057. Fair value has been determined using contractual cash flows discounted using a rate based on market borrowing rates at balance date ranging from 3% to 5%.

Analysis of finance leases:

	<u>2025</u>	<u>2024</u>
Minimum lease payments payable		
No later than one year	103,597	96,600
Later than one year and not later than five years	224,460	56,350
Later than five years	-	-
<i>Total minimum lease payments</i>	<u>328,057</u>	<u>152,950</u>
<i>Future Finance charges</i>	<u>(11,192)</u>	<u>(11,192)</u>
<i>Present Value of minimum lease payments</i>	316,865	141,758
Present Value of minimum lease payments payable		
No later than one year	103,597	103,597
Later than one year and not later than five years	224,460	328,057
Later than five years	-	-
<i>Total present value of minimum lease payments</i>	<u>328,057</u>	<u>431,654</u>

Lease payments not recognised as a liability:

SPBD has elected not to recognise a lease liability for short term leases (leases of expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred. The expense relating to payments not included in the measurement of the lease liability is short term leases totalling \$44,240 as at 31 December 2025.

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SOUTH PACIFIC BUSINESS DEVELOPMENT MICROFINANCE LTD.

*NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 DECEMBER 2025*

16. DEATH BENEFIT LOSS/RESERVE

A portion of the death benefit fees collected from members is allocated to a Death Benefit Reserve, which is presented as a liability and is intended to fund future death benefit payouts. Death benefit payouts are made in cash and are charged against the reserve when incurred.

Previously, 34% of death benefit fees went to the Death Benefit Reserve. Management found that payouts exceeded allocations, leading to a \$308,214 shortfall. The Board responded by:

- Recognising the \$308,214 accumulated shortfall as an expense this year;
- Approving an extra \$60,000 contribution to the reserve;
- Raising the allocation rate to 60% of death benefit fees from 1 November 2025, making total allocations \$76,850 for the year.

As a result of the actions approved by the Board during the year to strengthen the funding position of the Death Benefit Reserve, SPBD recognised a total death benefit expense of \$445,064 in 2025. This expense reflects the recognition of prior-period death benefit payouts that exceeded historical reserve allocations together with additional amounts approved to support the reserve. Following these actions, the closing balance of the Death Benefit Reserve as at 31 December 2025 was \$64,951.

17. OWNER'S EQUITY

SPBD Microfinance Holdings (Singapore) Pte Limited:

	<u>2025</u>	<u>2024</u>
Opening Balance	528,233	528,233
Equity Injection	-	-
Closing Balance 31 Dec	<u>528,233</u>	<u>528,233</u>

During the year, a dividend of \$900,000 was declared in respect of the year ended 31 December 2024. The payment of this dividend was subject to a withholdings tax of TOP 135,000 at the rate of 15%. Following a review, it was identified that the total payment of dividend amount along with the applicable withholding tax exceeded the total dividend approved by the board. The shareholder voluntarily agreed to repay the excess amount of \$135,000. The repayment was settled by way of set-off against management fees contractually due and payable, and the amount has been credited to retained earnings. As a result, the excess dividend has been fully remediated.

18. SPBD STAFF LOANS

Borrower	Balance	Term	Status
Staff	\$123,722	12 months	Current

The above balance of \$123,722 for SPBD Staff Loan is included in the balance of \$25,188,002 for Loan Receivables in note 6 above.

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SOUTH PACIFIC BUSINESS DEVELOPMENT MICROFINANCE LTD.

*NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 DECEMBER 2025*

19. TAXATION

Income tax payable is 25% of Net Operating Income for the financial period.

Operating Income as per Financials	5,104,820
<i>Add: Non deductible expenses</i>	
Unrealised Forex Loss	344,031
Death Benefit Provision	445,064
Loan Security Loss	235,396
Loan Loss Provision	25,420
	1,049,911
<i>Less: Deductible expenses</i>	
Actual Death Benefits Paid	853,000
Actual Write off	
	853,000
Taxable Income	5,301,731
Income Tax Payable	1,325,432
b. Tax Payable	
Income Tax Payable	1,325,432
Withholding Tax Payable	197,319
Total	1,522,751

20. CAPITAL COMMITMENTS

The capital commitments as at 31 December 2025 amount to \$328,058 (2024: \$431,655).

21. OPERATING LEASE COMMITMENTS

Except for short term month- by- month rental obligations of SPBD business premises, there are no other lease commitments for the year ended 31 December 2025.

22. CONTINGENT LIABILITY

There is no contingent liability for the year ended 31 December 2025.

23. EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE.

There were no significant events after the statement of financial position date.

24. APPROVAL OF FINANCIAL STATEMENTS.

The financial statements were approved by the board of directors and authorised for issue on the date the financial statements were signed.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of South Pacific Business Development Microfinance Limited

Opinion

We have audited the financial statements of South Pacific Business Development Microfinance Limited (the Company), which comprise the statement of financial position as at 31 December 2025, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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 statements on pages 1 to 25 present fairly, in all material respects, the financial position of the Company as at 31 December 2025, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), the Companies Act 1995 of Tonga, and the Disclosure Guidelines for Financial Reporting by Microfinance Institutions, where applicable.

Our audit was completed on 29 April 2026, the date at which our opinion is expressed.

Basis for Opinion

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

We are independent of the Company in accordance with the ethical requirements relevant to our audit of the financial statements in Tonga, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the Companies Act 1995 of Tonga, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is 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 Board either intends 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 Statements

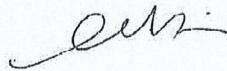
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; obtain an understanding of internal control relevant to the audit; evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates; and conclude on the appropriateness of the use of the going concern basis of accounting.

Report on Other Legal and Regulatory Requirements

This report is made solely to the shareholders of the Company, as a body, in accordance with the Companies Act 1995 of Tonga. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose.

JK Chartered Accountants



Jennifer Tupou
Director and Audit Engagement Partner
Nuku'alofa, Tonga
Date: 29 April 2026