



Smith and Associates

Draft

P.W.D. Co-operative Credit Union Limited

Financial Statements

December 31, 2025

**Smith & Associates
Chartered Accountants
16 Hope Road
Kingston 10**

P.W.D. Co-operative Credit Union Limited

December 31, 2025

CONTENTS

	PAGE
Report of the Independent Auditors.....	1
Statement of profit and loss and other comprehensive income.....	4
Statement of Financial Position.....	5 - 6
Statement of changes in equity.....	7
Statement of Cash Flows.....	9
Notes to the Financial Statements.....	10 - 54

Draft

Report of the Independent Auditors

To the Registrar of Co-operative Societies,
P.W.D. Co-operative Credit Union Limited

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of P.W.D. Co-operative Credit Union Limited (the Credit Union) set out on pages 4 - to 54 which comprise the statement of financial position as at December 31, 2025, statements of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of P.W.D. Co-operative Credit Union Limited as at December 31, 2025, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 P.W.D. Co-operative Credit Union Limited in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Publication of these financial statements

Where P.W.D. Co-operative Credit Union Limited publishes these financial statements in any publication, management is responsible for the content of any other information that is included in the publication. The other information include all content other than the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements 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.

Report of the Independent Auditors

Responsibility of Management and those charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management 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, management is responsible for assessing P.W.D. Co-operative Credit Union Limited ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Credit Union or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing P.W.D. Co-operative Credit Union Limited's financial reporting process.

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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error in economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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, 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 Credit Union's internal control.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ◆ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Credit Union'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 statements 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 Credit Union to cease to continue as a going concern.

Report of the Independent Auditors

- ◆ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ◆ Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Credit Union to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

Report on additional requirements of the Co-operative Societies Act

We have obtained all the information which, to the best of our knowledge and belief, was necessary for the purpose of our audit. In our opinion, proper accounting records have been maintained and the financial statements are in agreement with the accounting records, and give the information required by the Co-operative Societies Act in the manner so required.

The engagement partner on the audit resulting in this independent auditor's report is Noel Smith

SMITH & ASSOCIATES
Chartered Accountants

Noel Smith
Georgette McKenzie

P.W.D. Co-operative Credit Union Limited

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended December 31, 2025

		2025	2024
		\$	Restated \$
Interest Income calculated using the effective interest rate method: Note			
Interest Income/(expense)			
Loans and advances to members	8.	82,587,840	76,336,047
Financial investments	8.	6,018,965	8,019,629
Other investments	8.	(171,323)	1,616,823
		<u>88,435,482</u>	<u>85,972,499</u>
Interest Expense			
Savings deposits	9.	1,844,030	2,229,130
Interest on voluntary shares	9.	2,199,979	1,400,000
Other interest expense	9.	3,868,934	2,110,822
		<u>(7,912,943)</u>	<u>(5,739,952)</u>
Net Interest income before provision for loan losses		80,522,539	80,232,547
(Increase) / Decrease in provision for loan losses	11.d	11.	(13,969,022) (113,000)
Net interest income after provision		<u>66,553,517</u>	<u>80,119,547</u>
Non-interest income			
Rental income -investment property		-	180,000
Other (expenses) / income		4,313,825	3,132,672
Non-interest expense			
Loss on disposal of assets		-	(4,593,533)
Total non-interest income / (expense)		<u>4,313,825</u>	<u>(1,280,861)</u>
Gross margin		70,867,342	78,838,686
Less operating expenses	10.	84,275,020	70,093,470
Net income before honoraria		(13,407,678)	8,745,216
Honoraria		(500,000)	-
Net (Loss) / income after Honoraria		(13,907,678)	8,745,216
Other comprehensive income			
<i>Items that will not be classified subsequently to profit and loss:</i>			
Actuarial gain / (loss) on obligation		(3,296,000)	(5,207,000)
Actuarial gain / (loss) on plan asset		(2,467,000)	(1,258,000)
Change in effect of asset ceiling		3,416,000	9,029,000
Total other comprehensive income		<u>(2,347,000)</u>	<u>2,564,000</u>
Net (Loss) / profit, being total comprehensive (loss) / income for the year		<u>(16,254,678)</u>	<u>11,309,216</u>

The accompanying notes form an integral part of these financial statements

P.W.D. Co-operative Credit Union Limited

Statement of Financial Position

December 31, 2025

	2025	2024
	\$	Restated \$
ASSETS		
Non-current assets		
Earning assets		
Loans to members	11. 492,961,511	493,564,627
Financial investments	12. 68,931,735	68,678,730
Total non current, earning assets)	<u>561,893,246</u>	<u>562,243,357</u>
Non Earning assets		
Property, plant and equipment (net)	13. 13,106,439	10,966,329
Retirement benefit asset	14. 6,118,000	8,234,871
Total non-current, non-earning assets)	<u>19,224,439</u>	<u>19,201,200</u>
Total non-current assets	<u>581,117,685</u>	<u>581,444,557</u>
Current assets		
Earning assets		
Liquid assets	15. 33,554,272	46,027,454
Bank	15. 10,668,197	891,427
Total Liquid assets	15. <u>44,222,469</u>	<u>46,918,881</u>
Non-earning assets		
Bank and cash	15. 4,238,433	2,818,106
Receivables	17. 8,603,884	7,691,187
Total current, non-earning assets	<u>12,842,317</u>	<u>10,509,293</u>
Total current assets	<u>57,064,786</u>	<u>57,428,174</u>
TOTAL ASSETS	<u>638,182,471</u>	<u>638,872,731</u>

Draft

The accompanying notes form an integral part of these financial statements

P.W.D. Co-operative Credit Union Limited

Statement of Financial Position

December 31, 2025

	<u>2025</u>	<u>2024</u>
Note	<u>\$</u>	<u>Restated</u>
	<u>\$</u>	<u>\$</u>
CAPITAL AND LIABILITIES		
Capital and reserves		
Institutional capital	18. 70,809,897	49,786,779
Non-Institutional Capital	29. 17,527,279	55,299,537
TOTAL CAPITAL	<u>88,337,176</u>	<u>105,086,316</u>
LIABILITIES		
Non Current Liabilities		
Interest bearing		
Long term borrowing	19. 34,207,399	47,054,992
Members' voluntary shares	20. 343,766,755	327,671,820
Saving deposits	21. 152,365,814	145,728,017
Total non-current, interest bearing liabilities	530,339,968	520,454,829
Current Liabilities		
Non-interest bearing		
Trade and other payables	22. 19,505,327	13,331,586
Total current, non- interest bearing liabilities	<u>19,505,327</u>	<u>13,331,586</u>
TOTAL LIABILITIES	<u>549,845,295</u>	<u>533,786,415</u>
TOTAL CAPITAL AND LIABILITIES	<u>638,182,471</u>	<u>638,872,731</u>

The financial statements on pages 4 to 54 were approved for issue by the Board of Directors on and signed on its behalf by:

Approved on Behalf of the Board

_____, Director

_____, Director

The accompanying notes form an integral part of these financial statements

P.W.D. Co-operative Credit Union Limited

Statement of Equity

For the Year Ended December 31, 2025

2025

	Permanent Shares \$ (note 17)	Statutory & Legal Reserves \$ (note 17)	Total Institutional Capital \$ (note 17)	Disaster fund reserve	Retirement Benefit Reserve \$ (note 13)	Special Reserve \$ (note 26)	Other Reserves \$	Accumulated surplus/ (deficit) \$	Total non-Institutional Capital \$	Grand Total \$
Balance as at December 31, 2024	6,020,804	43,765,975	49,786,779	-	8,234,871	-	7,604,821	39,459,845	55,299,537	105,086,316
Loss for the year	-	-	-	-	-	-	-	(16,254,678)	(16,254,678)	(16,254,678)
Shares issued and transferred	205,000	-	205,000	-	-	-	-	-	-	205,000
Remeasurement of defined benefit pension plan	-	-	-	-	(2,117,000)	-	-	-	(2,117,000)	(2,117,000)
Payments and transfers	-	-	-	-	129	-	(5,452,616)	5,452,616	129	129
Appropriation of Net Surplus for 2024	-	-	-	-	-	-	-	(19,400,709)	(19,400,709)	(19,400,709)
Entrance Fees	-	6,950	6,950	-	-	-	-	-	-	6,950
Transferred to Institutional capital	-	20,811,168	20,811,168	-	-	-	-	-	-	20,811,168
Balance as at December 31, 2025	6,225,804	64,584,093	70,809,897	-	6,118,000	-	2,152,205	9,257,074	17,527,279	88,337,176

2024

	Permanent Shares \$ (note 17)	Statutory & Legal Reserves \$ (note 17)	Total Institutional Capital \$ (note 17)	Disaster fund reserve	Retirement Benefit Reserve \$ (note 13)	Special Reserve \$ (note 26)	Other Reserves \$	Accumulated surplus/ (deficit) \$	Total non-Institutional Capital \$	Grand Total \$
Balance as at December 31, 2023 as previously stated	5,858,804	42,071,884	47,930,688	-	5,552,871	40,284,802	6,357,174	(6,307,978)	45,886,869	93,817,557
Prior period adjustments										
Fundamental error in accounting treatment of deferred income on loan fees	-	-	-	-	-	-	-	(231,104)	(231,104)	(231,104)
Balance as at December 31, 2023 as restated	5,858,804	42,071,884	47,930,688	-	5,552,871	40,284,802	6,357,174	(6,539,082)	45,655,765	93,586,453
Fundamental error in accounting treatment of deferred income on loan fees	-	-	-	-	-	-	(6,357,174)	-	(6,357,174)	(6,357,174)
Surplus for the year	-	-	-	-	-	-	-	11,309,216	11,309,216	11,309,216
Remeasurement of defined benefit pension plan	-	-	-	-	2,682,000	-	-	(2,682,000)	-	-
Disaster fund reserve	-	-	-	-	-	-	-	(325,000)	(325,000)	(325,000)
Other reserve	-	-	-	-	-	-	7,604,821	(5,849,092)	1,755,729	1,755,729

The accompanying notes form an integral part of these financial statements

P.W.D. Co-operative Credit Union Limited

Statement of Equity

For the Year Ended December 31, 2025

2024

	Permanent Shares \$ (note 17)	Statutory & Legal Reserves \$ (note 17)	Total Institutional Capital \$ (note 17)	Disaster fund reserve	Retirement Benefit Reserve \$ (note 13)	Special Reserve \$ (note 26)	Other Reserves \$	Accumulated surplus/ (deficit) \$	Total non- Institutional Capital \$	Grand Total \$
Shares issued and transferred	162,000	-	162,000	-	-	-	-	-	-	162,000
(20% of net income before honoraria) statutory reserve transfer	-	1,687,591	1,687,591	-	-	-	-	(1,687,591)	(1,687,591)	-
Entrance fees	-	6,500	6,500	-	-	-	-	-	-	6,500
Cancellation of subscribed capital	-	-	-	-	-	(40,284,802)	-	40,284,802	-	-
Transfers	-	-	-	-	-	-	-	4,948,592	4,948,592	4,948,592
Balance as at December 31, 2024	6,020,804	43,765,975	49,786,779	-	8,234,871	-	7,604,821	39,459,845	55,299,537	105,086,316

The accompanying notes form an integral part of these financial statements

P.W.D. Co-operative Credit Union Limited

Statement of Cash Flows

For the Year Ended December 31, 2025

	2025	2024
	\$	Restated \$
Cash flows from (used in) operating activities		
Net (Loss) / profit for the year	(16,254,678)	11,309,216
Adjustments to reconcile net (loss)/ profit for year to net cash provided by operations		
Interest received	88,567,312	83,124,776
Adjustments for interest earned	(89,188,471)	(85,327,977)
Depreciation and amortisation expense	2,600,332	2,417,138
Retirement benefit reserve	2,116,871	(2,782,000)
Adjustments for interest expense	7,912,943	5,740,052
Adjustment to reflect loss on disposal of assets	-	4,593,533
Interest paid	(7,912,943)	(5,739,952)
Total from operations	(12,158,634)	13,334,786
Decrease/ (increase) in current assets		
Accounts receivables and prepayments	(912,696)	(4,142,138)
Increase / (Decrease) in current liabilities		
Accounts payable and accruals	6,103,550	(11,921,317)
Net cash provided by operations	(6,967,780)	(2,728,669)
Cash flows from (used in) investing activities		
Financial investments	(253,005)	(4,864,097)
Loans to members	603,116	(80,805,451)
Purchase of property, plant and equipment	(4,760,443)	(2,845,969)
Proceeds from sales of investment property	-	36,000,000
Other inflows (outflows) of cash	216,889	246,905
Net cash flows from (used in) investing activities	(4,193,443)	(52,268,612)
Cash flows from (used in) financing activities		
Members' voluntary shares	16,094,935	19,519,501
Members' savings deposits	6,637,797	23,820,208
Increase in permanent share capital	-	162,000
Entrance Fees	-	6,500
Proceeds from borrowings	(12,847,594)	16,871,951
Net cash flows from (used in) financing activities	9,885,138	60,380,160
Effect of exchange rate changes on cash and cash equivalents		
Net increase (decrease) in cash and cash equivalents	(1,276,085)	5,382,879
Cash and cash equivalents at beginning of period	49,736,987	44,354,108
Cash and cash equivalents at end of period	48,460,902	49,736,987

The accompanying notes form an integral part of these financial statements

P.W.D. Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2025

1. Identification and principal activity

P.W.D. Co-operative Credit Union Limited (the Credit Union) is registered under the Co-operative Societies Act of Jamaica. The registered office of the Credit Union is located at 147 Maxfield Avenue, Kingston 10.

The Credit Union's main activities are the promotion of thrift, the provision of loans to members exclusively for provident and productive purposes, and to receive the savings of its members either as payments on shares or as deposits.

The Credit Union is exempt from Income Tax under Section 59 (1) of the Co-operative Societies Act and Section 12 of the Income Tax Act.

The Credit Union employed 14 permanent persons as at December 31, 2025 (2024: 13).

The Credit Union is a member of, and is supervised by, the Jamaica Co-operative Credit Union League (JCCUL).

2. Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and have been prepared under the historical cost convention.

3. IFRS compliance and adoption

Standards, interpretations and amendments effective during the current year

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which became effective during the current financial year, and which the Credit Union has not early adopted. The Credit Union has assessed the relevance of all such new standards, interpretations and amendments and has adopted the following as follows:

Lack of exchangeability – Amendments to IAS 21
Effective for annual periods beginning on or after 1 January 2025.

Key requirements

In August 2023, the Board issued Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates

This standard specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique. Disclosure requirements When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, it discloses information that enables users of its 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. Transition The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information

3. IFRS compliance and adoption continued

Standards interpretations and amendments issued but not yet effective

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which were not effective at the date of the statement of financial position, and which the company has not early adopted. The company has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be relevant to its operations and has concluded as follows:

Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7

Effective for annual periods beginning on or after 1 January 2026.

Key requirements

In May 2024, the Board issued Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7), which:

- Clarifies that a financial liability is derecognised on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. It also introduces an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met
- Clarified how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features
- Clarifies the treatment of non-recourse assets and contractually linked instruments
- Requires additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income. The publication of the amendments concludes the classification and measurement phase of the IASB's post implementation review (PIR) of IFRS 9 Financial Instrument assets plus the related disclosures and apply the other amendments later. The new requirements will be applied retrospectively with an adjustment to opening retained earnings. Prior periods are not required to be restated and can only be restated without using hindsight. An entity is required to disclose information about financial assets that change their measurement category due to the amendments.

Transition

The amendments will be effective for annual reporting periods beginning on or after 1 January 2026. Entities can early adopt the amendments that relate to the classification of financial IFRS 18 – Presentation and Disclosure in Financial Statements Effective for annual periods beginning on or after 1 January 2027.

Key requirements

In April 2024, the Board issued IFRS 18 Presentation and Disclosure in Financial Statements which replaces IAS 1.

IFRS 18 introduces new categories and subtotals in the statement of profit or loss. It also requires disclosure of management-defined performance measures (as defined) and includes new requirements for the location, aggregation and disaggregation of financial information.

Statement of profit or loss

An entity will be required to classify all income and expenses within its statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. In addition, IFRS 18 requires an entity to present subtotals and totals for 'operating profit or loss', 'profit or loss before financing and income taxes' and 'profit or loss'.

3. IFRS compliance and adoption continued

Standards interpretations and amendments issued but not yet effective continued

Standards interpretations and amendments issued but not yet effective continued

Main business activities

For the purposes of classifying its income and expenses into the categories required by IFRS 18, an entity will need to assess whether it has a 'main business activity' of investing in assets or providing financing to customers, as specific classification requirements will apply to such entities. Determining whether an entity has such a specified main business activity is a matter of fact and circumstances which requires judgement. An entity may have more than one main business activity.

Management-defined performance measures

IFRS 18 introduces the concept of a management-defined performance measure (MPM) which it defines as a subtotal of income and expenses that an entity uses in public communications outside financial statements, to communicate management's view of an aspect of the financial performance of the entity as a whole to users. IFRS 18 requires disclosure of information about all of an entity's MPMs within a single note to the financial statements and requires several disclosures to be made about each MPM, including how the measure is calculated and a reconciliation to the most comparable subtotal specified by IFRS 18 or another IFRS accounting standard.

Location of information, aggregation and disaggregation

IFRS 18 differentiates between 'presenting' information in the primary financial statements and 'disclosing' it in the notes, and introduces a principle for determining the location of information based on identified 'roles' of the primary financial statements and the notes. IFRS 18 requires aggregation and disaggregation of information to be performed with reference to similar and dissimilar characteristics. Guidance is also provided for determining meaningful descriptions, or labels, for items that are aggregated in the financial statements.

Consequential amendments to other accounting standards

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'. The optionality around classification of cash flows from dividends and interest in the statement of cash flows has also largely been removed. New requirements have been added to IAS 33 Earnings per Share that only permit entities to disclose additional amounts per share, if the numerator used in the calculation meets specified criteria. The numerator must be:

- An amount attributable to ordinary equity holders of the parent entity; and
- A total or subtotal identified by IFRS 18 or an MPM as defined by IFRS 18. Some requirements previously included within IAS 1 have been moved to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which has been renamed IAS 8 Basis of Preparation of Financial Statements. IAS 34 Interim Financial Reporting has been amended to require disclosure of MPMs.

Transition IFRS 18, and the consequential amendments to the other accounting standards, is effective for reporting periods beginning on or after 1 January 2027 and must be applied retrospectively. Early adoption is permitted and must be disclosed

The Credit Union has concluded that all other standards, interpretations and amendments to existing standards which are published but not yet effective are either relevant to its operation but will have no material impact on adoption; or are not relevant to its operation and will therefore have no impact when they come into effect. This includes amendments resulting from IASB's ongoing improvement project.

P.W.D. Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2025

4. Significant Accounting Policies

a. Going concern

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the company will continue to operate in the foreseeable future and will be able to realise its assets and discharge its liabilities in the normal course of operations. Should the company be unable to continue as a going concern, the basis of reporting the carrying values of assets may be adjusted.

b. Presentation of financial statements

The accounting policies adopted in the preparation of these financial statements are set out below. These accounting policies have been applied consistently to all the year's presented, unless otherwise stated.

i. Functional and presentation currency

The financial statements are presented in Jamaican dollars, which is the company's functional and presentation currency.

ii. Critical accounting judgement and key source of estimation uncertainty

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of, and disclosures related to, assets, liabilities, contingent assets and contingent liabilities at the statement of financial position date and the income and expenses for the year ended.

The estimates and associated assumptions are based on historical experience and / or various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual amounts could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The significant areas where key assumptions concerning future, and other sources of estimation uncertainty, at the statement of financial position date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, are as follows:

(i) Allowance for losses

In determining amounts recorded for allowance for losses in the financial statements, management makes judgments regarding indicators of impairment, that is, whether there are indicators that suggest there may be a measurable decrease in the estimated future cash flows from accounts receivable and other financial assets, for example, repayment default and adverse economic conditions. Management also makes estimates of the likely estimated future cash flows from impaired financial assets, including the net realizable value of underlying collateral, as well as the timing of such cash flows. The adequacy of the allowance depends on the accuracy of these judgments and estimates.

P.W.D. Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2025

4. Significant Accounting Policies continued

b. Presentation of financial statements continued

ii. Critical accounting judgement and key source of estimation uncertainty continued

(ii) Impairment of financial assets

Measurement of expected credit loss allowance

Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of expected credit loss (ECL) and selection and approval of models used to measure ECL requires significant judgement.

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Management also estimate the likely amount of cashflows recoverable on the financial assets in determining loss given default. The use of assumptions make uncertainty inherent in such estimates.

(iii) Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of other generally accepted valuation techniques. Considerable judgment is required in interpreting market data to arrive at estimates for fair values. Consequently, the estimates of fair value arrived at may be significantly different from the actual price of the instrument in an arm's length transaction.

It is reasonably possible that outcomes within the next financial year that are different from these assumptions could require a material adjustment to the carrying amount reflected in the financial statements.

The preparation of the financial statements in accordance with IFRS also assumes that the Credit Union will continue in operational existence for the foreseeable future. This means, inter alia, that the statement of financial position and the statement of income and expenses assume no intention or necessity to liquidate the Credit Union or curtail the scale of its operations. This is commonly referred to as the going concern basis. The Board and Management believe that preparation of the financial statements on the going concern basis continues to be appropriate.

iii. Comparative Information

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year.

c. Foreign currency

Foreign currency transactions are translated at the rates of exchange in effect at the dates of the transaction. Resulting foreign currency denominated monetary assets and liabilities are translated at the rates of exchange in effect at the statement of financial position date. Gains and losses on foreign exchange are recognised in the income statement.

P.W.D. Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2025

4. Significant Accounting Policies continued

d. Interest income

Interests on loans and investments are stated on the accrual basis. Interest income and expense are recognized in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments over the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortized cost of the financial liability. The effective interest rate is calculated considering all contractual terms of the financial instruments, except for the expected credit losses of financial assets. The 'amortized cost' of a financial asset or financial liability is the amount at which the instrument is measured on initial recognition minus principal repayments, plus or minus any cumulative amortization using the effective interest method of any difference between the initial amount and maturity amount and adjusted for any expected credit loss allowance. The 'gross carrying amount' of a financial asset is the amortized cost of a financial asset before adjusting for any expected credit losses. Interest income and expense is calculated by applying the effective interest rate to the gross carrying amount of the financial asset (when the asset is not credit-impaired) or the amortized cost of the financial liability. Where a financial asset has become credit-impaired subsequent to initial recognition, interest income is calculated in subsequent periods by applying the effective interest method to the amortized cost of the financial asset. If the asset subsequently ceases to be credit-impaired, calculation of interest income reverts to the gross basis.

e. Property, plant and equipment

Items of property, plant and equipment are measured at cost or valuation, less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of material and direct labour, and any other costs directly attributable to bringing the asset to a working condition for its intended use.

(i) Subsequent costs:

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the cash flow to the Credit Union and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss.

f. Depreciation

Land is not depreciated. Depreciation on other assets is calculated using the straight-line basis at annual rates estimated to write off the carrying value of the assets over the period of their estimated useful lives. Annual rates are as follows:

Office equipment	20%
Furniture and fixtures	10%
Computer software	33%
Computer and equipment	20%

The assets' residual values and useful lives are reviewed periodically for impairment, and adjusted if appropriate, at each statement of financial position date. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

P.W.D. Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2025

4. Significant Accounting Policies continued

f. Depreciation continued

All items of property, plant and equipment are de-recognized upon disposal or when no future economic benefit is expected to arise from the continued use of the asset. Any gain or loss arising from disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of comprehensive income.

g. Trade and other receivables

Most of the Credit Union's sales are made on the basis of normal credit terms, and the receivables do not bear interest. Where credit is extended beyond normal credit terms, receivables are measured at amortised cost using the effective interest method. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in profit or loss.

h. Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalent comprises of cash in hand and cash at bank.

i. Trade payables

Trade and other payables are obligations on the basis of normal credit terms and do not bear interest. Payables denominated in foreign currency are translated into Jamaican dollars using the exchange rate at the reporting date. Foreign exchange gains or losses are included in the Statement of Comprehensive income.

j. Financial instruments - Classification, recognition, derecognition and measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. In these financial statements:

- Financial assets comprise loans to members, liquid investment, financial investments, cash resources and accounts receivable.
- Financial liabilities comprise voluntary shares, external credits, interest and non-interest bearing liabilities.

Recognition and initial measurement

The Credit Union recognises a financial instrument when it becomes a party to the contractual terms of the instrument. The Credit Union initially recognises loans to members and other assets on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date

P.W.D. Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2025

4. Significant Accounting Policies continued

k. Financial assets

Recognition and initial measurement

The Credit Union recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred.

Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, which results in an accounting loss being recognised in surplus or deficit when an asset is newly originated.

Classification and subsequent measurement

On initial recognition, financial assets are classified as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The Credit Union determines the classification of its financial assets, based on the business model for managing the financial assets and their contractual cash flow characteristics.

Debt instruments are classified as follows:

- Amortized cost – Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss.
- Fair value through other comprehensive income – Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income is calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss.
- Mandatorily at fair value through profit or loss – Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss.
- Designated at fair value through profit or loss – On initial recognition, the Credit Union may irrevocably designate financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them, on different bases. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss.

P.W.D. Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2025

4. Significant Accounting Policies continued

k. Financial assets continued

The Credit Union measures all equity investments at fair value. Changes in fair value are recorded in profit or loss except where the entity has irrevocably elected at initial recognition, to present in other comprehensive income the fair value gains and losses of an equity investment that is neither held for trading nor contingent consideration acquired in a business combination. In such cases, the cumulative gains and losses recognized in other comprehensive income are not reclassified to profit or loss on derecognition of the investment.

Business model assessment

The Credit Union assesses the objective of its business model for holding a financial asset at a level of aggregation which best reflects the way the business is managed and information is provided to management. Information considered in this assessment includes stated policies and objectives and how performance of the portfolio is evaluated.

Contractual cash flow assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Credit Union considers factors that would alter the timing amount of cash flows such as prepayment and extension features, terms that might limit the Credit Union's claim to cash flows, and any features that modify consideration for the time value of money.

Reclassifications

The Credit Union reclassifies debt instruments only when its business model for managing those financial assets has changed. Reclassifications are applied prospectively from the reclassification date and any previously recognized gains, losses or interest are not restated.

Impairment

The Credit Union recognizes a loss allowance for the expected credit losses associated with its financial assets, other than debt instruments measured at fair value through profit or loss and equity investments, as well as financial guarantee contracts and loan commitments not measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

For loans and mortgages the Credit Union records a loss allowance equal to the expected credit losses resulting from default events that are possible within the next 12-month period, unless there has been a significant increase in credit risk since initial recognition. For those financial assets for which the Credit Union assessed that a significant increase in credit risk has occurred, the Credit Union records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

P.W.D. Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2025

4. Significant Accounting Policies continued

k. Financial assets continued

The Credit Union assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts, breaches of borrowing contracts such as default events or breaches of borrowing covenants and requests to restructure loan payment schedules. For financial assets that are credit-impaired at the reporting date, the Credit Union continues to recognize a loss allowance equal to lifetime expected credit losses.

Loss allowances for expected credit losses are presented in the statement of financial position as follows:

- For financial assets measured at amortized cost, as a deduction from the gross carrying amount of the financial assets;
- For facilities with both a drawn and undrawn component where the Credit Union cannot separately identify expected credit losses between the two components, as a deduction from the carrying amount of the drawn component.

Any excess of the loss allowance over the carrying amount of the drawn component is presented as a provision:

- For debt instruments measured at fair value through other comprehensive income, in other comprehensive income. The loss allowance does not reduce the fair value carrying amount of the financial asset in the statement of financial position.

Financial assets are written off when the Credit Union has no reasonable expectations of recovering all or any portion thereof.

l. Financial liabilities

Recognition and initial measurement

The Credit Union recognizes financial liabilities when it becomes party to the contractual provisions of the instrument. At initial recognition, the Credit Union measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss.

Derecognition of financial liabilities

The Credit Union derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

P.W.D. Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2025

4. Significant Accounting Policies continued

m. Investments

Securities acquired or loans granted or other receivables that have a fixed or determined payment and which are not quoted in an active market are measured at amortised cost. An active market is one where quoted prices are readily and regularly available from an exchange dealer, broker or other agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. Debt investments that the Credit Union has the intent and ability to hold to maturity are measured at amortised cost. All other investments are measured at fair value through profit and loss (FVTPL). Loans and receivables and held-to-maturity investments are initially measured at cost and subsequently at amortised cost, calculated on the effective interest rate method, less impairment losses. Where fair value cannot be reliably measured, they are stated at cost. Where the securities are disposed of, or impaired, the related accumulated unrealized gains or losses are recognized in profit or loss. Equity securities are considered impaired when there is a prolonged or significant decline in fair value below the securities costs. Investments are recognized / derecognized on the day they are transferred to / from the Credit Union.

Fair value is determined based on quoted market bid price. Where a quoted market price is not available, the fair value is estimated using discounted cash flow. The estimated future cash flows are based on management's best estimates and the discount rate is a market related rate at the reporting date for an instrument with similar terms and condition.

n. Reverse repurchase agreements

A reverse repurchase agreement ("reverse repo") is a short-term transaction whereby the Credit Union buys securities and simultaneously agrees to resell them on a specified date and at a specified price. Reverse repos are accounted for as short-term collateralized lending and are measured at amortised cost.

The Credit Union enters into reverse repurchase agreements to resell substantially identical investments at a certain date in the future at a fixed price. The amounts paid are recognized as "securities purchased under resale agreements" and are collateralized by the underlying securities. The difference between the purchase and resale considerations is recognized on the accrual basis over the period of the transaction, using the effective interest method, and is included in interest income.

o. Loans to members and allowance for loan losses

(i) Loans to members:

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Credit Union does not intend to sell immediately or in the near term. Loans are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method, less allowance for loan losses.

(ii) Allowance for impaired loans:

Assumptions in determining the allowance for expected credit losses - applicable to 2019. At each reporting period, financial assets are assessed to determine whether their credit risk has increased significantly since initial recognition. In determining whether credit risk has significantly increased, management develops a number of assumptions about the factors which impacts the borrower's ability to meet debt obligations:

P.W.D. Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2025

4. Significant Accounting Policies continued

o. Loans to members and allowance for loan losses continued

Significant judgements, estimates and assumptions are required when calculating the expected credit losses of financial assets. In measuring the 12-month and lifetime expected credit losses, management makes assumptions about prepayments, the timing and extent of missed payments or default events. In addition, management makes assumptions and estimates about the impact future events may have on the historical data used to measure expected credit losses.

In estimating expected credit losses, the Credit Union develops a number of assumptions as follows:

- The period over which the Credit Union is exposed to credit risk, considering for example, prepayments, extension options, demand features
- The probability-weighted outcome, including identification of scenarios that specify the amount and timing of the cash flows for particular outcomes and the estimated probability of those outcomes
- The risk of default occurring on loans during their expected lives and during the next 12 months after the reporting date
- Expected cash short falls including, recoveries, costs to recover and the effects of any collateral or other credit enhancements
- Estimates of effective interest rates used in incorporating the time value of money.
- The above assumptions are based on historical information and adjusted for current conditions and forecast of future economic conditions. The Credit Union determines adjustments needed to its historical assumptions by monitoring the correlation of the probability of default and loss rates with the following economic variables:
 - Interest rates
 - Unemployment rates
 - Real Gross domestic product Growth

The estimate of expected credit losses reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes that are neither best-case nor worse-case scenarios. The Credit Union uses judgment to weight these scenarios.

P.W.D. Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2025

4. Significant Accounting Policies continued

o. Loans to members and allowance for loan losses continued

Assumptions in determining the allowance for incurred credit losses.

The Credit Union has determined the likely impairment loss on loans which have not maintained the loan repayments in accordance with the loan contract, or where there is other evidence of potential impairment such as job losses or economic circumstances. In identifying the impairment likely from these events, the Credit Union estimates the potential impairment using the loan type, type of loan security, the length of time the loans are past due and the historical loss experience.

Member loans that have been assessed individually and found not to be impaired and all individually insignificant loans are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether provision should be made due to incurred loss events for which there is objective evidence but whose effects are not yet evident. The general provision assessment takes account of data from the loan portfolio such as credit quality, delinquency, historical performance and industry economic outlook.

The guidelines stipulated by the JCCUL require the allowance for loan losses to be stipulated percentages of total delinquent loans, the percentage varying with the period of delinquency, before considering securities held against such loans.

The allowance for loan losses required by the PEARLS that is in excess of the requirements of IFRS 9 is treated as an appropriation of undistributed net income and included in a non-distributable loan loss.

p. Other assets

Other assets are stated at amortised cost, less impairment.

q. Other payables and accruals

Other payables and accruals are stated at amortised cost.

r. External credits

External credit is measured initially at cost and subsequently at amortised cost

P.W.D. Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2025

4. Significant Accounting Policies continued

s. Grants

Grants are recognized at fair value initially as deferred income when there is reasonable assurance that they will be received and the Credit Union will comply with the conditions associated with the grant. Grants that compensate the Credit Union for expenses incurred are recognized in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognized.

t. Impairment

The carrying amounts of the Credit Union assets, other than loans to members (see note 3 (f)), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated at each reporting date. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss. Any cumulative loss in respect of an available-for-sale investment recognized previously in equity is transferred to profit or loss.

(i) Calculation of recoverable amount:

The recoverable amount of the Credit Union's loans and receivables and held-to-maturity investments is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. The recoverable amount in respect of an available-for-sale investment is its current fair value. Receivables with a short duration are not discounted.

(ii) Reversals of impairment:

In respect of loans and receivables and held-to-maturity investments and receivables, the impairment loss is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Reversals are recognized in profit or loss, except for available-for-sale equity securities, that are recognized in other comprehensive income.

u. Fees and dividend

Fee income is recognized when the related service is provided.

P.W.D. Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2025

4. Significant Accounting Policies continued

v. Employee benefits

Employee benefits are all forms of consideration given by the Credit Union in exchange for service rendered by employees. These include current or short-term benefits such as salaries, bonuses, NIS contributions, annual vacation leave, and non-monetary benefits such as medical care, post-employment benefits such as pensions and other long-term employee benefits such as termination benefits.

Employee benefits that are earned as a result of past or current service are recognized in the following manner: Short-term employee benefits are recognized as a liability, net of payments made, and charged as expense. The expected cost of vacation leave that accumulates is recognized when the employee becomes entitled to the leave.

Employee benefits comprising pension asset included in the financial statements have been actuarially determined by a qualified independent actuary, appointed by JCCUL.

The appointed actuary's report outlines the scope of the valuation and the actuary's opinion. The actuarial valuations were conducted in accordance with IAS 19, and the financial statements reflect the Credit Union's pension asset as computed by the actuary. In carrying out their audit, the auditors rely on the work of the actuary and the actuary's report.

The employees of the Credit Union participate in a defined-benefit multi-employer pension scheme operated by JCCUL.

The Credit Union's net obligation in respect of the defined-benefit pension plan is calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods; that value is discounted to determine the present value, and the fair value of any plan assets is deducted. The discount rate is determined by reference to the yield at the reporting date on long-term government bonds with dates approximating the terms of the related liability. The calculation is performed by a qualified actuary, using the projected unit credit method.

When the benefits of the plan are improved, the portion of the increased benefit relating to past service by employees is recognized as an expense in profit or loss on the straight-line basis over the average period until the benefits become vested. To the extent that the benefits are vested immediately, the expense is recognized immediately in profit or loss.

In respect of actuarial gains and losses that arise in calculating the Credit Union's obligation in respect of the plan, to the extent that any cumulative unrecognized actuarial gain or loss exceeds ten percent of the greater of the present value of the defined benefit obligation and the fair value of plan assets, that portion is recognized in profit or loss over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognized.

Where the calculation results in a benefit to the Credit Union, the recognized asset is limited to the net total of any unrecognized actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

P.W.D. Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2025

4. Significant Accounting Policies continued

w. League fees and stabilization dues

JCCUL has determined the rate of calculating league fees at 0.2% (2024: 0.2%) of total assets. These fees are capped at 10% of the total fees due from the Credit Union movement, calculated by JCCUL. Stabilization dues are computed at a rate of 0.15% (2024: 0.125%) of saving funds.

5. Fees and commission

Fees and commission income from customers is measured based on the consideration specified in a contract with a customer. The credit union recognizes revenue when it transfers control over a service to a customer.

Fees and commission income and expense that is integral to the effective interest rate on financial asset or financial liability is included in effective interest rate.

If a loan commitment is not expected to result in the draw down of a loan, then the related loan commitment fee is recognized on a straight line basis over the life of the loan.

Fees and commission income including account service fees are recognized over the life of the loan as the related service is performed.

A contract with a customer that results in a recognized financial asset may partially transends the scope of IFRS 9 and IFRS 15. If this is the case, the credit union first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the remainder of the contract.

The nature and timing of the satisfaction of performance obligation in the contract with customers, including significant payment terms, and the related revenue recognition policy are as follows:

Type of Income	Nature and timing of satisfaction of performance obligations including significant payment terms	Revenue recognition under IFRS 15
Transaction fees	Transactions based fees , such as Credit Bureau fees are charged to the customer's account when the transaction takes place.	Revenue from account services and servicing fees are recognized over time as services are provided
Service fees	Servicing fees are charged on a monthly basis and are based on fixed rates determined by the Credit Union	Revenue related to transactions is recognized at the point when the trasactions take place

P.W.D. Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2025

6. Interest income and expense

(i) Effective interest rate

Interest income and expenses are recognized in profit and loss using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset, or the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the credit union estimates future cash flows considering all contractual terms of the financial instrument, but not Expected Credit Loss. For purchased or originated credit-impaired assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including Expected Credit Loss.

The calculation of effective interest rate includes transaction cost and fees and points paid or received that are an integral part of the effective interest rate. Transaction cost includes incremental cost that are directly attributable to the acquisition or issue of financial instrument.

(ii) Calculation of Interest Income and expense

For Financial assets that were credit impaired on initial recognition, interest income is calculated by applying the credit adjusted effective interest rate to the amortised cost of the asset. The calculation of the interest income does not revert to a gross basis even if the credit risk of the item improves. Under Regulatory requirements, no interest is recognized on loans that are in arrears for 90 days or more if even though they are not credit impaired

(iii) Presentation

Interest income calculated using the effective interest method presented in the income statement includes interest on financial assets measured at amortised cost and interest on debt instruments measured at Fair Value Through Other Comprehensive Income (FVOCI); interest income presented in the income statement includes financial liabilities measured at amortised cost and interest expense on lease liabilities.

P.W.D. Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2025

7. Financial risk management

The Credit Union's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk, liquidity risk and operational risk. The Credit Union's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Credit Union's financial performance.

The Credit Union's risk management policies are designed to identify and analyze these risks to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Credit Union regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Directors is ultimately responsible for the established and oversight of the Credit Union's risk management framework. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. The Board has established a department headed by a Risk Officer for managing and monitoring risks. In addition to the above, risk is monitored as follows:

(ii) The Jamaica Co-operative Credit Union League has established a Risk Assessment Unit which has regular meetings with Risk Officers from within the Credit Union movement. The objectives of these meetings are to develop strategies to manage risk in member credit unions.

(ii) Supervisory Committee

The Supervisory Committee oversees how management monitors compliance with the Credit Union's risk management framework in relation to the risks faced by the company. The Supervisory Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and hoc reviews of risk management controls and procedures, the result of which are reported to the Supervisory Committee.

The most important types of risk are credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk, interest rate risk and other price risk.

a. Credit risk

Credit risk is the risk of financial loss to P.W.D. Co-operative Credit Union Limited if the counterparty fails to meet its obligation. Credit risk arises from P.W.D. Co-operative Credit Union Limited's operating activities from trade receivables and loan notes and financing activities from cash and cash equivalents, deposits with banks and financial institutions, derivative financial instruments.

P.W.D. Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2025

7. Financial risk management continued

a. Credit risk continued

The Credit Union takes on exposure to credit risk, which is the risk that its members, clients or counterparties will cause a financial loss for the Credit Union by failing to discharge their contractual obligations. Credit risk is the most important risk for the Credit Union's business; management therefore carefully manage its exposure to credit risk. Credit exposures arise principally from the Credit Union's loans to members, deposits with other institutions and investment securities. There is also credit risk exposure in respect of off-Statement of Financial Position, financial instruments e.g. financial guarantees. The Credit Union structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single member or Credit Unions of related parties and to geographical and industry segments.

There is a documented credit policy in place which provides guidelines for the Credit Union's review process.

Credit review process:

The Credit Union has a Credit Committee whose responsibility involves regular review of the ability of borrowers to meet repayment obligations.

(i) Loans to members.

The Credit Union's exposure to credit risk is influenced mainly by the individual characteristics of each member. The Board of Directors has established a credit policy under which each member is assessed individually for creditworthiness prior to the Credit Union offering them a credit facility.

Loans are not granted to delinquent members, or co-makers of delinquent members.

Loans are not granted for "high risk" investment purposes.

The verification of applicant's income is undertaken e.g. the last three (3) pay slips are reviewed prior to the approval of all loans above shares. The Credit Union reserves the right to request additional information, such as job letter, especially for first time applicants.

Collateral

The Credit Union holds collateral against loans to members in the form of mortgage interests over property, lien over motor vehicles, other regulated securities over assets, hypothecation of voluntary shares and deposits held in the Credit Union and guarantees. Estimates of fair values are based on value of collateral assessed at the time of borrowing and are generally not updated except when a loan is individually assessed as impaired.

- a) Co-makers are required to have unencumbered (free) voluntary shares or savings which will be hypothecated.
- b) All items offered as security should be fully insured and the Credit Union must be satisfied as to the arrangements in place for the future payments of the insurance premium.
- c) Motor vehicles may be used as security, provided that the vehicle will continue to get comprehensive insurance coverage until the loan is fully repaid.

P.W.D. Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2025

7. Financial risk management continued

a. Credit risk continued

Approval Limits:

The following persons are authorised to approve loans up to a maximum as follows:

Board of Directors	Unlimited
Credit Committee	\$6,000,000
Treasurer / Assistant Treasurer	\$2,000,000
In-House Credit Committee	\$2,000,000
Manager	\$2,000,000
Accountant	\$2,000,000
Loans Officer	\$1,000,000

Impaired Loans

Impaired loans are loans for which the Credit Union determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan and the security value is insufficient to cover the loan.

Past due but not impaired loans

These are loans where the contractual interest or principal payment are past due but the Credit Union believes that the impairment is not appropriate on the basis of the level of security available or the stage of collection of amounts owed to the Credit Union.

Loans with renegotiated terms

Loans with renegotiated terms are loans that have been restructured due to deterioration in the member's financial position and where the Credit Union has made concessions that it would not otherwise consider. Once the loan is restructured, it is classified and monitored.

Allowances for impairment

The Credit Union established an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance established on a Credit Union basis in respect of losses that have been incurred but have not been identified on loans subject to individual assessments for impairment.

The Credit Union establishes an allowance for impairment that represents its estimate of incurred losses in respect of loans and other receivables and investments. The Credit Union addresses impairment assessment in two areas: individually assessed allowances and collectively assessed allowances.

The Credit Union's average credit period on the loans granted is 36 Months. The Credit Union has provided fully for all past due loans over 365 days based on historical experience which dictates that amounts past due beyond 365 days are generally not recoverable. Impaired Loans to members between 61 and 365 days are provided for based on an estimate of amounts that would be irrecoverable, determined by taking into consideration past default experience, current economic conditions and expected receipts and recoveries once impaired.

P.W.D. Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2025

7. Financial risk management continued

a. Credit risk continued

(i) Write-off policy

The Credit Union writes off a loan (and any related allowance for impairment losses) when the Credit Union determines that the loans are not collectible. This determination is usually made after considering information such as changes in borrower's financial position, or that proceeds from collateral will not be sufficient to pay back the entire exposure.

(ii) Deposits and Investments securities

The Credit Union limits its exposure to credit risk by investing mainly in liquid securities, with counterparties that have high credit quality and Government of Jamaica securities. Accordingly, management does not expect any counterparty to fail to meet its obligations.

The Credit Union has documented investment and deposit policies in place, which guide in managing credit risk on deposits and investments. The Credit Union's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

(iii) Guarantees

The Credit Union's policy is not to provide financial guarantees on behalf of other Credit Unions unless the full amount of the guarantee is fully backed by collateral. At 31 December 2025 no guarantee was outstanding (2024 NIL).

(iv) Exposure to credit risk

The carrying amount of financial assets represents the maximum exposure to credit risk (before collateral held) which at the statement of financial position date was:

Maximum Exposure

	<u>2025</u>	<u>2024</u>
Loans to members	492,961,511	493,564,627
Financial investments	68,931,735	68,678,730
Liquid assets - earning	33,554,272	46,027,454
Receivables and prepayments	8,603,884	7,691,188
	<u>604,051,402</u>	<u>615,961,999</u>

There has been no change to the Credit Union's exposure to credit risk or the manner in which it manages and measures the risk.

P.W.D. Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2025

7. Financial risk management continued

a. Credit risk continued

(v) Receivables

The following table summarizes the Credit Union's credit exposure for receivables at their carrying amounts, as categorized by the customer sector:

	2025	2024
Interest due on fixed deposits	3,876,754	4,335,208
Interest due on loans	4,727,130	3,355,980
	<u>8,603,884</u>	<u>7,691,188</u>

b. Liquidity risk

Liquidity risk is the risk that P.W.D. Co-operative Credit Union Limited will encounter difficulty in meeting its short-term obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The Credit Union manages this risk by keeping a substantial portion of its assets in liquid form in accordance with regulatory guidelines.

The Credit Union is subject to a liquidity limit of 20% imposed by the Jamaica Credit Union League (JCCUL) and compliance is regularly monitored. The key measure used by the Credit Union for managing liquidity risk is the ratio of liquid assets to total savings deposit. For this purpose, liquid assets include cash and bank balances, deposits held with JCCUL and highly liquid investments which are readily converted into cash within three months. The liquid asset ratio at the end of the year was 10% (2024: 10%).

The Credit Union is also required to hold a liquidity reserve of 10% of specified liabilities. A minimum of 8% is to be held with JCCUL while a maximum of 2% can be held with approved financial institutions. The liquidity reserve ratio at the end of the year was 6% (2024: 9%).

There has been no change to the Credit Union's exposure to liquidity risk or the manner in which it manages and measures the risk.

P.W.D. Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2025

7. Financial risk management continued

b. Liquidity risk continued

Liquidity risk management process

The Credit Union's liquidity risk management process, as carried out within the Credit Union and monitored by the Board of Directors, includes:

- Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure funding if required;
- Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Maintaining committed lines of credit;
- Optimizing cash returns on investment;
- Managing the concentration and profile of debt maturities.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Credit Union. It is unlikely for Credit Unions to be completely matched at any time since business transacted is often of uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of loss.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Credit Union and its exposure to changes in interest rates and exchange rates.

Financial liabilities cash flows

The tables below summarize the maturity profile of the Credit Union's financial liabilities including interest payments at 31 December based on contractual undiscounted payments.

	Within 3 Months \$	3 to 12 Months \$	Total Cash outflow \$	Carrying Amount \$
<u>As at December 31, 2025</u>				
<u>Liabilities:</u>				
Saving deposits	-	152,365,814	152,365,814	152,365,814
Members' voluntary shares	343,766,755	-	343,766,755	343,766,755
Payables and accruals	19,505,327	-	19,505,327	19,505,327
	<u>363,272,082</u>	<u>152,365,814</u>	<u>515,637,896</u>	<u>515,637,896</u>

P.W.D. Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2025

7. Financial risk management continued

b. Liquidity risk continued

	Within 3 Months	3 to 12 Months	Total Cash Outflow	Carrying Amount
	\$	\$	\$	\$
<u>As at December 31, 2024</u>				
<u>Liabilities:</u>				
Savings deposits	-	145,728,017	145,728,017	145,728,017
Members' voluntary shares	327,671,820	-	327,671,820	327,671,820
Payables and accruals	13,331,586	-	13,331,586	13,331,586
	<u>341,003,406</u>	<u>145,728,017</u>	<u>486,731,423</u>	<u>486,731,423</u>

Assets available to meet all of the liabilities and to cover financial liabilities include cash and short term investments.

The Credit Union has a documented assets and liabilities policy in place that guides the management of its liquidity risks.

c. Market risk

Market risk is the risk that changes in market prices, through foreign exchange rates, interest rates, and equity prices, will cause fluctuations to the fair values and cash flows of financial instrument holdings. Market risk affects loans and borrowings, deposits, investments, and derivative financial investments.

The Credit Union takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates, interest rates and equity prices and will affect the Credit Union's income or value of its portfolio of financial instruments. Market risk is monitored by the General Manager who carries out extensive reviews and monitors the price movement of financial assets on the local markets. Market risk exposures are measured using sensitivity analysis.

There has been no change to the Credit Union's exposure to market risks or the manner in which it manages and measures the risk.

Currency risk

Currency risk is the risk that the market value of, or the cash flows from, financial instruments will vary because of exchange rate fluctuations. The Credit Union is exposed to foreign currency risk due to fluctuations in exchange rates on transactions and balances that are denominated in currencies other than the Jamaican dollar. The Credit Union is primarily exposed to the United States dollars (US\$). There was no exposure to foreign currency risk.

Interest rate risk

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

Floating rate instruments expose the Credit Union to cash flow interest rate risk, whereas fixed interest

P.W.D. Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2025

7. Financial risk management continued

c. Market risk continued

rate instruments expose the Credit Union to fair value interest rate risk.

Liquid assets are held for the short term and, accordingly would substantially reflect prevailing interest rates in the financial market. Savings deposits and external credits are accepted from, and loans given to, members at a fixed rate of interest which is fairly stable. Accordingly, there is no significant exposure to interest rate risk. A summary of interest rate gap position is as follows:

	Within 3 months	3 to 12 months	Over 12 months	Non- rate sensitive	2025
	\$	\$	\$	\$	\$+e
Assets					
Loans to members	477,761,275	7,088,767	8,111,469	-	492,961,511
Financial investments	-	-	68,931,735	-	68,931,735
Liquid Assets	-	-	33,554,272	-	33,554,272
Bank and cash, earning	-	-	-	10,668,197	10,668,197
Bank and cash, non-earning	-	-	-	4,238,433	4,238,433
Receivables	-	-	-	3,876,754	3,876,754
Total assets	477,761,275	7,088,767	110,597,476	18,783,384	614,230,902
Liabilities					
Savings deposit	-	152,365,814	-	-	152,365,814
Members' voluntary shares	343,766,755	-	-	-	343,766,755
Long term borrowing	-	-	34,207,399	-	34,207,399
Payables and accruals	19,505,327	-	-	-	19,505,327
Total liabilities	363,272,082	152,365,814	34,207,399	-	549,845,295
Net interest rate gap	114,489,193	(145,277,047)	76,390,077	18,783,384	64,385,607
Cumulative gap	114,489,193	(30,787,854)	45,602,223	64,385,607	-
	Within 3 months	3 to 12 months	Over 12 months	Non- rate sensitive	2024
	\$	\$	\$	\$	\$
Assets					
Loans to members	466,338,157	6,516,434	20,710,036	-	493,564,627
Financial investments	-	-	68,878,730	-	68,878,730
Liquid assets	-	-	46,027,454	-	46,027,454
Bank and cash, earning	-	-	-	891,427	891,427
Bank and cash, non-earning	-	-	-	2,818,106	2,818,106
Receivables	-	-	-	7,691,188	7,691,188
Total assets	466,338,157	6,516,434	135,616,220	11,400,721	619,671,532
Liabilities					
Savings deposit	-	145,728,017	-	-	145,728,017
Members' voluntary shares	327,671,820	-	-	-	327,671,820
Long term borrowing	-	-	47,054,992	-	47,054,992
Payables and accruals	13,331,586	-	-	-	13,331,586
Total liabilities	341,003,406	145,728,017	47,054,992	-	533,786,415
Net interest rate gap	125,334,751	(139,211,583)	88,361,228	11,400,721	85,885,117
Cumulative gap	125,334,751	(13,876,832)	74,484,396	85,885,117	-

P.W.D. Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2025

7. Financial risk management continued

c. Market risk continued

Interest rate profile:

At the reporting date the interest rate profile of the Credit Union's interest-bearing financial instruments reflected at the average yields by the earlier of contractual re-pricing and maturity dates was as follows:

	<u>2025</u>	<u>2024</u>
	\$	\$
<u>Fixed rate financial assets:</u>		
Loans to members	5% - 24%	5% - 24%
Liquid assets	1.25% - 7%	1.25% - 7%
<u>Fixed rate financial liabilities:</u>		
Savings deposits:	3% - 5%	3% - 5%

The Credit Union does not account for any fixed rate financial asset and liability at fair value through profit or loss and therefore a change in interest rates at the statement of financial position date would not affect profit or loss or equity. The Credit Union has no variable rate financial instrument at the statement of financial position date.

Sensitivity Analysis

An increase of 20 basis points in interest rates would have increased profit and equity by the amounts shown below. The analysis assumes that all other variables in particular, foreign currency rates remain constant. The analysis is performed on the same basis for 2024.

	<u>2025</u>	<u>2024</u>
	\$	\$
Variable rate instruments	127,209	126,421

An alternative scenario of a decrease of 50 basis points in interest rates would have reduced profit and equity by the amounts shown below.

	<u>2025</u>	<u>2024</u>
	\$	\$
Variable rate instrument	318,024	316,053

Equity price risk

Equity price risk arises from available-for-sale equity securities held by the Credit Union as part of its investment portfolio. Management monitors the mix of debt and equity securities in its investment portfolio based on market expectations. The primary goal of the Credit Union's investment strategy is to maximize return on investment.

P.W.D. Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2025

7. Financial risk management continued

d. Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the entity's processes, personnel, technology and infrastructure, and from external factors other than financial risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to its reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to identify operational risk is assigned to the Finance and Audit Committee. This responsibility is supported by overall requirements for the management of operational risk in the following areas:

- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified.
- Requirements for the appropriate segregation of duties, including the independent authorisation of transactions.
- Requirements for the reconciliation and monitoring of transactions.
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures.
- Requirements for the reporting of operational losses and proposed remedial action.
- Development of contingency plans.
- Training and professional development
- Ethical and business standards.
- Risk mitigation, including insurance where this is effective.

Compliance with Credit Union policies is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Supervisory Committee, Senior Management and the Board of Directors.

P.W.D. Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2025

7. Financial risk management continued

e. Capital management

The Credit Union's objectives when managing capital are to safeguard the Credit Union's ability to continue as a going concern in order to provide returns for members and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital as well as meet externally imposed capital requirements. The Board of Directors monitors the return on capital, which the Credit Union defines as net operating income divided by total members' equity. The Board of Directors also monitors the level of dividends to members.

Consistent with others in the industry, the Credit Union monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt

During 2025, the Credit Union's strategy, which was unchanged from 2024, was to maintain the gearing ratio within 80% to 85%. The gearing ratios at 31 December 2025 and 2024 were as follows

	<u>2025</u>	<u>2024</u>
	<u>\$</u>	<u>\$</u>
Total Borrowing (Note 19 and 20)	378,836,278	375,518,746
Less : cash and cash equivalent (note 15)	14,906,630	(3,709,533)
Net debt	393,742,908	371,809,213
Equity	88,837,046	105,086,316
Total capital	<u>482,579,954</u>	<u>476,895,529</u>
Gearing ratio %	<u>82%</u>	<u>78%</u>

There was no change to the Credit Union's approach to capital management during the year. The Credit Union complied with all externally imposed capital requirements to which they were subjected.

P.W.D. Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2025

8. Income

Interest income calculated using the effective interest rate method:

	2025	2024
	\$	\$
Loans to members:		
Interest on personal loans	25,833,282	24,445,250
Interest on payday loans	98,970	114,601
Interest on purchase loans	6,195,319	6,417,858
Interest on staff loans	238,989	217,985
Interest on car loans	13,278,691	9,033,990
Interest on quick access loans	1,955,910	2,004,279
Interest on computer loans	18,284	50,806
Interest on education loans	156,110	241,898
Interest on staff car loans	100,442	130,464
Interest on hamper loans	196,961	-
Interest on motor vehicle loans	29,153	354,318
Interest on consolidation loans	33,435,383	32,693,698
Interest on hurricane loans	651,722	323,639
Interest other	151,422	-
Loan service charge fee	247,202	-
	82,587,840	76,028,786
Financial investments:		
Interest on JCCUL - Liquidity reserve	1,141,074	1,121,635
Interest on JCCUL - CuCash investment	37,891	56,660
Interest on JCCUL - Demand deposit	182,767	194,752
Interest on Barita investments	2,951,562	3,217,015
Interest on Cumax bond and repurchase agreement	532,043	1,325,455
Interest on JCSD investments	1,141,125	1,989,636
Interest on JCCUL - Mortgage fund	925	266
Interest on JCCUL - Security deposit	31,577	114,209
	6,018,964	8,019,628
Other investments:		
Interest on Sagicor select funds	7,151	6,661
Interest income / (expense) on Cumax Wealth Management investment	(184,397)	108,497
Interest income / (expense) on Trans Jamaica investment	20,100	140,700
Interest on NCB Capital Market investment	(14,177)	1,360,965
	(171,323)	1,616,823
	88,435,481	85,665,237

P.W.D. Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2025

9. Interest expenses

	<u>2025</u>	<u>2024</u>
	<u>\$</u>	<u>\$</u>
Members' deposits:		
Interest expense - Deposits	1,831,800	2,159,306
Interest expense - Partner plan	12,230	69,824
Members' voluntary shares:		
Interest expense - Shares	2,199,979	1,400,000
External credit:		
Interest expense - CUFMC	3,868,934	2,110,822
	<u>7,912,943</u>	<u>5,739,952</u>

10. Operating expenses

	<u>2025</u>	<u>2024</u>
	<u>\$</u>	<u>\$</u>
Staff costs		
Employees salaries and Allowance	40,490,324	29,734,827
Employees Benefit	3,783,133	3,835,636
Education and Training	881,318	363,515
Staff Travel and Related Expenses	1,537,180	2,698,338
	<u>46,691,955</u>	<u>36,632,316</u>
Administrative expenses		
Audit and accounting fee	2,175,800	1,978,000
Bank charges	415,973	438,790
Consulting and professional fees	1,641,012	1,157,139
Electricity & water	2,215,998	2,040,117
Insurance	1,079,338	539,149
Life savings and loan protection insurance - general	4,376,276	3,971,340
Postage	55,560	12,760
Stationery and office expenses	2,170,417	1,944,818
Repairs and maintenance	833,233	1,523,456
Security	2,166,938	1,756,790
Entertainment and travelling	416,419	419,754
Telephone and Internet	2,611,363	3,703,400
Depreciation	2,600,332	2,417,138
Other expenses	3,729,324	1,112,610
	<u>26,487,983</u>	<u>23,015,261</u>

P.W.D. Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2025

10. Operating expenses continued

	2025	2024
	\$	\$
Marketing and Promotion		
Publicity and promotion	2,029,838	565,103
	<u>2,029,838</u>	<u>565,103</u>
Representation and Affiliation		
League and other dues	4,133,011	3,168,144
Seminars and meetings	2,489,809	1,056,827
Board of Directors	301,717	597,403
Committees	388,400	604,000
Annual General Meeting	1,509,849	3,298,591
Annual retreat	242,458	959,867
Volunteer training	-	195,958
	<u>9,065,244</u>	<u>9,880,790</u>
Total operating expense	<u>84,275,020</u>	<u>70,093,470</u>

11. Loans to members

	2025	2024
	\$	\$
Balance as at January 1	510,473,023	429,554,572
Loans granted	201,510,489	246,686,188
	<u>711,983,512</u>	<u>676,240,760</u>
Repayment	(143,283,021)	(135,802,157)
Transfers	(63,738,980)	(29,965,580)
	<u>504,961,511</u>	<u>510,473,023</u>
Provision for loan losses (expected credit loss)	(12,000,000)	(16,908,396)
	<u>492,961,511</u>	<u>493,564,627</u>

a. Loans net of provision for loan losses at December 31, are as follows:

	2025	2024
	\$	\$
Within 3 months	477,761,275	466,338,157
From 3 months to 1 year	9,971,928	6,516,434
From 1 to 6 years	5,228,308	20,710,036
	<u>492,961,511</u>	<u>493,564,627</u>

P.W.D. Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2025

11. Loans to members continued

b. The maximum exposure to credit risk for loans to members as at year-end by type of loans was:

	2025	2024
	\$	\$
Home Equity	106,942,268	93,211,552
Motor Vehicle	118,536,043	122,777,996
Loans within shares / savings	89,802,420	97,143,462
Unsecured	156,289,190	174,251,120
Others	33,391,590	23,088,893
	504,961,511	510,473,023

c. The credit quality of loans is summarized as follows:

	Stage 1 (12 month ECL) \$	Stage 2 (Lifetime ECL) \$	Stage 3 (Lifetime ECL) \$	2025 Total \$
Members Loans	478,854,845	11,877,315	14,229,351	504,961,511
Less Allowance	(1,093,570)	(4,788,548)	(6,117,882)	(12,000,000)
Total carrying amount	477,761,275	7,088,767	8,111,469	492,961,511

	Stage 1 (12 month ECL) \$	Stage 2 (Lifetime ECL) \$	Stage 3 (Lifetime ECL) \$	2024 Total \$
Members Loans	471,105,715	11,709,674	27,657,634	510,473,023
Less allowance	(4,767,556)	(5,193,241)	(6,947,599)	(16,908,396)
Total carrying amount	466,338,159	6,516,433	20,710,035	493,564,627

P.W.D. Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2025

11. Loans to members continued

d. Movements on the provision for expected credit loss on loans to members are as follows: 1

	2025	2024
	\$	\$
Balance at beginning of year	16,908,396	16,795,396
Loans written-off	(18,877,418)	-
Increase / (decrease) in provision for the year - charged to profit & loss	13,969,022	113,000
	12,000,000	16,908,396

e. Delinquent loans

At December 31, 2025, there were 84 (2024: forty three (43) delinquent loans aged as disclosed below. At minimum, the total loan provision derived below is consistent with loan loss provision rules of League. The total provision for 2025 was 7,445,617 (2024: \$13,085,375). The provision required under the IFRS provisioning rules as indicated in Note 9 (f) below is \$12,000,000 (2024 \$16,908,396). These loans are summarized as follows:

Number of Months in arrears	Total number of loans	Delinquent loans \$	Savings held against loans \$	Exposure \$	Rate %	PEARLS Provision Required
						2025 \$
Less than 2 months	49	23,642,711	24,665,306	(1,022,595)	0%	-
2 to 3 months	5	3,016,349	2,534,500	481,819	10%	301,632
3 to 6 months	10	4,645,419	334,472	4,310,947	30%	1,393,626
6 to 12 months	20	9,583,932	\$ 3,814,811	5,769,121	60%	5,750,359
Over 12 months	0	-	-	-	100%	-
Total	84	40,888,411	31,349,089	9,539,292	100%	7,445,617

Number of Months in arrears	Total number of loans	Delinquent loans \$	Savings held against loans \$	Exposure \$	Rate %	PEARLS Provision Required
						2024 \$
Less than 2 months	11	13,060,979	11,412,140	1,648,839	0%	-
2 to 3 months	4	4,665,354	4,439,456	225,898	10%	466,535
3 to 6 months	7	2,686,815	1,707,100	979,715	30%	806,045
6 to 12 months	7	6,961,201	4,640,727	2,320,474	60%	4,176,720
Over 12 months	14	7,636,075	2,271,036	5,365,039	100%	7,636,075
Total	43	35,010,424	24,470,459	10,539,965	100%	13,085,375

P.W.D. Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2025

11. Loans to members continued

f. Provision for loan impairment

	2025	2024
	\$	\$
Provision at beginning of year as per IFRS	16,908,396	16,795,396
Additional amounts provided for during the year	(4,908,396)	113,000
Provision for impairment at the end of the year as per IFRS	12,000,000	16,908,396
Provision for impairment in accordance with League provisioning rules	7,445,617	13,085,375

12. Financial Investments

	Over 5 years	Carrying value 2025	Carrying value 2024
	\$	\$	\$
Fair value through profit and loss			
Jamaica Co-operative Credit Union League:			
Mortgage Fund	211,718	211,718	10,794
Liquidity Reserve	38,656,775	38,656,775	37,515,701
Demand Deposit	1,016,956	1,016,956	1,044,374
Security Deposits	1,020,750	1,020,750	803,852
	40,906,199	40,906,199	39,374,721
Deferred Shares:-			
C&W Jamaica Co-operative Credit Union	4,000,000	4,000,000	4,000,000
	4,000,000	4,000,000	4,000,000
Unquoted shares:-			
Jamaica Co-operative Credit Union League:			
Ordinary shares	976,740	976,740	976,740
Permanent shares	2,007,555	2,007,555	2,007,555
QNET shares	147,865	147,865	147,865
Credit Union Fund Management Company ordinary shares	4,000,000	4,000,000	4,000,000
CUMAX Equity Fund	680,942	680,942	1,965,339
CUMAX Unsecured Note 6% - 2023	12,000,000	12,000,000	12,000,000
Sagicor Select fund	944,700	944,700	924,600
NCB Capital Market	3,267,734	3,267,734	3,281,910
	24,025,536	24,025,536	25,304,009
	68,931,735	68,931,735	68,678,730

P.W.D. Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2025

13. Property, plant and equipment

	Furniture and fixtures	Office equipment	IT equipment	Computer software	Leasehold improvements	Total
	\$	\$	\$	\$	\$	\$
At cost or valuation:-						
At January 1, 2024	1,935,547	7,246,482	4,230,774	9,716,905	11,135,122	34,264,830
Additions	373,952	1,929,560	440,625	844,234	1,172,072	4,760,443
At December 31, 2025	2,309,499	9,176,042	4,671,399	10,561,139	12,307,194	39,025,273
Accumulated Depreciation:-						
At January 1, 2024	(1,660,270)	(5,070,646)	(3,636,583)	(9,714,217)	(3,216,785)	(23,298,501)
Transfers	-	(20,000)	-	-	-	(20,000)
Depreciation	(57,997)	(873,709)	(481,507)	(132,534)	(1,054,586)	(2,600,333)
At December 31, 2025	(1,718,267)	(5,964,355)	(4,118,090)	(9,846,751)	(4,271,371)	(25,918,834)
Net book value at December 31, 2024	275,277	2,175,836	594,191	2,688	7,918,337	10,966,329
Net book value at December 31, 2025	591,232	3,211,687	553,309	714,388	8,035,823	13,106,439

P.W.D. Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2025

13. Property, plant and equipment continued

14. Retirement benefit asset

a. Pension Scheme

The Credit Union participates in a multi-employer based, contributory defined benefit pension plan, which is open to all permanent employees and is managed by the Jamaica Co-operative Credit Union League. The scheme is funded by eligible employees' contributions of 5% and employer contributions, which is currently at 8% or as recommended by independent actuaries consequent on the annual reviews of the scheme. Retirement benefits are based on average salary for the last three (3) years of pensionable service. The scheme is valued by independent actuaries using the Projected Unit Credit Method. The scheme was closed to new members effective December 31, 2016. The latest actuarial valuation was carried out as at 31 December 2025 which determined that the scheme was adequately funded at that date. The amounts recognized in the statement of financial position are determined as follows:

	2025	2024
	\$	\$
Present value of funded obligations	66,659,000	58,762,000
Fair value of plan assets	(72,777,000)	(70,117,000)
Change in effect of asset ceiling	-	3,120,000
Asset recognized in the statement of financial position	(6,118,000)	(8,235,000)

b. Changes in the present value of obligation

Movement in the net liability/(asset) for defined benefit obligations recognized in the statement of financial position.

	2025	2024
	\$	\$
Present value of obligation at beginning of year	58,762,000	49,001,000
Employer's current service cost	884,000	623,000
Employee's contribution	465,000	349,000
Interest Cover	5,477,000	5,296,000
Benefits paid	(2,225,000)	(1,714,000)
Actuarial (gain) / loss - experience adjustments	7,801,000	1,261,000
Actuarial (gain) / loss - changes in financial assumptions	(4,505,000)	3,946,000
Balance at the end of year	66,659,000	58,762,000

P.W.D. Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2025

14. Retirement benefit asset continued

c. Movement in plan assets

	2025	2024
	\$	\$
Fair value of plan assets at beginning of year	70,117,000	65,399,000
Employees Contributions	465,000	349,000
Employer's contributions	744,000	559,000
Interest income	6,613,000	7,150,000
Benefits paid	(2,225,000)	(1,714,000)
Actuarial (gain) / loss on plan assets	(2,467,000)	(1,258,000)
Administrative expenses	(471,000)	(368,000)
Fair value of plan assets at end of year	<u>72,776,000</u>	<u>70,117,000</u>

d. Plan assets consist of the following:

	2025	2024
	\$	\$
Equities	15,759,000	15,837,000
Fixed income securities	63,870,000	60,210,000
Real estate	1,067,000	976,000
Other	(7,919,000)	(6,906,000)
	<u>72,777,000</u>	<u>70,117,000</u>

e. The amounts recognized in the statement of income and expenses are as follows:

	2025	2024
	\$	\$
Current service cost	884,000	623,000
Interest cost	5,477,000	5,296,000
Expected return on asset	(6,613,000)	(7,150,000)
Administrative expense	471,000	368,000
Interest cost on asset ceiling	296,000	1,204,000
Included in staff cost	<u>515,000</u>	<u>341,000</u>

P.W.D. Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2025

14. Retirement benefit asset continued

f. The principal actuarial assumptions used were as follows:

	2025	2024
	\$	\$
Discount rate	10%	9.5%
Expected return on plan assets	7%	7%
Future salaries increase	5%	5%
Price inflation (CPI)	5%	5%

g. Historical information

	2025	2024	2023	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000
Present value of defined obligation	66,659	58,762	49,001	35,529	47,754
Fair value of plan assets	(72,777)	(70,117)	(65,399)	(65,125)	(65,415)
Surplus in plan	(6,118)	(11,355)	(16,398)	(29,597)	(17,661)
Experience adjustments arising on plan assets gain / (loss)	(2,467)	(1,258)	(3,301)	(5,116)	(2,432)
Experience adjustments arising on plan liabilities gain / (loss)	(2,467)	(1,261)	1,737	(72)	(1,167)

h. Expected pension contributions

The estimated pension contributions expected to be paid into the plan during the next financial year is \$740,000 (2024: \$560,000).

15. Liquid assets

	Within 3 months	Carrying value 2025	Carrying value 2024
	\$	\$	\$
Measured at amortised cost:			
Jamaica Co-operative Credit Union League:			
CUMAX Money Market Fund	3,142,259	3,142,259	1,140,754
CUETS Daily Deposit	1,178,645	1,178,645	1,403,371
	4,320,904	4,320,904	2,544,125
Measure at fair value through profit and loss:			
Barita Investments	24,175,368	24,175,368	22,929,329
Jamaica Co-operative Credit Union League:			
CUMAX - Resale Agreements	5,058,000	5,058,000	20,554,000
	33,554,272	33,554,272	46,027,454

The estimated fair value of these resale agreements is assumed to approximate their carrying value. The fair value of the underlying securities at the reporting date was \$29,233,367 (2024: \$41,538,452).

P.W.D. Co-operative Credit Union Limited
Notes to the Financial Statements
For the Year Ended December 31, 2025

16. Cash and cash equivalents

	2025	2024
	\$	\$
Earning asset		
Sagikor current account	10,668,197	891,427
	<u>10,668,197</u>	<u>891,427</u>
Non earning asset		
BNS Current Account	3,239,848	2,006,113
Cash on hand	998,585	811,993
	<u>4,238,433</u>	<u>2,818,106</u>
Total cash and cash equivalents	<u>14,906,630</u>	<u>3,709,533</u>

17. Receivables and prepayment

	2025	2024
	\$	\$
Interest due on fixed deposits	3,876,754	4,335,208
Interest due on Loans	4,727,130	3,355,980
	<u>8,603,884</u>	<u>7,691,188</u>

18. Institutional capital

	2025	2024
	\$	\$
Other reserve	34,138,900	13,327,732
Permanent shares (note 23)	6,225,804	6,020,804
Statutory and legal reserves (note 24)	30,407,593	30,407,593
Entrance fee	37,600	30,650
	<u>70,809,897</u>	<u>49,786,779</u>

Institutional capital forms a part of the permanent capital of the Credit Union and is not available for distribution.

P.W.D. Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2025

19. Long term borrowing

	<u>2025</u>	<u>2024</u>
	<u>\$</u>	<u>\$</u>
JCCUL Liquidity Loan (2024 -2027) 10.5%	11,333,354	17,582,824
JCCUL Corporate Loan (2024 -2028) 8.75%	22,874,045	29,472,168
	<u>34,207,399</u>	<u>47,054,992</u>

20. Members voluntary share capital

	<u>2025</u>	<u>2024</u>
	<u>\$</u>	<u>\$</u>
Balance at January 1	327,671,820	308,152,319
Amount subscribed	67,392,860	56,563,901
Withdrawals	(51,297,925)	(37,044,400)
	<u>343,766,755</u>	<u>327,671,820</u>

Members' shares are withdrawable and are eligible to participate in dividend payments as determined by the annual general meeting of the Credit Union. No member may own more than 20% of the members voluntary share capital.

A minimum of one share in the Credit Union gives each member the right to vote at the Annual General Meeting. Shares are transferable to another member or anyone who is eligible for membership with the consent of the Board of Directors. Shares may be withdrawn wholly or partially by the member, but the Board may require a member to give notice.

Voluntary Shares are not a part of risk capital. The following rights and restrictions are attached to Voluntary Shares:

1. Money paid into Voluntary Shares may be withdrawn in whole or in part on any day when the Credit Union is open for business, but the Board of Directors shall reserve the right at any time to require member to give notice not exceeding six (6) months; provided however that no member may withdraw any shareholding below the amount of his liability to the Credit Union as a borrower or co-maker.
2. Voluntary Shares shall be treated as liabilities of the Credit Union.
3. Subject to the profitability of the Society, the Board of Directors may recommend the declaration and payment of dividends on Voluntary Shares in amounts and at times as it may determine.
4. The Credit Union shall have a lien on all Voluntary Shares and deposits of a member for, and to the extent of, any sum due to the Credit Union from the said member or any loan endorsed by the member.
5. Voluntary Share accounts are required for members to utilize the products and services of the Credit Union as determined by the Board of Directors from time to time.

P.W.D. Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2025

21. Saving deposits

	2025	2024
	\$	\$
<u>Ordinary deposits</u>		
Balance as at January 1	145,728,017	121,907,808
Receipts	39,583,753	36,281,326
Withdrawals and transfers	(54,703,201)	(35,799,702)
Other Credits	410,941	3,176,303
Balance as at December 31	131,019,510	125,565,735
Other deposits	21,346,304	20,162,282
	<u>152,365,814</u>	<u>145,728,017</u>

22. Payables and accruals

	2025	2024
	\$	\$
Payables	13,723,165	8,500,067
Accrued Interest	1,100,000	1,202,022
Deceased members	1,770,713	1,411,070
Staff vacation accrued	859,497	1,115,666
Non members' deposit	1,189,828	310,828
Credit card payable	862,124	791,933
	<u>19,505,327</u>	<u>13,331,586</u>

23. Permanent share capital

	2025	2024
	\$	\$
Amount subscribed	<u>6,225,804</u>	<u>6,020,804</u>

'Permanent shares' represents equity shares, and forms part of the capital of the Credit Union.

The permanent share capital of the Credit Union is unlimited and divided into shares of no par value. The minimum number of permanent shares that a member can subscribe to is three thousand dollars (\$3,000). No member may own more than 20% of the permanent share capital.

24. Statutory reserve

The statutory and legal reserves are maintained in accordance with the provisions of the Co-operative Societies Act which require that a minimum of 20% of net surplus be carried to a reserve fund. Upon application by a Registered Society, the Registrar may allow the required percentage to be reduced, but not below 10%. The transfer is calculated on net surplus net of change in the loan loss reserve.

P.W.D. Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2025

25. Retirement Benefit reserve

The retirement benefit reserve represents the pension surplus arising on the actual valuation, under IAS 19, of the pension scheme in which the Credit Union participates. Annual changes in the value of the scheme are shown in the profit or loss, and other comprehensive income then transferred to this reserve.

26. Revaluation reserve

Revaluation reserve represents the surplus arising on the revaluation of the Credit Union's furniture and fixtures, office equipment, computers and land and building (Note 13) and is reflected in the Statement of Equity.

27. Permanent share transfer fund

This represents amounts transferred to non-distributable reserve from net surplus to provide for the purpose of redeeming permanent shares.

28. Appropriations

Honoraria
Scholarship program
Transferred to Institutional capital reserve

2025	2024
\$	\$
500,000	-
150,000	-
22,431,586	1,687,591
23,081,586	1,687,591

29. Non-Institutional Capital

Scholarship Fund Reserve
Disaster Fund Reserve
Fun-Day Reserve
Permanent Shares Transfer Fund
Special Reserve
Superannuation Reserve
Property Development Reserve
QNET Shares Reserve
Retirement Benefit Reserve
Undistributed Surplus

2025	2024
\$	\$
76,566	181,567
325,000	325,000
171,065	171,065
982	54,983
1,424,851	1,424,851
5,876	5,876
-	5,293,614
147,865	147,865
6,118,000	8,234,871
9,257,074	39,459,845
17,527,279	55,299,537

P.W.D. Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2025

30. Going concern

Impending regulations by the Bank of Jamaica (BOJ) is expected to bring Credit Union Co-operatives Societies under the regulatory ambit of the Minister of Finance and the Public Service and the Bank of Jamaica later this year.

Accordingly, the proposed Credit Union Act contains the substantive prudential requirements to which credit unions will be subject once the regulatory regime comes into effect.

Accordingly, the Credit Union Act will cover, among other things, licensing, capital, reserves, prohibited business, remedial and intervention processes as well as defines the role of specially authorized credit unions.

It is anticipated that small credit unions such as PWD Co-operative Credit Union Limited could experience difficulties complying with capital adequacy and other requirements when the new regulations take effect.

The management of the PWD Co-operative Credit Union Limited is convinced that based on the anticipated Credit Union Act and the other stipulations of the Bank of Jamaica (BOJ), PWD Co-operative Credit Union Limited does not foresee any of the pending requirements causing the Credit Union to cease operation within the next twelve (12) months. The Credit Union will be hampered mainly by its size, to cope with the changes that will be required when the Credit Union movement comes under regulation by the BOJ. Some of the increased costs will be in the form of additional specialist personnel that will have to be employed to satisfy the compliance requirements of the new regulator. Other costs involved are technological costs to implement new systems that aid with compliance, disaster recovery and reporting etc.

Items such as data protection, transaction monitoring software and online banking have all been implemented or are being implemented over the last three (3) years. The company has stepped up the training of staff and volunteers in preparation of the new regulation. The credit union does not face a problem with its capital adequacy under the new regulations as its current institutional capital.

While remaining as a stand-alone Credit Union will evidently be at a higher operating cost under the new regulations, the widening of the bond for membership will drive new business and thereby the Credit Union will be able to cover the additional expenses.

The merger discussions with the other credit unions, did not materialized into forming the network Credit Union that was an option disclosed a year ago. The option is still available to share back office operations through the Credit Union League. That option will create efficiencies and thereby cost reductions.

P.W.D. Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2025

31. Volunteers and other related party balances

Related parties include directors, and senior executives, all of whom are referred to as key management personnel as well as Credit Unions closely connected to them and the pension scheme.

Related parties:

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 Related Party Disclosures as the "reporting entity").

- (a) A person or a close member of that person's family is related to the reporting entity if that person;
- Has control or joint control over the reporting entity;
 - Has significant influence over the reporting entity; or
 - Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) The Credit Union is related to the reporting entity if any of the following conditions applies:
- The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - Both Credit Unions are joint ventures of the same third party;
 - One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or the Credit Union related to the reporting entity;
 - The entity is controlled, or jointly controlled by a person identified in (A);
 - A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

- (c) At December 31, 2025, 19 (2024: 19) members of the Credit Union's Board of Directors and Committee members had savings of \$25,756,590 (2024: \$18,650,503) and loans including interest totaling \$32,036,899 (2024: \$34,699,057). Loan balances including interest due from members of staff totaled \$23,895,357 (2024: \$26,632,668). During the year, no director or committee member received any loan, which necessitated waiver of the loan policy. At December 31, 2025, all loans owing by directors, committee members and members of staff, with the exception of a director and a staff member, were being repaid in accordance with their loan agreement.

P.W.D. Co-operative Credit Union Limited

Notes to the Financial Statements

For the Year Ended December 31, 2025

31. Volunteers and other related party balances continued

(d) Compensation of key management personnel represents short-term employee benefit (note 32). Total remuneration is included in personnel expenses (note 10).

32. Insurance

a. Fidelity insurance coverage

During the year, the Credit Union had fidelity insurance coverage with British Caribbean Insurance Company. The total premium for the year was \$115,000 (2024: \$115,000).

b. Life savings and loan protection coverage

During the year, the Credit Union had life savings and loan protection coverage with Cuna Mutual Insurance Company Limited. The total premium for the year was \$4,376,276 (2024: \$3,971,340).

33. Key management compensation

Key management compensation is as follows:

	<u>2025</u>	<u>2024</u>
	<u>\$</u>	<u>\$</u>
Salaries, bonus and employee benefits (included in staff cost and project expense)	<u>8,900,000</u>	<u>8,948,661</u>

Key management personnel comprises the following positions:

- (a) General Manager
- (b) Accountant

34. Commitments and fair values

(a) At December 31, 2025, there were loan commitments to members totaling \$NIL (2024: \$NIL) for the Credit Union.

(b) At December 31, 2025, total capital commitments by the Credit Union amounted to \$NIL (2024: \$NIL).

35. Comparison of ledger balances

	<u>Voluntary shares</u>	<u>Permanent Shares</u>	<u>Loans</u>	<u>Deposits</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Personal ledger	343,766,755	6,225,804	496,455,000	152,365,814
General ledger	343,766,755	6,225,804	496,455,000	152,365,814
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>