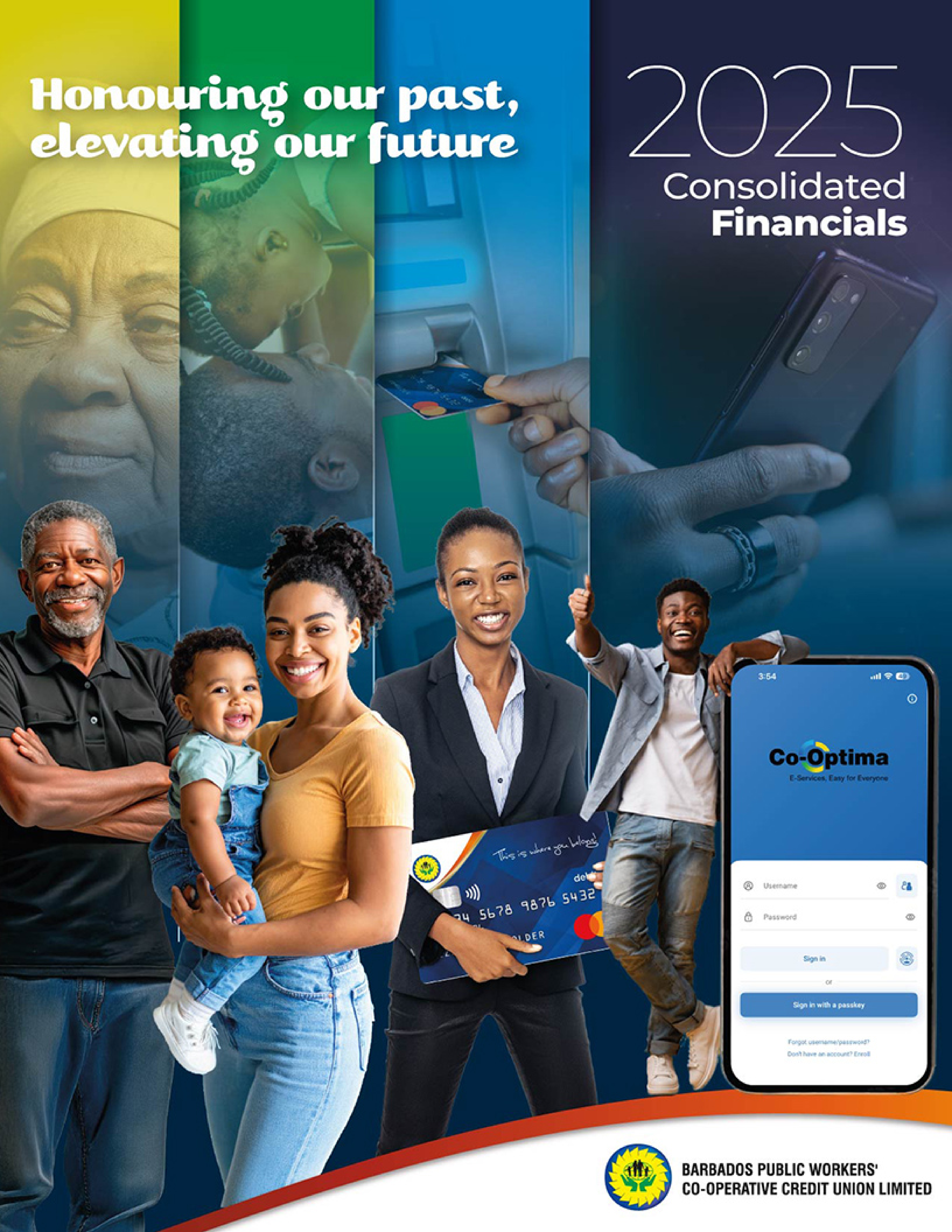
Honouring our past, elevating our future

2025 Consolidated Financials



BARBADOS PUBLIC WORKERS'
CO-OPERATIVE CREDIT UNION LIMITED

Barbados Public Workers' Co-operative Credit Union Limited

Consolidated Financial Statements
March 31, 2025
(expressed in Barbados dollars)

Barbados Public Workers' Co-operative Credit Union Limited
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Independent auditor's report

To the Members of Barbados Public Workers' Co-operative Credit Union Limited

Our opinion

Bridgetown, Barbados
XXXX

Barbados Public Workers' Co-operative Credit Union Limited

Consolidated Statement of Income

For the year ended March 31, 2025

(expressed in Barbados dollars)

	Notes	2025 $	2024 $
Interest income	3	**99,961,026**	101,450,924
Interest expense	3	**(22,851,933)**	(24,908,253)
Net interest income	3	**77,109,093**	76,542,671
Other income	4	**14,386,866**	14,723,993
Net interest and other income		**91,495,959**	91,266,664
Expected credit losses	6	**(821,718)**	(3,001,957)
Net operating income		**90,674,241**	88,264,707
Staff costs	5	**30,901,739**	27,675,664
Operating expenses	7	**46,625,425**	43,289,516
Depreciation	14	**5,953,416**	6,133,500
Total expenses		**83,480,580**	77,098,680
Net income before levies and taxation		**7,193,661**	11,166,027
Tax on assets	8	**(1,014,502)**	(960,000)
Net income before taxation		**6,179,159**	10,206,027
Taxation	9	**(160,720)**	(95,000)
Net income for the year		**6,018,439**	10,111,027

The accompanying notes form an integral part of these consolidated financial statements.

Barbados Public Workers' Co-operative Credit Union Limited

Consolidated Statement of Comprehensive Income

For the year ended March 31, 2025

(expressed in Barbados dollars)

	Notes	2025 $	2024 $
Net income for the year		**6,018,439**	10,111,027
Other comprehensive loss			
Items that will never be reclassified subsequently to profit or loss:			
Re-measurements of defined benefit asset	**15**	**(486,868)**	(322,416)
Net unrealized loss/gain on FVOCI equity investments	**22**	**(32,379)**	36,606
Other comprehensive loss		**(519,247)**	(285,810)
Total comprehensive income for the year		**5,499,192**	9,825,217

The accompanying notes form an integral part of these consolidated financial statements.

Barbados Public Workers' Co-operative Credit Union Limited
Consolidated Statement of Financial Position
As at March 31, 2025

(expressed in Barbados dollars)

	Notes	2025 $	2024 $
Assets			
Cash resources	11	**460,866,012**	424,387,613
Financial investments:			
- Amortised cost	12	**40,588,462**	38,231,138
- FVOCI	12	**4,129,015**	4,115,989
- FVTPL	12	**10,059,452**	10,059,452
Loans and advances	13	**1,378,436,569**	1,394,550,074
Property and equipment	14	**56,838,909**	55,746,814
Pension plan asset	15	**3,190,457**	3,250,103
Corporation tax recoverable		**340,163**	326,810
Other assets	16	**52,218,219**	30,272,253
Total Assets		**2,006,667,258**	1,960,940,246
Liabilities and Equity			
Liabilities			
Deposits	17	**1,750,586,136**	1,714,654,105
Loans payable	18	**–**	1,181,900
Reimbursable shares		**32,619,237**	27,361,694
Corporation tax payable		**279,697**	309,072
Asset tax payable		**206,677**	67,940
Deferred tax liability	9	**149,337**	137,637
Other liabilities	19	**24,219,364**	21,779,470
Total Liabilities		**1,808,060,448**	1,765,491,818
Equity			
Share capital	20	**13,985,580**	13,650,780
Statutory reserves	21	**168,667,919**	168,460,792
Other reserves	22	**14,867,135**	12,286,387
Retained earnings		**1,086,176**	1,050,469
Total Equity		**198,606,810**	195,448,428
Total Liabilities and Equity		**2,006,667,258**	1,960,940,246

The accompanying notes form an integral part of these consolidated financial statements.

Approved by the Board of Directors on **and signed on its behalf by:**

Mark Hope
President

R. Belgrave

Rochelle Belgrave
Treasurer

Barbados Public Workers' Co-operative Credit Union Limited

Consolidated Statement of Changes in Equity

For the year ended March 31, 2025

(expressed in Barbados dollars)

	Notes	Share capital $	Statutory reserves $	Other reserves $	Retained earnings $	Total $
At April 1, 2023		**13,334,160**	**164,132,924**	**11,719,820**	**(1,115,483)**	**188,071,421**
Net income for the year		–	–	–	10,111,027	10,111,027
Other comprehensive income		–	–	(285,810)	–	(285,810)
Issue of shares	**20**	431,580	–	–	–	431,580
Redemption of shares	**20**	(114,960)	–	–	–	(114,960)
Transfer to statutory reserves	**21**	–	4,309,973	–	(4,309,973)	–
Entrance fees	**21**	–	17,895	–	–	17,895
Transfer to special reserves	**22**	–	–	1,040,140	(1,040,140)	–
Special reserves released to retained earnings	**22**	–	–	(1,157,692)	1,157,692	–
Reserve for interest on non-performing loans	**22**	–	–	969,929	(969,929)	–
Distributions to members	**10**	–	–	–	(2,782,725)	(2,782,725)
At March 31, 2024		**13,650,780**	**168,460,792**	**12,286,387**	**1,050,469**	**195,448,428**
Net income for the year		**–**	**–**	**–**	**6,018,439**	**6,018,439**
Other comprehensive income		**–**	**–**	**(519,247)**	**–**	**(519,247)**
Issue of shares	**20**	**467,520**	**–**	**–**	**–**	**467,520**
Redemption of shares	**20**	**(132,720)**	**–**	**–**	**–**	**(132,720)**
Transfer to statutory reserves	**21**	**–**	**190,097**	**–**	**(190,097)**	**–**
Entrance fees	**21**	**–**	**17,030**	**–**	**–**	**17,030**
Transfer to special reserves	**22**	**–**	**–**	**1,022,257**	**(1,022,257)**	**–**
Special reserves released to retained earnings	**22**	**–**	**–**	**(824,375)**	**824,375**	**–**
Reserve for interest on non-performing loans	**22**	**–**	**–**	**2,902,113**	**(2,902,113)**	**–**
Distributions to members	**10**	**–**	**–**	**–**	**(2,692,640)**	**(2,692,640)**
At March 31, 2025		**13,985,580**	**168,667,919**	**14,867,135**	**1,086,176**	**198,606,810**

The accompanying notes form an integral part of these consolidated financial statements.

Barbados Public Workers' Co-operative Credit Union Limited

Consolidated Statement of Cash Flows

For the year ended March 31, 2025

(expressed in Barbados dollars)

	Notes	2025 $	2024 $
Cash flows from operating activities			
Net income before taxation		**6,179,159**	10,206,027
Adjustments for:			
Depreciation	**14**	**5,953,416**	6,133,500
Expected credit losses	**6**	**821,718**	3,001,957
Gain on disposal of property and equipment		**(282,736)**	(471,302)
Interest income	**3**	**(99,961,026)**	(101,450,924)
Interest expense	**3**	**22,851,933**	24,908,253
Dividend income	**4**	**(49,090)**	(149,685)
Pension expense	**15**	**483,073**	395,770
Tax on assets	**8**	**1,014,502**	960,000
		(62,989,051)	(56,466,404)
Changes in operating assets and liabilities			
Increase in mandatory reserve deposits with Central Bank		**-**	(9,020)
Decrease in loans and advances		**18,405,219**	29,225,688
Increase in other assets		**(22,373,189)**	(4,428,437)
Increase in deposits		**36,224,913**	5,063,574
Increase in reimbursable shares		**5,257,543**	4,635,858
Increase in other liabilities		**4,121,196**	2,656,321
Net cash used in operations		**(21,353,369)**	(19,322,420)
Interest received		**97,384,494**	100,088,348
Interest paid		**(23,144,815)**	(27,500,308)
Pension contributions paid	**15**	**(910,296)**	(852,615)
Levies paid		**(1,043,877)**	(1,017,595)
Income taxes paid		**(23,636)**	(7,424)
Net cash from operating activities		**50,908,501**	51,387,986
Cash flows from investing activities			
Purchase of investments		**(9,123,423)**	(23,982,048)
Redemption of term deposits		**1,858,127**	3,410,071
Purchase of property and equipment	**14**	**(7,331,612)**	(4,931,882)
Proceeds from sale of property and equipment		**568,837**	1,575,991
Dividends received		**49,090**	149,685
Net cash used in investing activities		**(13,978,981)**	(23,778,183)
Carried forward		**36,929,520**	27,609,803

Barbados Public Workers' Co-operative Credit Union Limited

Consolidated Statement of Cash Flows …*continued*

For the year ended March 31, 2025

(expressed in Barbados dollars)

	Notes	2025 $	2024 $
Brought forward		**36,929,520**	27,609,803
Cash flows from financing activities			
Repayment of loans payable		**(1,181,900)**	(50,584)
Principal portion of lease liability		**(1,260,037)**	(1,623,098)
Entrance fees received	**21**	**17,030**	17,895
Issue of shares	**20**	**467,520**	431,580
Redemption of shares	**20**	**(132,720)**	(114,960)
Distributions to members	**10**	**(2,692,640)**	(2,782,725)
Net cash used in financing activities		**(4,782,747)**	(4,121,892)
Net increase in cash and cash equivalents		**32,146,773**	23,487,911
Cash and cash equivalents, beginning of year		**395,427,726**	371,939,815
Cash and cash equivalents, end of year	**11**	**427,574,499**	395,427,726

The accompanying notes form an integral part of these consolidated financial statements.

(expressed in Barbados dollars)

1 Corporate Information

Barbados Public Workers' Co-operative Credit Union Limited and its subsidiaries ("the Group") are registered under the relevant financial, co-operative and corporate legislations within the countries in which they operate.

The parent company, Barbados Public Workers' Co-operative Credit Union Limited ("the Credit Union") is a company incorporated and domiciled in Barbados with its registered office at Olive Trotman House, Keith Bourne Complex, Belmont Road, St. Michael.

On March 23, 2010, the Group incorporated a 100% owned subsidiary, BPW Financial Holdings Inc. ("BPWFHI"), the principal activity of which is to hold the capital investments of the Group.

On August 27, 2010, BPW Financial Holdings Inc. obtained 100% control over Clico Mortgage & Finance Corporation now renamed Capita Financial Services Inc. ("CAPITA FSI").

On September 11, 2015, Capita Financial Services Inc. incorporated a 100% owned subsidiary, Capita Insurance Brokers Inc., the principal activity of which is provision of insurance broker services.

On June 22, 2007 the Group incorporated a 100% owned subsidiary, Allied Co-Operators Inc. ("ACI"), the principal activity is the provision of audit and compliance services.

The Group provides savings products, credit facilities, lease financing, brokerage services and serves as a general and life insurance agent to its customer base. The Group's operations span across Barbados and St. Lucia.

The amendment of the financial statements is subject to the approval of the Credit Union's Board of Directors.

2 Accounting Policies

a) Basis of preparation

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

These consolidated financial statements have been prepared on a historical cost basis, except for the following items in the consolidated statement of financial position:

- Equity investments measured at fair value through other comprehensive income (FVOCI).
- Net defined benefit asset, which is measured at the fair value of plan assets less the present value of the defined benefit obligation.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Credit Union and its subsidiaries, disclosed in Note 1, after elimination of intercompany transactions, balances, revenues and expenses. The financial statements of the subsidiaries are prepared for the same reporting year end as the Credit Union, using consistent accounting policies.

(expressed in Barbados dollars)

2 Accounting Policies *...continued*

a) Basis of preparation *...continued*

Basis of consolidation *...continued*
Business combinations
The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

Subsidiaries
'Subsidiaries' are entities controlled by the Group. The Group 'controls' an entity if it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it has control if there are changes to one or more of the elements of control. This includes circumstances in which protective rights held (e.g. those resulting from a lending relationship) become substantive and lead to the Group having power over an investee.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests (NCI)
NCI's are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(expressed in Barbados dollars)

2 Accounting Policies *...continued*

a) Basis of preparation *...continued*

Basis of consolidation *...continued*

Loss of control
When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

The financial statements were authorised for issue by the Board of Directors on June 19, 2025.

b) New standards, amendments and interpretations mandatory for the first time for the financial year

No new standards, amendments to standards and interpretations became effective during the current period which had a significant effect on the Group's consolidated financial statements.

c) New standards and interpretations in issue but not yet effective

No new standards or amendments to standards that are not yet effective and have not been early adopted by the Group are expected to have a significant impact on the Group's consolidated financial statements in the year of adoption.

(expressed in Barbados dollars)

2 Accounting Policies *...continued*

d) Financial instruments

Recognition, initial measurement and derecognition
Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value plus, for an item not at Fair Value Through Profit & Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. Subsequent measurement of financial assets and financial liabilities is described below.

Derecognition
Financial assets
The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in Other Comprehensive Income (OCI) is recognised in profit or loss.

Any cumulative gain or loss recognised in OCI in respect of equity investment securities designated as Fair Value Through Other Comprehensive Income (FVOCI) is not recognised in profit or loss on derecognition of such securities but transferred to retained earnings.

The Group enters into transactions whereby it transfers assets recognised in its consolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

In certain transactions, the Group retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria.

Financial liabilities
The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(expressed in Barbados dollars)

2 Accounting Policies *...continued*

d) Financial instruments *...continued*

Non-derivative financial assets - Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

Financial assets are measured at initial recognition at fair value and are classified and subsequently measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at initial recognition at fair value and is classified and subsequently measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. All other equity investments are classified as measured at FVTPL. In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

(expressed in Barbados dollars)

2 Accounting Policies *...continued*

d) Financial instruments *...continued*

Non-derivative financial assets - Classification and subsequent measurement *...continued*

Business model assessment *...continued*

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI)

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets; and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

Applicability to the Group
The Group classifies its financial assets into one of the following categories:

- Amortised cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit and loss (FVTPL)

Financial assets measured at amortised cost
The Group's non-derivative financial assets measured at amortised cost comprise cash and cash equivalents, term deposits, sovereign debt securities, loans and advances, and other assets. The Group measures these assets at amortised cost as its business model is to hold them to collect contractual cash flows. Its contractual terms also gives rise to the receipt of principal and interest on specified dates. These financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing these financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

(expressed in Barbados dollars)

2 Accounting Policies *...continued*

d) Financial instruments *...continued*

Non-derivative financial assets - Classification and subsequent measurement *...continued*

Applicability to the Group *...continued*

Financial assets measured at FVOCI
The Group's non-derivative financial assets measured at FVOCI comprise equity securities. The Group measures these assets at FVOCI as these equity investments are not held for trading and the Group has irrevocably elected to present subsequent changes in the investments' fair value in OCI. These assets are measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Reclassifications
Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

Non-derivative financial liabilities - Classification and subsequent measurement
Financial liabilities other than loan commitments are classified and measured at amortised cost. Financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. These financial liabilities comprise deposits, loans payable, reimbursable shares and other liabilities.

Expected credit losses and impairment

The Group utilises a forward-looking expected credit loss model to recognise loss allowances on its financial assets measured at amortised cost and loan commitments issued. At each reporting date, the Group measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses, if the credit risk on the financial asset has increased significantly since initial recognition (Stage 2) or if there is objective evidence of impairment (Stage 3). If at the reporting date, the credit risk on the financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for the financial asset an amount equal to twelve month expected credit losses (Stage 1). Stage 1 financial assets also include facilities where the credit risk has improved, and the financial asset has been reclassified from Stage 2.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

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

No impairment loss is recognized on equity investments.

(expressed in Barbados dollars)

2 Accounting Policies *...continued*

d) Financial instruments *...continued*

Non-derivative financial assets - Classification and subsequent measurement *...continued*

Expected credit losses and impairment *...continued*

Significant increase in credit risk
When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers both quantitative and qualitative information and analysis based on the Group's historical experience and credit risk assessment.

The determination of whether there has been a significant increase in credit risk is critical to the staging process. Factors to consider include:

- Changes in market or general economic conditions;
- Expectation of potential breaches;
- Expected delays in payment;
- Deterioration in credit ratings; or
- Significant changes in operating results or financial position of the borrower.

The Group uses three criteria for determining whether there has been a significant increase in credit risk:

- a quantitative test based on movement in PD;
- qualitative indicators; and
- a backstop of 30 days past due

The Group considers that significant increase in credit risk occurs for financial investments when investments with investment grade rating at acquisition moves to a non-investment grade but above a default grade. For debt investments with a non-investment grade at acquisition, a significant increase in credit risk occurs when there is an unfavorable movement in the ratings relative to the rating at initial recognition, including movement to a lower end of non-investment grade.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the provision for doubtful debts reverts from lifetime ECL to 12-months.

(expressed in Barbados dollars)

2 Accounting Policies *...continued*

d) Financial instruments *...continued*

Non-derivative financial assets - Classification and subsequent measurement *...continued*

Expected credit losses and impairment *...continued*

Credit impaired financial assets
A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer
- A breach of contract such as default or past due event
- The restructuring of a loan or advance by the Group on terms that the Group would not otherwise consider
- The disappearance of an active market for a security because of financial difficulties

A loan that has been renegotiated due to the deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a loan that is overdue for 90 days or more is considered credit-impaired.

Credit impaired financial assets
The Group considers the following when assessing whether sovereign debt is credit-impaired:

- The market's assessment of credit worthiness as reflected in the bond yields
- The rating agencies' assessment of creditworthiness
- The country's ability to access the capital markets for new debt issuance
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.

Measurement of ECL
ECLs are a probability-weighted estimate of credit losses. They are measured as follows:

- *Financial assets that are not credit-impaired at the reporting date*: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- *Financial assets that are credit-impaired at the reporting date:* as the difference between the gross carrying amount and the present value of estimated future cash flows; and
- *Undrawn loan commitments:* as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive.

(expressed in Barbados dollars)

2 Accounting Policies *...continued*

d) Financial instruments *...continued*

Expected credit losses and impairment *...continued*

Measurement of ECL *...continued*

The inputs used to estimate the expected credit losses are as follows:

- PD - The probability of default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the remaining estimated life, if the facility has not been previously derecognized and is still in the portfolio.
- EAD - The exposure at default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- LGD - The loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.
- Forward looking information - The standard requires the incorporation of forward-looking information in the estimation of expected credit losses for each stage and the assessment of significant increases in credit risk consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information requires significant judgement.
- Discount rate - The standard requires the ECL to be discounted using the effective interest rate (EIR).

The above parameters are modelled and estimated independently and combined to obtain the ECL.

Presentation of ECL
The ECL allowance associated with financial assets measured at amortised cost are presented in the consolidated statement of financial position as a deduction from the gross carrying amount of the assets.

For loan commitments, generally a provision is recognized. In the event the financial instruments includes both a drawn and undrawn component, and the Group cannot identify the ECL on the loan commitment separately from the drawn component, the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

(expressed in Barbados dollars)

2 Accounting Policies *...continued*

d) Financial instruments *...continued*

Expected credit losses and impairment *...continued*

Restructured financial assets
If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognized and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.

- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

In assessing whether the modified terms are "substantially" different from the original terms, the following factors are considered:

- Introduction of significant new terms
- Significant change in loan's interest rate
- Significant extension in loan's term
- Significant change in credit risk from inclusion of collateral or other credit enhancements.

Expected life
For instruments in Stage 2 or Stage 3, loss allowances reflect expected credit losses over the expected remaining lifetime of the instrument. For most instruments, the expected life is limited to the remaining contractual life. For certain revolving facilities such as lines of credit, the expected credit life is estimated based on the period over which the Group's exposure to credit losses is not mitigated by normal credit risk management actions.

Write-off
Loans and debt securities are written off when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have the assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in impairment losses on financial instruments in profit or loss. Financial assets that are written off are still subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(expressed in Barbados dollars)

2 Accounting Policies *...continued*

d) Financial instruments *...continued*

Expected credit losses and impairment *...continued*

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to offset the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Modifications of financial assets and liabilities

Financial assets

If the terms of a financial asset are modified, then the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognized at fair value plus any eligible transaction costs.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximize recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Group plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Group first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognizes the resulting adjustment as a modification gain or loss in profit or loss.

Financial liabilities

The Group derecognises a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss.

(expressed in Barbados dollars)

2 Accounting Policies *...continued*

e) Significant accounting judgments, estimates and assumptions

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts reported in the consolidated financial statements and accompanying notes. Actual amounts may differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The estimates and judgments that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

Measurement of fair values
A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values.

This includes the services of a professional valuation team that has overall responsibility for overseeing all significant fair value measurements, including investment fair values. This team reports directly to the Group's Chief Financial Officer. They also review market estimates where assets and liabilities are traded in active markets.

Significant valuation issues are reported to the Finance, Investment and Asset Management Committee (FIAMC) which has oversight of the Group's investment policy. This Committee meets monthly to review any challenges as it relates to the carrying value of the Group's assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as disclosed in Note 26.

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The Group recognises its sovereign debt securities issued by the Barbados Government as purchased or originated credit impaired (POCI) assets, and are valued as disclosed in Note 25.

(expressed in Barbados dollars)

2 Accounting Policies *...continued*

e) Significant accounting judgments, estimates and assumptions *...continued*

The Group regularly reviews the appropriateness of the inputs to its fair values. As a result, and as part of the process to determine fair values of financial instruments the Group applies a level of judgment which is reflective of the current economic conditions and that estimated for the next twelve months with the objective of determining the fair value that is most applicable to those financial instruments

Impairment of non-derivative financial assets
The measurement of the expected credit loss allowance for financial assets measured at amortised cost 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 members defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is detailed in note 2(d).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- The Group's criteria for determining if there has been a significant increase in credit risk and hence whether impairment allowances for financial assets should be measured on a lifetime expected credit loss (ECL) basis
- Choosing appropriate models and assumptions for the measurement of expected credit losses, including post model adjustments
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment rates, collateral values, inflation and GDP levels, and their effect on PDs, EADs and LGDs.
- Establishing the number and relative weightings of forward-looking macroeconomic scenarios for each type of product or market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

In determining ECL, management judgement is applied, using objective, reasonable and supportable information about current and forecast economic conditions.

When determining whether the risk of default has increased significantly since initial recognition, both quantitative and qualitative information is considered, including expert credit assessment, forward looking information and analysis based on the Group's historical loss experience.

(expressed in Barbados dollars)

2 Accounting Policies *...continued*

e) Significant accounting judgments, estimates and assumptions *...continued*

Impairment of non-derivative financial assets *...continued*

Incorporation of forward-looking information
The Group formulated three economic scenarios: a base case, which is the central scenario, developed internally based on consensus forecasts, and two less likely scenarios, one upside and one downside scenario. The central scenario is aligned with information used by the Group for other purposes such as strategic planning and budgeting. External information considered includes economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Group operates, international organisations such as the International Monetary Fund, and selected private-sector forecasts.

The scenario probability weightings applied in measuring ECL are as follows:

2025
March 31

	Upside	Central	Downside
Scenario probability weighting	**20%**	**50%**	**30%**

2024
March 31

	Upside	Central	Downside
Scenario probability weighting	20%	50%	30%

Macro-economic variables used in these scenarios include (but are not limited to), unemployment rates, GDP growth rates, inflation rates and price indices. Forward looking macro-economic information and assumptions have been considered in these scenarios, including potential impacts of anticipated government policies and regulatory actions.

Periodically, the Group carries out stress testing of more extreme shocks to calibrate its determination of the upside and downside representative scenarios.

Impairment of non-financial assets
Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal is based on available data from binding sales transactions, conducted at arm's length for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the future cash inflows.

(expressed in Barbados dollars)

2 Accounting Policies *...continued*

e) Significant accounting judgments, estimates and assumptions *...continued*

Pension obligations
The cost of the defined benefit pension plan is determined using an actuarial valuation. Accounting for employee pension obligations requires the use of actuarial techniques to make a reliable estimate of the amount of benefit that employees have earned in return for their services in the current and prior period.

The actuarial assumptions are based on management's best estimates of the variables that will determine the ultimate cost of providing post-employment benefits. Variations in these assumptions could cause material adjustments in future years, if it is determined that the actual experience differed from the estimate.

f) Foreign currency

Functional and presentation currency
The consolidated financial statements are presented in Barbados dollars which is the functional currency of the Group. All financial information has been rounded to the nearest dollar.

Foreign currency transactions and balances
Monetary assets and liabilities denominated in foreign currencies are translated into Barbados dollars at the rates of exchange ruling at the consolidated statement of financial position date. Transactions arising during the year denominated in foreign currencies are translated into Barbados dollars and recorded at the rates of exchange prevailing on the dates of the transactions. Differences arising from fluctuations in exchange rates are included in the consolidated statement of income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on non-monetary items, such as equities classified as FVOCI investments, are recognised in other comprehensive income.

g) Cash resources

i) Cash and cash equivalents are short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risks of change in value. These are shown at cost, which is equivalent to fair value. Cash and cash equivalents also comprise cash balances which are payable on demand and deposits with maturities of three months or less from the date of acquisition. Bank overdrafts are disclosed as current liabilities.

ii) Term deposits are liquid investments which have original maturity dates in excess of 90 days, but which are available on demand with or without penalty.

(expressed in Barbados dollars)

2 Accounting Policies *...continued*

h) Property and equipment

Property and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are included in the consolidated statement of income during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and these are included in the consolidated statement of income. The assets' residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date.

Items of property and equipment are depreciated from the date they are available for use. Depreciation is recognised in the consolidated statement of income on the straight-line basis, at rates designed to write off the cost of the assets over the periods of their estimated useful lives. Land is not depreciated.

The following annual rates apply:

Buildings	2.00% - 4.00%
Motor vehicles	20.00%
Furniture and equipment	10.00% - 33.33%
Leasehold improvements	10.00% - 33.33%

i) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into (or changed) on or after April 1, 2019.

<u>Group acting as a lessee</u>
At commencement or on modification of a contract that contains a lease component, the Group allocates consideration in the contract to each lease component on the basis of its relative stand- alone price.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

(expressed in Barbados dollars)

2 Accounting Policies *...continued*

i) Leases *...continued*

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by analysing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:
- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Group presents right-of-use assets in property and equipment and lease liabilities in other liabilities in the consolidated statement of financial position.

Short-term leases and leases of low-value assets
The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including leases of IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor
The Group has finance leases for commercial vehicles, theses finance leases are capitalized at amoritized cost in the Group's consolidated statement of financial position.

Leased assets
For assets leased out under finance leases, the present value of the lease payments at the start of the lease is recognised as a receivable and is included in loans and advances. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the effective interest method (which reflects a constant periodic rate of return).

(expressed in Barbados dollars)

2 Accounting Policies *...continued*

i) Leases *...continued*

Leased assets *...continued*
For assets leased out under operating leases, the total payments received are included as other operating income in the consolidated statement of income on the straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made by the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

j) Reimbursable shares

Reimbursable shares represent amounts due to the estates of deceased members.

k) Deposits

Members' deposits are initially measured at fair value, net of any transaction costs directly attributable to the issuance of the instrument. Members' deposits are subsequently measured at amortised cost using the effective interest rate method.

l) Other liabilities

Liabilities for trade creditors and other payables are classified as other financial liabilities and initially measured at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortised cost using the effective interest rate method.

m) Share capital

Members' shares are classified as other financial liabilities under the IAS 32, *Financial Instruments: Disclosure and Presentation* and are measured at par value.

Dividends are paid on an annual basis at rates that are determined at the Annual General meeting of members. Dividends are calculated based on the monthly minimum share balance of each active member of the Group and distributed via credits to members' deposits.

(expressed in Barbados dollars)

2 Accounting Policies *...continued*

n) Recognition of income and expenses

Revenue is recognised on an accrual basis to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue and expense are recognised:

Interest income and expense
Effective interest rate
Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts 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 Group estimates future cash flows considering all contractual terms of the financial instrument, but not ECL. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL.

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

Amortised cost and gross carrying amount
The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance. The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

Calculation of interest income and expense
The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating-rate instruments to reflect movements in market rates of interest.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(expressed in Barbados dollars)

2 Accounting Policies *...continued*

n) Recognition of income and expenses *...continued*

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 interest income does not revert to a gross basis, even if the credit risk of the asset improves.

For information on when financial assets are credit-impaired, see Note 2(d).

Presentation
Interest income calculated using the effective interest method presented in the consolidated statement of income and consolidated statement of comprehensive income includes:

- interest on financial assets measured at amortised cost

Interest expense presented in the consolidated statement of income includes:

- financial liabilities measured at amortised cost; and
- interest expense on lease liabilities.

Fees and commission income
Fees and commission income are generally recognised on an accrual basis when the service has been provided.

The Group offers to its membership certain value-added services for which a fee or commission is derived either directly from the member or by way of the specific nature of the transaction via a third party provider. Those which are member specific are currently limited to legal fees, administrative charges for withdrawals relative to the management of their RRSP and recoveries relative to loans previously charged off.

The Group provides an international MasterCard debit card to its membership from which income is earned on a transactional basis from the MasterCard proportionate to the spend on each transaction.

Dividend income
Dividend income relates to amounts earned on shares held within corporate entities. Dividends are recognised when the right to receive the dividend is established.

o) Taxation

A subsidiary is subject to income taxes in both Barbados and St. Lucia.

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

(expressed in Barbados dollars)

2 Accounting Policies *...continued*

o) Taxation *...continued*

Current tax
Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the consolidated financial statements. The calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period in Barbados and St. Lucia.

Deferred tax
Deferred income taxes are calculated on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided those rates are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the entity's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax assets and liabilities are offset only when the entity has a right and intention to offset current tax assets and liabilities from the same taxation authority.

p) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of Cash Generating Unit (CGUs) that are expected to benefit from the synergies of the combination. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

(expressed in Barbados dollars)

2 Accounting Policies *...continued*

p) Impairment of non-financial assets *...continued*

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

The Group's corporate assets do not generate separate cash inflows and are used by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGUs to which the corporate assets are allocated.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

q) Intangible assets and goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Intangible assets are recognised only when their cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the acquirer.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of income.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of income when the asset is derecognised.

r) Loan commitments

'Loan commitments' are firm commitments to provide credit under pre-specified terms and conditions.

Loan commitments issued are measured at the sum of (i) the loss allowance determined in accordance with IFRS 9 and (ii) the amount of any fees received, less, if the commitment is unlikely to result in a specific lending arrangement, the cumulative amount of income recognised. Derecognition policies for financial assets (see Note 2d) are applied to loan commitments issued and held.

Liabilities arising from loan commitments are included within "other liabilities" on the consolidated statement of financial position.

(expressed in Barbados dollars)

2 Accounting Policies *...continued*

s) Provisions, contingent assets and contingent liabilities

Provisions for legal disputes or other claims are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are not recognised for future operating losses. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group is virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised. Such situations are disclosed as contingent liabilities unless the outflow of resource is remote.

3 Net Interest Income

	2025 $	2024 $
Interest income		
Loans and advances	**96,221,307**	97,819,544
Financial investments	**3,407,078**	3,122,322
Cash resources	**332,641**	509,058
	99,961,026	101,450,924
Interest expense		
Deposits	**22,070,601**	24,329,288
Lease liability	**540,544**	340,226
Loans payable	**240,788**	238,739
	22,851,933	24,908,253
Net interest income	**77,109,093**	76,542,671

(expressed in Barbados dollars)

4 Other Income

	2025 $	2024 $
Fee income	**7,861,718**	9,042,992
Legal income	**1,283,674**	846,474
Rental income	**129,947**	183,418
Bad debt recoveries	**1,853,422**	1,226,449
Insurance agency commissions	**1,626,846**	1,552,065
Dividend income	**49,090**	149,685
Gain on disposal of property and equipment	**282,736**	471,302
Lease income	**1,299,433**	1,251,608
	14,386,866	14,723,993

5 Staff Costs

	Note	2025 $	2024 $
Salaries		**26,431,780**	22,884,201
National insurance scheme contributions		**2,227,510**	2,091,657
Pension plan - defined contribution plan		**75,285**	58,759
Pension plan - defined benefit plan	**15**	**483,073**	395,770
Other costs		**1,684,091**	2,245,277
		30,901,739	27,675,664

6 Expected Credit Losses

	Notes	2025 $	2024 $
Loans and advances	**13**	**312,867**	2,913,994
Undrawn loan commitments	**24**	**(27,135)**	(49,503)
Accounts Receivable	**16**	**485,761**	–
Financial investments	**12**	**41,913**	129,056
Term deposits	**11**	**8,312**	8,410
		821,718	3,001,957

(expressed in Barbados dollars)

7 Operating Expenses

	2025 $	2024 $
Anniversary expenses	**261,242**	166,747
Advertising	**674,160**	559,572
Affiliation	**100,000**	100,000
Audit fees	**1,286,747**	1,818,448
Accounts receivable written off	–	15,441
Bank charges	**634,316**	1,010,076
Committee travelling allowances	**183,327**	447,047
Development expenses	**85,000**	157,333
Direct cost of services	**10,766,926**	8,396,078
Education grant and scholarship expenses	**265,425**	213,750
Elected Officials and Committee Training	**294,932**	342,040
Entertaining	**10,516**	18,724
Insurance	**849,492**	719,064
Janitorial services	**1,050,536**	1,025,100
Legacy Foundation - Donations	**300,000**	500,000
Legal and professional fees	**2,706,452**	3,262,215
Meetings and conferences	**1,361,526**	1,028,589
Membership security	**5,586,082**	5,818,959
Sundry expenses	**90,644**	56,258
National development expenses	**60,000**	60,000
Office stationery and supplies	**1,228,222**	932,454
Postage	**60,062**	130,716
Property taxes	**437,501**	342,753
Publicity and promotion	**4,392,560**	2,775,561
Regulatory licences	**930,121**	1,072,332
Rent	**1,093,189**	683,492
Repairs and maintenance	**7,589,820**	6,719,789
Security services	**1,960,680**	2,279,868
Social outreach expenses	**114,788**	232,444
Staff and members' training	**420,809**	519,957
Utilities	**1,830,350**	1,884,709
	46,625,425	43,289,516

The Group engaged PricewaterhouseCoopers SRL as its external auditor for the fiscal years ended 2025 and 2024. The audit fees for 2025 amounted to $1,286,747 (2024 - $1,818,448). These fees include the aggregate costs incurred for the audit of the Group's annual consolidated financial statements as well as the audit of subsidiaries of the Group.

No fees related to non-audit services were incurred for the year (2024 - $82,626).

(expressed in Barbados dollars)

8 Tax on Assets

The Group's subsidiary CAPITA Financial Services Inc, being a deposit-taking licensee, is required to pay tax on its assets effective from June 1, 2016 for entities licensed under Section 22 of the Financial Institutions Act, Cap 324A. The Act states that a deposit taking licensee with total gross assets of $40 million or more and accepts deposits from third parties, shall pay by the 15th of the sixth (6th) month after each assessment quarter, a levy of 0.20% per annum on the average domestic assets of the deposit taking licensee. In the financial year 2017, the levy was increased to 0.35%. Tax on assets expense incurred by the Group for the financial year ended March 31, 2025 amounted to $1,014,502 (2024 - $960,000).

9 Taxation

Taxation comprised the following:

	2025 $	2024 $
Current tax expense	**159,726**	46,536
Over provision of prior year current tax	**–**	(4,732)
Deferred tax charge	**994**	53,196
Tax expense	**160,720**	95,000

The tax on the Group's profit before taxation differs from the theoretical amount that would arise using the statutory rate of corporation tax as follows:

	2025 $	2024 $
Net income before taxation	**6,179,159**	10,206,027
Taxation at the applicable rates on income subject to tax 4.72% - 9% (2024 - 4.72% - 7.85%)	**112,393**	76,970
Income not subject to tax	**(1,138)**	(2,720)
Change in tax rate	–	54,037
Effect of different tax rates	–	748
Deferred tax asset not recognized	**112,114**	70,049
Items not deductible for tax purposes	–	(90,213)
Tax loss not recognized	**(47,134)**	(9,139)
Prior years (under)/over provision of taxes	**(15,515)**	(4,732)
Tax expense	**160,720**	95,000

(expressed in Barbados dollars)

9 Taxation *...continued*

Deferred taxation

The movement of deferred tax liability is as follows:

	2025 $	2024 $
Beginning of the year	**137,637**	36,175
Deferred tax charge	**11,700**	101,462
End of year	**149,337**	137,637

The accumulated losses for tax purposes which may be carried forward and set off against future taxable income are as follows:

CAPITA Financial Services Inc. St. Lucia

Year of loss	Losses b/fwd $	Incurred $	Utilised $	Expired $	Losses c/fwd $	Expiry date
2019	51,144	–	–	–	51,144	2025
2020	110,883	–	–	–	110,883	2026
2021	228,076	–	–	–	228,076	2027
2022	313,935	–	–	–	313,935	2028
2023	255,246	–	–	–	255,246	2029
2024	234,830	–	–	–	234,830	2030
2025	–	291,304	–	–	291,304	2031
	1,194,114	**291,304**	–	–	**1,485,418**	

(expressed in Barbados dollars)

9 Taxation *...continued*

Deferred taxation

BPW Financial Holdings Inc.

Year of loss	Losses b/fwd $	Incurred $	Utilised $	Expired $	Losses c/fwd $	Expiry date
2018	157,403	–	–	(157,403)	–	2025
2019	160,171	–	–	–	160,171	2026
2020	156,602	–	–	–	156,602	2027
2021	136,987	–	–	–	136,987	2028
2022	119,942	–	–	–	119,942	2029
2023	249,480	–	–	–	249,480	2030
2024	49,109	–	–	–	49,109	2031
2025	–	57,384	–	–	57,384	2032
	1,029,694	**57,384**	–	**(157,403)**	**929,675**	

Deferred taxation

These losses are as computed by the subsidiaries in its corporation tax returns and have as yet neither been confirmed nor disputed by the tax authorities.

10 Distributions to Members

Distributions to members include a dividend of $0.242 (2024: $0.247) per share amounting to $669,920 (2024: $648,454) and interest rebate amounting to $2,022,720 (2024: $2,134,271).

(expressed in Barbados dollars)

11 Cash Resources

	2025 $	2024 $
Cash on hand	**427,574,499**	395,427,726
Cash and cash equivalents	**427,574,499**	395,427,726
Term deposits	**24,631,759**	20,291,821
Mandatory reserve deposits with Central Bank of Barbados	**8,748,701**	8,748,701
Total cash resources	**460,954,959**	424,468,248
Less: expected credit loss allowance	**(88,947)**	(80,635)
Balance at end of year	**460,866,012**	424,387,613

The average effective yield on cash resources during the year was 0.08% (2024 - 0.46%).

The movement in expected credit loss allowance is as follows:

	2025 $	2024 $
Balance at beginning of year	**80,635**	72,225
Expected credit loss on other term deposits	**8,312**	8,410
Balance at end of year	**88,947**	80,635

At March 31, 2025, $88,947 (2024 - $80,635) of the expected credit losses relates to term deposits classified as stage 1.

Mandatory reserve deposits with the Central Bank are non-interest bearing and represent a CAPITA Financial Services Inc.'s regulatory requirement to maintain a percentage of deposit liabilities as cash or deposits with the Central Bank. These non-interest bearing funds are not available to finance day-to-day operations and as such, are excluded from cash resources to arrive at cash and cash equivalents for the purpose of the consolidated statement of cash flows.

At March 31, 2025, cash resources with the exception of mandatory reserve deposits with Central Bank of Barbados carry interest rates varying from 0.0% to 4.5%per annum (2024 - 0.0% to 4.5%).

(expressed in Barbados dollars)

12 Financial Investments

	2025 $	2024 $
Debt securities:		
Amortised cost		
Sovereign bonds	**40,462,038**	38,206,850
Interest receivable	**300,540**	156,491
Gross debt securities	**40,762,578**	38,363,341
Less: expected credit loss allowance	**(174,116)**	(132,203)
Total debt securities	**40,588,462**	38,231,138
Equities securities:		
FVOCI		
Corporate equity - quoted	**1,363,235**	1,203,436
Corporate equity - unquoted	**2,765,780**	2,912,553
Total equity securities	**4,129,015**	4,115,989
FVTPL		
Preferred shares	**10,000,000**	10,000,000
Interest receivable	**59,452**	59,452
Total equity securities	**10,059,452**	10,059,452
Total financial investments	**52,776,929**	52,406,579

The movement in expected credit loss allowance on debt investments at amortised cost is as follows:

	2025 $	2024 $
Balance at beginning of year	**132,203**	3,147
Expected credit loss on investments	**41,913**	129,056
Balance at end of year	**174,116**	132,203

The expected credit loss allowance at March 31, 2025 relating to debt securities classified as stage 1 was $174,116 (2024 - $132,203).

(expressed in Barbados dollars)

13 Loans and Advances

i) Loans and advances are comprised of the following:

	2025			
	Consumer $	**Business $**	**Mortgages $**	**Total $**
Gross loans	**668,206,253**	**27,757,709**	**706,393,701**	**1,402,357,663**
Less: ECL allowance	**(31,110,117)**	**(994,000)**	**(7,616,940)**	**(39,721,057)**
	637,096,136	**26,763,709**	**698,776,761**	**1,362,636,606**
Add: Interest receivable				**15,799,963**
				1,378,436,569

	2024			
	Consumer $	**Business $**	**Mortgages $**	**Total $**
Gross loans	701,338,147	28,060,967	696,469,117	1,425,868,231
Less: ECL allowance	(34,997,098)	(637,911)	(8,908,482)	(44,543,491)
	666,341,049	27,423,056	687,560,635	1,381,324,740
Add: Interest receivable				13,225,334
				1,394,550,074

The average yield on loans for the year was 6.94 % (2024 - 6.93%).

(expressed in Barbados dollars)

13 Loans and Advances *…continued*

i) Loans and advances are comprised of the following: *…continued*

The Group's loans and advances portfolio as at March 31,2025 are in the following staging categories:

	2025			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	$	**$**	**$**	**$**
Consumer	**552,881,420**	**18,368,645**	**96,956,188**	**668,206,253**
Business	**17,809,485**	**1,121,877**	**8,826,347**	**27,757,709**
Mortgages	**604,305,855**	**19,207,261**	**82,880,585**	**706,393,701**
Gross loans	**1,174,996,760**	**38,697,783**	**188,663,120**	**1,402,357,663**
Less: ECL allowance	**(1,542,181)**	**(902,498)**	**(37,276,378)**	**(39,721,057)**
	1,173,454,579	**37,795,285**	**151,386,742**	**1,362,636,606**
Add: Interest receivable				**15,799,963**
				1,378,436,569

	2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	$	**$**	**$**	**$**
Consumer	575,714,808	14,915,462	110,707,877	701,338,147
Business	18,211,780	2,022,294	7,826,893	28,060,967
Mortgages	585,633,420	21,735,654	89,100,043	696,469,117
Gross loans	1,179,560,008	38,673,410	207,634,813	1,425,868,231
Less: ECL allowance	(2,256,080)	(462,829)	(41,824,582)	(44,543,491)
	1,177,303,928	38,210,581	165,810,231	1,381,324,740
Add: Interest receivable				13,225,334
				1,394,550,074

(expressed in Barbados dollars)

13 Loans and Advances *…continued*

i) Loans and advances are comprised of the following: *…continued*

In October 2015, CAPITA Financial Services Inc. St Lucia entered into a Deed of Sale and Administration agreement with the Eastern Caribbean Home Mortgage Bank (ECHMB), wherein it sold its rights to 100% of the cash flows arising on a portfolio of loans amounting to $2,424,473. The agreement provides that the subsidiary could repurchase and replace any loan included in the loan portfolio subject to the mutual agreement of the parties. CAPITA Financial Services Inc. St Lucia has determined that substantially all the risks and rewards of the said loan portfolio have been retained by CAPITA FSI and consequently, the loans were not derecognized. The transaction is accounted for as collateralized borrowing and the cash received from such agreement as loans payable reported in the consolidated statement of financial position (see Note 18).

A portfolio of mortgage loans of CAPITA Financial Services Inc. Barbados has been pledged as security for certain customer deposits totalling $5,000,000 (2024 - $8,000,000).

ii) The movement in the expected credit loss allowance is as follows:

	2025			
	Consumer $	**Business $**	**Mortgages $**	**Total $**
Balance, beginning of year	**34,997,098**	**637,911**	**8,908,482**	**44,543,491**
Amounts charged off/ written-off	**(4,859,667)**	**(118,775)**	**(156,859)**	**(5,135,301)**
Expected credit loss	**972,686**	**474,864**	**(1,134,683)**	**312,867**
Balance, end of year	**31,110,117**	**994,000**	**7,616,940**	**39,721,057**

	2024			
	Consumer $	**Business $**	**Mortgages $**	**Total $**
Balance, beginning of year	37,642,901	648,221	9,753,448	48,044,570
Amounts charged off/ written-off	(6,371,778)	(41,583)	(1,712)	(6,415,073)
Expected credit loss	3,725,975	31,273	(843,254)	2,913,994
Balance, end of year	34,997,098	637,911	8,908,482	44,543,491

(expressed in Barbados dollars)

14 Property and Equipment

Property and equipment is comprised of the following:

	2025					
	Land and buildings $	**Motor vehicles $**	**Furniture and equipment $**	**Leasehold improvements $**	**Assets being acquired $**	**Total $**
Cost						
Balance, beginning of year	**52,000,245**	**11,248,774**	**41,174,144**	**6,419,118**	**14,709,023**	**125,551,304**
Additions/transfer	**–**	**2,982,793**	**1,841,693**	**–**	**2,507,126**	**7,331,612**
Disposal	**–**	**(1,633,192)**	**(58,308)**	**–**	**–**	**(1,691,500)**
Balance, end of year	**52,000,245**	**12,598,375**	**42,957,529**	**6,419,118**	**17,216,149**	**131,191,416**
Accumulated depreciation						
Balance, beginning of year	**20,818,352**	**5,952,360**	**37,074,755**	**5,959,023**	**–**	**69,804,490**
Depreciation	**2,164,344**	**1,654,893**	**2,075,015**	**59,164**	**–**	**5,953,416**
Disposal	**–**	**-1,405,399**	**–**	**–**	**–**	**(1,405,399)**
Balance, end of year	**22,982,696**	**6,201,854**	**39,149,770**	**6,018,187**		**74,352,507**
Net book value, end of year	**29,017,549**	**6,396,521**	**3,807,759**	**400,931**	**17,216,149**	**56,838,909**

Assets being acquired represent purchases of property and equipment which were not yet in operation and on which no depreciation has been charged.

(expressed in Barbados dollars)

14 Property and Equipment *…continued*

	2024					
	Land and buildings $	**Motor vehicles $**	**Furniture and equipment $**	**Leasehold improvements $**	**Assets being acquired $**	**Total $**
Cost						
Balance, beginning of year	51,865,592	11,831,169	40,459,259	6,292,438	13,773,886	124,222,344
Additions/transfer	134,653	2,567,794	778,028	127,707	1,323,700	4,931,882
Disposal	–	(3,150,189)	(63,143)	(1,027)	(388,563)	(3,602,922)
Balance, end of year	52,000,245	11,248,774	41,174,144	6,419,118	14,709,023	125,551,304
Accumulated depreciation						
Balance, beginning of year	18,346,052	6,755,082	35,169,176	5,898,913	–	66,169,223
Depreciation	2,472,300	1,632,484	1,967,944	60,772	–	6,133,500
Disposal	–	(2,435,206)	(62,365)	(662)	–	(2,498,233)
Balance, end of year	20,818,352	5,952,360	37,074,755	5,959,023	–	69,804,490
Net book value, end of year	31,181,893	5,296,414	4,099,389	460,095	14,709,023	55,746,814

Assets being acquired represent purchases of property and equipment which were not yet in operation and on which no depreciation has been charged.

(expressed in Barbados dollars)

14 Property and Equipment *…continued*

As at March 31, 2025, land and buildings includes right-of-use assets of $4,858,010 (2024 - $4,594,669) related to the Group's leased branches and office premises.

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the year:

	2025	
	Right of use property $	**Lease liability $**
Balance at April 1, 2024	**6,137,169**	**4,822,478**
Depreciation expense	**(1,279,159)**	**-**
Interest expense	–	**540,544**
Lease payments	–	**(1,800,583)**
As at March 31, 2025	**4,858,010**	**3,562,439**

	2024	
	Right of use property $	**Lease liability $**
Balance at April 1, 2023	6,416,553	6,310,923
Depreciation expense	(1,956,538)	–
Interest expense	–	340,226
Addition	134,654	134,654
Lease payments	–	(1,963,325)
As at March 31, 2024	4,594,669	4,822,478

(expressed in Barbados dollars)

14 Property and Equipment *…continued*

Maturities of Leases
Maturities of lease liabilities on an undiscounted basis as of March 31, 2024 and 2025 are presented below along with the current and non-current lease liabilities on a discounted basis.

	2025 $	2024 $
Within 1 year	**1,189,460**	1,484,190
Within 1 - 5 years	**2,800,238**	3,154,000
Thereafter	**–**	823,821
Total future payments on an undiscounted basis	**3,989,698**	5,462,011
Less: Present value discount	**(427,259)**	(639,533)
Present value of lease liabilities	**3,562,439**	4,822,478
Current portion	**1,235,893**	1,265,733
Non-current portion	**2,326,546**	3,616,745
Weighted-average remaining lease term (in years)	**2 years**	4.46 years
Weighted-average discount rate	**4.95%**	4.95%

Lease liability is presented as part of 'Other Liabilities' in Note 19.

15 Pension Plan Asset

The Group participates in a defined benefit pension plan operated by a reputable insurance provider. The pension plan is jointly funded by payments from the Group and certain employees, taking-into account the recommendations of independent qualified actuaries.

The Actuary periodically (at least every three years) evaluates the financial position of the Plan and recommends the future contribution rate for the Group.

The last full actuarial valuation of the pension plan for eligible employees was carried out as at April 1, 2024. The next full review will be performed as at April 1, 2024.

In a Defined Benefit Pension Plan the employees' entitlement is determined by a formula based on their years of pensionable service and pensionable salary. It is typical for the employees' benefit to be integrated with the retirement benefits provided by the National Insurance.

The contribution rate paid by the employee is fixed and the Group pays the balance of the ultimate cost of the benefits The Group is expected to pay $964,138 in contributions to its defined benefit plan in 2026 (2025 - $904,573).

(expressed in Barbados dollars)

15 Pension Plan Asset *…continued*

Currently at retirement employees are entitled to receive a pension benefit equal to:

Service to April 1, 2015

1. 1.75% of their pensionable salary as at April 1, 2015 reduced by 1.32% of the national insurable earnings as at April 1, 2015.

Service after April 1, 2015

2. 1.75% of annual pensionable salary earned while a member of the plan after April 1, 2015 reduced by 1.32% of the annual national insurance salary while a member of the plan after April 1, 2015

Employees' pension benefits are further increased by the amount of pension that can be purchased with any voluntary contributions accumulated with credited interest to their retirement date.

There are three Trustees of the Plan, one is an employee representative while the other two are external to the Group. The Trustees are required to understand the risks taken, make reasonable investment decisions, provide members with information and act in the best interests of the plan participants.

The Plan is invested in a segregated pensions fund consisting of two Funds which cover a broad spectrum of available assets. The strategic investment policy of the Funds can be summarised as follows:

Bonds Fund:
A unit trust with a strategy of acquiring regional and non-regional long-dated securities, where possible, but the majority of its financial investments are still predominantly in Barbados currency. The Fund's objective is to generate income and preserve capital through investment in competitive yielding fixed income securities including mortgages, bonds and other debt instruments.

Equity Fund:
This is a unit trust that invests mainly in Barbadian equities, Barbadian real estate, commercial mortgages, foreign equities and bonds. This Fund's objective is to provide long-term capital growth through investment in a diversified portfolio of equity securities and real estate.

The current instruction is to invest all new cash flows 50% in the Bonds Fund and 50% in the Equity Fund. At present, approximately 50% (2024 - 48.3%) of the Plan's assets are invested in the Equity Fund and 50% (2024 - 51.7%) are invested in the Bonds Fund.

1) The amounts recognised in the consolidated statement of financial position are determined as follows:

	2025 **$**	**2024** **$**
Present value of obligation to plan members	**(16,264,240)**	(15,008,779)
Pension plan assets at fair value	**19,454,697**	18,258,882
Asset recognised in the consolidated statement of financial position	**3,190,457**	3,250,103

(expressed in Barbados dollars)

15 Pension Plan Asset *…continued*

2) Movement in the amounts recognised in the consolidated statement of financial position is as follows:

	2025 $	2024 $
Asset, beginning of year	**3,250,102**	3,115,674
Contributions paid	**910,296**	852,615
Pension expense recognised in the consolidated statement of income	**(483,073)**	(395,770)
Re-measurement recognised in other comprehensive income	**(486,868)**	(322,416)
Asset, end of year	**3,190,457**	3,250,103

3) Changes in the present value of the obligation for defined benefit pension plans were as follows:

	2025 $	2024 $
Obligation, beginning of the year	**15,008,779**	13,958,780
Interest cost	**1,294,216**	1,175,680
Current service cost	**699,239**	606,362
Employees' contributions	**215,652**	194,781
Past service cost	**–**	–
Benefits paid	**(406,171)**	(964,523)
Actuarial gains/(losses) arising from experience adjustments	**(547,475)**	37,699
Obligation, end of year	**16,264,240**	15,008,779

i) Changes in the fair value of the defined benefit pension plan assets were as follows:

	2025 $	2024 $
Opening fair value of plan assets	**18,258,882**	17,074,454
Actual return	**500,689**	1,126,322
Employer's contributions	**910,296**	852,615
Employees' contributions	**215,652**	194,781
Benefits paid	**(406,171)**	(964,523)
Administrative expenses	**(24,651)**	(24,767)
Closing fair value of plan assets	**19,454,697**	18,258,882

(expressed in Barbados dollars)

15 Pension Plan Asset *...continued*

3) Changes in the present value of the obligation for defined benefit pension plans were as follows: *...continued*

ii) Plan assets consist of the follow:

	2025 $	2024 $
Equities	**9,559,592**	8,813,154
Bonds	**9,896,470**	9,428,673
Other	**(1,365)**	17,055
	19,454,697	18,258,882

The assets of the plan are invested in segregated funds. The major asset categories underlying the plan assets are as follows:

	2025	2024
Mortgages	**16.79%**	16.35%
Bonds	**32.94%**	33.58%
Equities	**43.17%**	43.85%
Property	**4.07%**	4.13%
Other	**3.03%**	2.08%

4) The amounts recognised in the consolidated statement of income are as follows:

	Note	2025 $	2024 $
Current service cost		**699,239**	606,362
Past service cost		**–**	–
Interest cost on obligation		**1,294,216**	1,175,680
Expected return on plan assets		**(1,535,033)**	(1,411,039)
Administrative expenses		**24,651**	24,767
Net pension expense included in staff costs	5	**483,073**	395,770

5) The amounts recognised in other comprehensive income are as follows:

	2025 $	2024 $
Remeasurement loss on obligation	**(547,475)**	37,699
Remeasurement loss on plan assets	**1,034,343**	284,717
	486,868	322,416

(expressed in Barbados dollars)

15 Pension Plan Asset *…continued*

6) Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2025	**2024**
Discount rate at end of year	**8.25%**	8.25%
Expected return on plan assets at end of year	**8.25%**	8.25%
Future salary increases	**6.75%**	6.75%
Future pension increases	**1.75%**	1.75%
Future changes in NIS ceiling	**4.25%**	4.25%
Proportion of employees opting for early retirement	**0.00%**	0.00%
Termination of active members	**0.00% - 11.25%**	0.00% - 11.25%
Future expenses	**0.00%**	0.00%

At March 31, 2025, the weighted-average duration of the defined benefit obligation was 18.59 (2024 - 18.29) years.

7) Sensitivity analysis on projected benefit obligation:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	Increase	**Decrease**
Discount rate (1% movement)	**(2,545,171)**	**3,306,545**
Future salary growth (0.5% movement)	**1,180,448**	**(1,080,330)**

As mortality continues to improve, estimates of life expectancy are expected to increase. The effect on the projected benefit obligation of an increase of one year in the life expectancy is approximately $378,703 (2024 - $357,762).

(expressed in Barbados dollars)

16 Other Assets

Other assets are comprised of the following:

	Notes	2025 $	2024 $
Accounts receivable (i)		**30,579,315**	23,570,263
Prepaid investment (ii)		**15,000,000**	–
Prepaid employee benefit	**19**	**1,770,586**	2,337,666
Prepaid expenses		**4,828,532**	4,324,538
Other assets re Goodwill Group	**28**	**39,786**	39,786
		52,218,219	30,272,253

(i) Accounts receivable are recorded at their invoiced amounts and are non-interest bearing. Expected credit loss allowance totalling $485,561 (2024 – $ Nil) is included within accounts receivable.

(ii) Prepaid investment relates to amounts paid on March 31, 2025 which has an effective date of April 1, 2025.

17 Deposits

i) This amount comprises:

	2025 $	2024 $
Saving deposits	**866,692,959**	869,674,596
Deposits payable on fixed date	**828,620,808**	789,142,794
Registered retirement savings plan deposits (a)	**50,810,622**	51,082,085
	1,746,124,389	1,709,899,475
Interest payable	**4,461,747**	4,754,630
	1,750,586,136	1,714,654,105

(a) The Group operates two registered retirement savings plans for the benefit of its members. The legacy plan guarantees a minimum return on plan deposits of 5.0% while the new plan guarantees 1.0% above the minimum deposit rate. At March 31, 2025, the minimum deposit rate was 0.5% (2024 - 0.5%).

(expressed in Barbados dollars)

17 Deposits *…continued*

ii) Concentration of deposits

Deposits (excluding interest payable) comprised the following:

	2025 $	2024 $
Personal	**1,519,539,856**	1,542,584,064
Commercial	**226,584,533**	167,315,411
	1,746,124,389	1,709,899,475

At March 31, 2025, deposits pledged as security for loans to members and not available for withdrawal totalled $311,020,086 (2024 - $322,266,123). The average yield of deposits during the year was 1.27% (2025 - 1.42%).

(expressed in Barbados dollars)

18 Loans Payable

Loans payable is comprised of the following:

	2025 $	2024 $
ECHMB	–	1,181,900

A subsidiary has taken a loan with Eastern Caribbean Home Mortgage Bank which is comprised of cash proceeds from the collateralized borrowing as discussed in Note 13.

The Group has not had any defaults of principal and interest repayment or any other breaches with respect to its loans payable during the years ended March 31, 2025 and 2024. During the financial year ending March 31, 2025, the Eastern Caribbean Home Mortgage Bank loan was fully repaid.

19 Other Liabilities

Other liabilities are comprised of the following:

	Notes	2025 $	2024 $
Accounts payable and accrued expenses (i)		**14,984,232**	7,964,715
Amounts payable re Goodwill Credit Union		**89,286**	89,286
Fair value adjustment - staff loans (ii)		**2,142,227**	2,683,766
Lease liability	**14**	**3,562,440**	4,822,478
Unallocated receipts to members		**3,073,643**	3,926,295
Deferred loan commitment fees		**164,510**	171,670
Premiums payable		**–**	1,918,234
Interest rebate payable		**203,026**	203,026
		24,219,364	21,779,470

(i) Included in accrued expenses at March 31, 2025, is a provision for undrawn loan commitments of $232,560 (2024 - $259,695) and legal litigations $250,000 (2024 - $250,000).

(ii) Fair value adjustment - staff loans represent the deferred interest income on staff loans associated with the difference between the market value and the carrying value of the loans as a result of the interest rates on the staff loans being lower than the market interest rate. The deferred interest income will be recognised over the term of the staff loans.

(expressed in Barbados dollars)

20 Share Capital

Section 10 of the Co-operative Societies (Amendment) Act, 2007-39, requires that each member hold a minimum value of membership qualifying shares as determined by the Credit Union.

The qualifying amount for membership amounts to $120 which comprises twenty-four (24) shares at a nominal value of $5 per share for members who have attained the age of sixteen (16) years. The qualifying amount for a member who has not yet attained the age of 16 years amounts to $50 which comprises ten (10) qualifying shares at a nominal value of $5. All shares are non-withdrawable except on the termination of membership. There is no limit to the number of shares the Credit Union is authorised to issue.

During the year, the Credit Union issued 93,504 (2024: 86,316) shares at $5.00 each to its members for cash consideration of $467,520 (2024: $431,580). The Credit Union redeemed 26,544 (2024: 22,992) shares and subsequently repaid $132,720 (2024: $114,960) to previous members.

At March 31, 2025, the total number of membership qualifying shares was 2,797,116 (2024: 2,730,156).

The following table shows a reconciliation of all movements in the membership qualifying shares between the beginning and end of the reporting period:

	2025		**2024**	
	Carrying amount $	**No. of shares**	**Carrying amount $**	**No. of shares**
Balance, beginning of year	**13,650,780**	**2,730,156**	13,334,160	2,666,832
Shares issued	**467,520**	**93,504**	431,580	86,316
Shares redeemed	**(132,720)**	**(26,544)**	(114,960)	(22,992)
Balance, end of year	**13,985,580**	**2,797,116**	13,650,780	2,730,156

(expressed in Barbados dollars)

21 Statutory Reserves

	2025 $	2024 $
Statutory reserves	**168,667,919**	168,460,792

The movement in these reserves during the year is as follows:

	2025 $	2024 $
Balance, beginning of year	**168,460,792**	164,132,924
Transfers to reserve - voluntary	**190,097**	4,309,973
	190,097	4,309,973
	168,650,889	168,442,897
Entrance fees	**17,030**	17,895
Balance, end of year	**168,667,919**	168,460,792

Section 197(2) of the Co-operative Societies (Amendment) Act 2007-39 requires for the Credit Union that an appropriation equivalent to the greater of one half of one per cent (0.5%) of total assets or twenty-five per cent (25%) of net surplus shall be credited to the reserve fund annually until capital equals ten per cent (10%) of total assets. The Registrar of Co-operatives may increase the appropriation amount to forty per cent (40%) of net surplus or one per cent (1%) of total assets in certain circumstances.

Under the provisions of the Financial Institutions Act, a subsidiary is required to transfer a minimum of 15% of its after-tax profits to a reserve fund until such fund equals the share capital.

(expressed in Barbados dollars)

22 Other Reserves

Other reserves is comprised of the following:

	2025 $	2024 $
Fair value reserve (i)	**1,875,760**	1,908,139
Special funds (ii)	**1,517,305**	1,319,423
Donated equity (iii)	**26,909**	26,909
Defined benefit plan (iv)	**(960,923)**	(474,056)
Reserve for interest on non-performing loans (v)	**12,408,084**	9,505,972
	14,867,135	12,286,387

(i) **Fair value reserve**
The fair value reserve represents the net effect of fair value gains or losses on FVOCI investment securities held.

The movement on the fair value reserve for the year is as follows:

	2025 $	2024 $
Balance, beginning of year	**1,908,139**	1,871,533
Unrealized fair value (loss)\gain	**(32,379)**	36,606
Balance, end of year	**1,875,760**	1,908,139

(ii) **Special funds**
The special reserve funds comprise the following:

a) Social Outreach Fund
The Social Outreach Fund was created to provide charitable donations to members in need of financial assistance.

b) Education Fund
The Education Fund was established to provide grants and scholarships to members pursuing educational programmes.

c) Development Fund
In June 2004, the general membership approved the establishment of the Development Fund to assist with the exploratory cost relating to projects of a developmental nature.

d) Health and Disaster Relief Fund
This Fund was established in September 2021 to provide a resource for credit unions members and staff who need financial assistance because of medically introduced hardships or a climate related disastrous event.

(expressed in Barbados dollars)

22 Other Reserves *…continued*

Special funds *…continued*

e) BCCUL Training/Education Fund
The BCCUL Training/Education Fund was instituted in June 2002 to finance the education of Group members and the general public in Group philosophy and operations.

f) BPWCCUL Foundation
This Fund was established in June 2009 to fund major philanthropic initiatives undertaken by the Group.

g) Small and Micro Business Fund
This Fund was established in June 2017 to facilitate and support the growth and development of small businesses owned and operated by Credit Union members.

h) National Development Fund
This Fund was established in June 2009 to assist the Barbados Co-operative Group League Limited in funding developmental initiatives for the Group movement in Barbados.

i) Credit Union Liability Insurance Fund
This Fund was established in June 2010 to facilitate the establishment of deposit liability insurance for credit unions.

The movement in special funds during the year is as follows:

	2025			
	Balance at beginning $	**Amounts appropriated $**	**Amounts utilised $**	**Balance at end $**
Social Outreach Fund	**201,236**	**290,012**	**113,950**	**377,298**
Education Fund	**165,520**	**214,913**	**265,425**	**115,008**
Development Fund	**242,667**	**107,332**	**85,000**	**264,999**
Health and Disaster Relief Fund	**250,000**	**–**	**–**	**250,000**
BCCUL Training/Education Fund	**50,000**	**50,000**	**–**	**100,000**
BPWCCUL Foundation	**–**	**300,000**	**300,000**	**–**
Small and Micro Business Fund	**150,000**	**–**	**–**	**150,000**
National Development Fund	**–**	**60,000**	**60,000**	**–**
Credit Union Liability Insurance Fund	**260,000**	**–**	**–**	**260,000**
	1,319,423	**1,022,257**	**824,375**	**1,517,305**

(expressed in Barbados dollars)

22 Other Reserves *...continued*

Special funds *...continued*

	2024			
	Balance at beginning $	**Amounts appropriated $**	**Amounts utilised $**	**Balance at end $**
Social Outreach Fund	233,388	194,457	226,609	201,236
Education Fund	165,253	214,017	213,750	165,520
Development Fund	328,334	21,666	107,333	242,667
Health and Disaster Relief Fund	250,000	–	–	250,000
BCCUL Training/Education Fund	50,000	50,000	50,000	50,000
BPWCCUL Foundation	–	500,000	500,000	–
Small and Micro Business Fund	150,000	–	–	150,000
National Development Fund	–	60,000	60,000	–
Credit Union Liability Insurance Fund	260,000	–	–	260,000
	1,436,975	1,040,140	1,157,692	1,319,423

(iii) **Donated equity**
This amount totalling $26,909 (2024 - $26,909) represents the value of donations bestowed upon the Group on incorporation.

(iv) **Defined benefit plan**
This amount totalling ($960,923) (2024 - $(474,056)) represents the net amount of actuarial gains and losses and other items recognised directly in other comprehensive income on the Group's defined benefit plan.

(v) **Reserve for interest on non-performing loans**
This amount totalling $12,408,084 (2024 - $9,505,972) is created to set aside interest accrued on non-performing loans where certain conditions are met in accordance with IFRS 9. The guidelines of Section 202 (2) of the Co-operative Societies Act Cap. 378A, however do not allow for the accrual of such interest. The interest is therefore set aside in a reserve and is not available for distribution to members.

(expressed in Barbados dollars)

23 Related Party Disclosures

Related parties include those entities and individuals that have the ability to control or exercise significant influence over the Group in making financial or operating decisions, and entities that are controlled, jointly controlled or significantly influenced by them.

The consolidated financial statements include the consolidated financial statements of the Credit Union and its subsidiaries listed below:

Name of Entity	Country of Incorporation	Equity Interest %
Allied Co-operator Inc.	Barbados	100
BPW Financial Holdings Inc.	Barbados	100
Capita Financial Services Inc.	Barbados	100

Terms and conditions of transactions with related companies
Certain transactions with related parties are made at terms equivalent to those that prevail in arm's length transactions. Specifically, transactions with key management personnel are at arm's length. For the years ended March 31, 2025 and March 31, 2024, the Group has not recorded any impairment of receivables relating to amounts owed by related companies.

i) Compensation of key management personnel of the Group

	2025 $	2024 $
Short term employee benefits	**2,491,005**	2,870,926
Post-employment benefits	**215,183**	144,517
Total compensation paid to key management personnel	**2,706,188**	3,015,443

ii) Transactions with key management personnel of the Group

The Group enters into transactions, arrangements and agreements involving directors, senior management and their related concerns in the ordinary course of business at commercial interest and commission rates.

The following table provides the total amount of balances, which have been entered into with key management personnel for the relevant financial year:

	2025 $	2024 $
Loans and advances	**1,639,490**	1,950,289
Deposits	**1,536,560**	955,117

The loans and advances are secured over property of the respective borrowers. Other balances are not secured, and no guarantees have been obtained.

No expected credit loss allowance has been recorded against balances outstanding during the current or prior year with key management personnel and their related concerns.

(expressed in Barbados dollars)

24 Commitments and Contingencies

i) Loan commitments

	2025 $	2024 $
Consumer loans approved and pending disbursement	**10,927,808**	10,045,677
Mortgage loans approved and pending disbursement	**44,878,179**	37,873,457
Available balances on line of credit accounts	**17,869,650**	17,709,346
Gross commitments	**73,675,637**	65,628,480

The total expected credit loss (ECL) allowance on undrawn loan commitments at March 31, 2025 is as follows:

	2025		2024	
	Gross carrying amount $	**ECL $**	**Gross carrying amount $**	**ECL $**
Consumer	**10,927,808**	**56,680**	10,045,677	56,307
Mortgages	**44,878,179**	**56,760**	37,873,457	80,858
	55,805,987	**113,440**	47,919,134	137,165
Line of credits available	**17,869,650**	**119,120**	17,709,346	122,530
	73,675,637	**232,560**	65,628,480	259,695

The movement in the expected credit loss allowance:

	2025 $	2024 $
Balance at beginning of year	**259,695**	309,198
Expected credit loss	**(27,135)**	(49,503)
Balance at end of year	**232,560**	259,695

The expected credit allowance for the undrawn loan commitments is included in other liabilities in Note 19.

(expressed in Barbados dollars)

24 Commitments and Contingencies *…continued*

ii) Loan facilities

Loan facilities committed but not recognised in the consolidated financial statements as at March 31, 2025 are as follows:

a) an approved line of credit facility of $7,800,000 (2024 - $7,800,000) with a bank. This facility is secured by a first legal mortgage over the property at Belmont Road. At March 31, 2025 and 2024 this facility was undisbursed.

b) an approved line of credit facility of $200,000 (2024 - $200,000) with a bank for the purpose of securing the corporate credits used by the Group during the normal course of business. This facility is unsecured. The commitment due on this facility at year end was $16,656 (2024 - $37,418).

iii) Legal proceedings

At March 31, 2025, there were certain legal proceedings against the Group. In view of the inherent difficulty of predicting the outcome of such matters, the Group cannot state what the eventual outcome of such matters will be; however, based on current knowledge, the Group has made provision for legal litigation liabilities of $250,000 (2024 - $250,000) and does not believe that liabilities, if any, arising from pending litigation will have a material adverse effect on its consolidated financial position or results of operations.

iv) Lease commitments

As Lessee
The Group leases branch facilities and office space under operating leases. Payments made under these leases are amoritized over the term of the lease as a reduction to its lease liability for the principal portion and an interest expense for the associated finance cost. The future minimum rental payments related to these commitments are as follows:

	2025 $	2024 $
Less than one year	**1,235,893**	1,265,732
Between one and five years	**2,326,546**	2,798,988
Over five years	**–**	757,757
	3,562,439	4,822,477

During the financial year ended March 31, 2025, $1,093,189 (2024 - $683,492) were recorded as an expense in the consolidated statement of income in respect of operating leases.

(expressed in Barbados dollars)

25 Financial Risk Management

25.1 Introduction

Risk is inherent in the Group's activities but is managed through a process of on-going identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual is accountable for the risk exposures relating to his or her responsibilities. The Group is exposed to credit risk, liquidity risk, market risk and operational risk.

The Group's aim therefore is to achieve an appropriate balance between risk and return and minimise potential adverse effects on its financial performance.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. The Group's policy is to monitor those business risks through its strategic planning process.

Risk management structure
The Board of Directors is responsible for the overall risk management approach and for approving the risk management strategies and principles.

Supervisory and Finance, Investment and Asset Management Committees have the responsibility to monitor the overall risk process within the Group.

The Group's policy is that risk management processes are audited annually by the Internal Audit function, which examines both the adequacy of the processes and the Group's compliance with the processes. Internal Audit discusses the results of all assessments with management, and reports its findings and recommendations to the Supervisory and Finance Committees.

Risk mitigation
As part of its overall risk management, the Group invests a portion of its available funds in lending, financial investments and non-earning assets. The Group's main source of income is derived from lending and it seeks to actively use collateral to reduce its credit risk. The Group also has sought long term funding requirements to match their long-term loan position.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio.

(expressed in Barbados dollars)

25 Financial Risk Management *…continued*

25.2 Credit risk

Credit risk is the risk that the Group will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and by monitoring exposures in relation to such limits. Credit risk exposures arise principally in lending activities that lead to loans and advances, and investment activities that bring debt securities into the Group's asset portfolio. There is also credit risk in off-consolidated statement of financial position financial instruments, such as commitments.

The Group's ECL methodology, model inputs, significant increase in credit risk (SICR) thresholds, and definition of default remain consistent with those used as at March 31, 2024. Forward-looking information, scenarios and associated weightings, were revised to reflect uncertainty as it relates to current economic conditions and forecast for the next twelve months.

The Group's models are calibrated to consider past performance and macroeconomic forward-looking variables as inputs. Expert credit judgement is applied to consider the exceptional circumstances this period, including consideration of government assistance programs, in the assessment of underlying credit deterioration and migration of balances to progressive stages.

Consistent with requirements of IFRS 9, the Group considered both quantitative and qualitative information in the assessment of significant increase in risk. First time utilization of a payment deferral program was not considered an immediate trigger, in keeping with IASB and regulatory guidance, for an account to migrate to a progressive stage, given the purpose of these programs is to provide temporary cashflow relief to the Group's customers.

Modifications

The Group offers various payment solutions to members who may be experiencing challenging economic times. These include extension of loan term, converting outstanding interest to a separate loan and or debt consolidation. Where modification occurs, loans meeting such criterion are classified according to type and circumstance giving rise to any such modification. The terms and conditions related to each type is tracked monthly and accessed for substantial modifications. Where required, modification gains or losses have been recognised.

The Group groups its loans based on their risk characteristics and in so doing is able to evaluate whether a SICR has occurred based on the following characteristics:

1) The borrower is in default greater than 30 days where prior to the evaluation period they were in default 30 days or less.

2) Based on a 1,000-basis points increase in the Groups 95% Confidence Interval Factor (CIF).

(expressed in Barbados dollars)

25 Financial Risk Management *…continued*

25.2 Credit risk *…continued*

Modifications*…continued*

While the Group currently has a number of loan products these are assessed for risk purposes in three categories:

1) Consumer loans
2) Business loan
3) Mortgages

Additionally, the Group accessed these by categories at the product level for any significant increases in credit risk based on the 95% CIF.

Key inputs and assumptions:

Measuring expected credit losses is a complex calculation involving many interrelated inputs and assumptions. The key drivers of changes in expected losses under the IFRS 9 model include our internal historical default rates, unemployment rate, GDP and inflation rate.

Further details on the key inputs and assumptions used as at March 31, 2025, are provided in Note 2.

The following table compares our probability-weighted estimate of expected credit losses for performing loans to expected credit losses estimated in our base case scenario. Results reflect the Stage 1 and Stage 2 allowance for credit losses.

	Carrying value ($'000)	**Base Scenario ($'000)**
As at March 31, 2025		
ECL on performing loans	**2,445**	**2,430**
As at March 31, 2024		
ECL on performing loans	2,719	2,702

Further to our current policy for transfers between stages as described in Note 2, as part of our overlay, we qualitatively increased ECL in stage 2 to reflect the current challenging economic environment. This qualitative adjustment considered the remaining time to maturity, economic projections, scenario weights and the historical behaviour of our portfolio.

(expressed in Barbados dollars)

25 Financial Risk Management *…continued*

25.2 Credit risk *…continued*

The following table illustrates the impact of staging on our ECL by comparing our allowance if all performing loans were in Stage 1, to the actual ECL recorded on these.

	As at March 31, 2025 Performing loans ($'000)	**As at March 31, 2024 Performing loans ($'000)**
ECL - all performing loans to Stage 1	**1,542**	2,256
Impact of staging	**903**	463
Stage 1 and 2 ECL	**2,445**	2,719

Adjustments to ECL have been considered to moderate the impact of dramatic swings in economic input variables or their lagging impact on credit losses. Judgment has been required in the development and application of these overlays. Management relies on the prediction of key reputable authorities with expertise in the area.

While the Barbados economy is projected to experience 4% to 5% growth in 2025, the impact of other world economies upon its tourism product and related industries remains highly uncertain. Consequently, the assumptions used to determine our allowances have a higher-than-usual degree of uncertainty. The inputs used in the calculation of the allowance are inherently subject to change, which may materially impact our estimate of the allowance for expected credit losses.

The Group's stage 1 and 2 allowance for credit losses on the loan portfolios as at March 31, 2025 reflects a decrease as a result of the recent recovery observed in many economies and the resilience of our portfolio. The IFRS 9 model could not solely be used to determine expected credit losses as it was not designed with events of this magnitude in mind. As a consequence, a model overlay was used to account for incremental expected losses not captured by the IFRS 9 model.

To address the uncertainties inherent in the current environment and to reflect all relevant risk factors not captured in our model, we applied expert credit judgement in the design of the overlay and the determination of inputs used in the calculation of the allowance. We applied qualitative adjustments to macroeconomic projections, the assumed credit response of the portfolio to the macroeconomic conditions, levels of loss severity and the determination of significant increase in credit risk.

Key inputs and assumptions

The measurement of expected credit losses is a complex calculation that involves a large number of inputs and assumptions. The key drivers of changes in expected losses include the following:

- Forward looking macroeconomic projections;
- Recent portfolio performance;
- Scenario design and the weighs associated with each scenario; and
- Transfers between stages, which can result from changes in any of the above inputs.

(expressed in Barbados dollars)

25 Financial Risk Management *…continued*

25.2 Credit risk *…continued*

Key inputs and assumptions: *…continued*

Forward looking macroeconomic projections

The PD and LGD inputs used to predict expected credit losses are primarily based on GDP growth projections. The assumed level of response of the PD to the level of economic contraction was informed by historical events, recent portfolio performance and expert judgement. The LGDs used in the calculation of our allowance were qualitatively adjusted upwards to reflect higher expected time to resolution for future defaults secured with real estate collateral. Our allowance for credit losses reflect our economic outlook as at March 31, 2025. Subsequent changes to this forecast and related estimate will be reflected in our allowance for credit losses in future periods.

Our base scenario accounts for the expected gradual recovery of the Barbados economy during 2024 - 2025 and for continued expansion in the economy thereafter, with non-performing loans maintaining a downward trajectory for the 2025 - 2026 fiscal.

Our downside scenario reflects negative trends which can adversely affect the future of the Barbadian economy. Our upside scenario considers a marginal improvement on base conditions resulting from faster-than-expected economic recovery. The forecasts of GDP growth rates were informed by external economic projections of key regulatory authorities.

Internal assessment of the level of member resilience:

The PDs used are specific to the type of loan and automatically adjusted for the borrowers' position during the financial year. This adjustment was reflective of the main economic sector impacted by unemployment.

Recent portfolio performance

The PD used are specific to the portfolio segments and automatically adjusted to take-into account recent portfolio performance. Portfolios which have shown high resilience to adverse economic conditions would have lower PD levels than portfolios with higher default rates.

Changes in scenario design and the weights associated to each scenario

All scenarios considered in our analysis include the impact of the economic conditions as at March 31, 2025; reflective of current economic conditions. In determining our IFRS 9 allowance for credit losses, we reassessed our scenario weights to more heavily weigh the downside scenarios contrast to that which was predicted.

(expressed in Barbados dollars)

25 Financial Risk Management *…continued*

25.2 Credit risk *…continued*

Loans and advances
The Group employs a range of policies and practices to mitigate credit risk relating to loans and advances. The most traditional of these is the taking of security for funds advanced. The principal collateral types for loans and advances within the Group are:

- Mortgages over residential properties
- Charges over financial instruments such as debt securities and equities
- Charges over business assets such as premises
- Hypothecation of deposit balances

It is the Group's policy to dispose of repossessed properties in an orderly fashion. The proceeds are used to reduce or repay the outstanding claims. The Group does not occupy repossessed properties for business use.

Generally, the Group updates the valuation of property held against exposures to members on inception of the loan. However, a more formal valuation is performed, when:

- loan is 90 days past due and is deemed to have experienced a significant increase in credit risk; and/or
- the valuation is required to provide input into determining management's credit risk actions.

Valuations on all loans which are 90 days past due are further updated on a tri-annual basis.

Assets obtained by taking possession of collateral
Details of financial and non-financial assets obtained by the Group during the year by taking possession of collateral held as security against loans and advances and held at the year-end are shown below.

	2025 $	2024 $
Collateral repossessed during the year and held at year-end	**1,795,382**	415,397

(expressed in Barbados dollars)

25 Financial Risk Management *…continued*

25.2 Credit risk *…continued*

Loans and advances …continued
The table below sets out the carrying amount and the value of identifiable collateral (mainly residential property) held against loans and advances to members measured at amortised cost. Where the same collateral is held against two or more loans, the market value of the collateral is proportionally assigned across loans based on the original amount loaned. For each loan, the value of disclosed collateral is capped at the nominal amount of the loan that it is held against.

	2025		**2024**	
	Carrying amount $	**Collateral $**	**Carrying amount $**	**Collateral $**
Stage 1	**971,080,829**	**828,016,272**	962,591,043	816,853,264
Stage 2	**29,048,821**	**24,274,579**	27,027,187	21,398,724
Stage 3	**153,235,694**	**102,890,336**	172,581,702	114,012,689
	1,153,365,344	**955,181,187**	1,162,199,932	952,264,677

The collateral value expressed as a percentage of the carrying value was 82.8 percent (2024 - 81.9 percent).

Financial investments

The Group limits its exposure to credit risk by investing only in entities that have high credit ratings and Government of Barbados securities. Government securities are invested over a longer period than term deposits with other financial institutions which typically mature within one year. The Group also invested in FVOCI equity instruments which gives it an opportunity to monitor the performance of these companies over time and make economic decisions where warranted. The Group has documented investment policies in place, which guide the management of credit risk on investments.

Assessment of corporate investments (term deposits)

Due to limited published market data for term deposits, the Group's internally developed model using published credit rating scores for similar investees and/or Moody's published statistics was used to determine the Probability of Default (PD) rates and Loss Given Default (LGD) applied in the Estimated Credit Losses (ECL) on term deposits.

The Group currently has $26,631,759 (2024 - $20,291,821) in corporate term deposits. These investments are assessed on an entity level. Currently, these investments are held in the entities which are either regulated by the Central Bank of Barbados or the Financial Services Commission as per section 34 A of the Co-operative Society Act.

(expressed in Barbados dollars)

25.2 Credit risk *…continued*

Assessment of corporate investments (term deposits)…continued

Corporate investments are staged based on the following evaluation criteria:

1. Time to maturity.
2. Investee ability to make payment once it becomes due (this is based on past relations with the entity together with an evaluation of whether the entity has experienced a decline in its financial ability to make payments).

Corporate term deposits and investments were staged based on the probability of default assigned to each entity.

Stage 1: The entity shows no decline in its ability to repay either based on past performance or future events for which a 12-month PD was assigned. The Investment Credit Rating was unchanged as at the financial year-end.

Stage 2: There has been a significant event which has caused or is highly probable to have significant impact on the investee's ability to repay for which the PD assigned was the Cumulative Probability of Default (CPD) rate less the survival period. The Investment credit rating has declined below a company rating. This is where the company or investment classification family is considered speculative and subject to substantial default risk.

Stage 3: There has been a default or significant event which has caused or is highly probable to have a significant impact on the investee's ability to repay for which the assigned PD was the CPD rate. The investment credit rating has significantly declined. The company or investment classification family is considered speculative or in poor standing and subject to very high default risk or may be in default on some part of its investment obligation.

IFRS 9 provides that cost can be used as a basis for estimating fair value where there are limitations on supportable information to do otherwise.

There is currently insufficient trading information from published sources to measure the fair market value of the corporate investments.

<u>The Group's definition of Significant Increase in Credit Risk (SICR)</u>

A significant increase in credit risk (SICR) was defined as a significant change in the estimated default risk over the remaining expected life of the investment.

A comparison is made between the default risk as estimated at the reporting date and the default risk at initial recognition of each investment individually or by investment Group. Where an investment is initially deemed to be low credit risk at origination (the purchase date) and continues to be assessed as low credit risk at the reporting date, it is deemed that there has been no significant increase in credit risk.

The indicators used to establish whether there has been a significant increase in credit risk is dependent on the nature of the investee; the product type, internal management methods and external market resources.

(expressed in Barbados dollars)

25 Financial Risk Management *…continued*

25.2 Credit risk *…continued*

The Group's definition of Significant Increase in Credit Risk (SICR)…continued

Key external factors for management's consideration in the assessment of credit risk for investments is as follows:

1. A significant change in the value of the collateral supporting the investment can be expected to reduce the investee's economic incentive to make scheduled contractual payments or to otherwise have an effect on the probability of a default occurring.
3. Length of time (duration) or the extent to which the fair value of the underlying financial asset or security is less than the amortised cost of the investment at initial recognition.
4. An actual or expected significant adverse change in the regulatory, economic, or technological environment of the investee.
5. Actual or forecasted significant investee downgrade in an external credit rating, withdrawal of a credit rating or delisting from a stock exchange.
6. Actual or expected significant change in the operating results of the investee, which can include one or more of the following financial indicators for increased credit risk.
   i) Declining revenues or margins;
   ii) Increasing operating risks;
   iii) Working capital deficiencies;
   iv) Decreasing asset quality;
   v) Increased statement of financial position leverage;
   vi) Liquidity, management problems or changes in the scope of business or organizational structure (such as the discontinuance of a segment of the business) that results in a significant change in the borrower's ability to meet its debt obligations.

Other qualitative and quantitative factors which were considered in management's assessments of credit risk for investments as follows;

- Significant change in the performance of the investee compared with that of the market;
- Changes in expectations that investee's technical product milestones will be achieved;
- A significant change in the market for the investee's products, global economy, economic environment in which the entity operates;
- Performance of competitors, matters such as fraud, commercial disputes, litigation, changes in management or strategy; or
- Evidence of external transactions in the investee's equity (take overs).

Each investment was assessed based on the companies' ability to meet its short-term obligations together with its historical relationship with the Group relative to meeting these same obligations.

(expressed in Barbados dollars)

25 Financial Risk Management *…continued*

25.2 Credit risk *…continued*

The Group's definition of Significant Increase in Credit Risk (SICR)…continued

This back-testing approach is allowed under IFRS 9 in relation to the ranking of investments based on the purpose for which the investment is held.

The investments mentioned herein are best described as callable upon demand, with the exception of the Barbados Light & Power Limited which is held as a security deposit. The other investment contracts carry a fixed term. They can be called prior to maturity with the penalty of forgone interest.

Loss Given Default (LGD)

This methodology is based on four key states from stable, marginal, moderate and significant. These recovery rates were internally generated based on historical experience and the availability of market data.

- **Stable -** A recovery rate of 90% was used which was lowest in the range of 90% to 95%. An internal due diligence rating of L-Low was assigned.

- **Marginal -** A recovery rate of 85% was used from a range of 80% to 90% to indicate a marginal decrease in credit quality from origination, based on the financial health, stability of the company, its share price and the AML/CFT and risk assessments. An internal due diligence rating of L-M Low to Medium was assigned.

- **Moderate -** A recovery rate of 75% within a range of 65% to 80% was a reflection of a moderate change from origination of the investment and historical relationship between the Credit Union and the investee. This was also based on the financial health and stability of the company and its share price and the AML and risk assessment. An internal due diligence rating of M-Medium was assigned.

- **Significant -** A recovery rate of 50% was used within a range of 35% to 65% if there were market indicators or events that demonstrated that the company was likely to default over the medium to long-term. An internal due diligence rating of H-High was assigned.

- **Default -** A recovery rate of 35% which was the highest within the range of 0% to 35% was used if there was a strong indicator of likely default in the short-term or there was a default in principal and/or accrued interest. For example, a going concern note has been disclosed in the recent financial statements, the company's credit rating has been withdrawn or there is a significant decrease in the company's financial health. An internal due diligence rating of H/D High or Default was assigned.

The expected credit loss allowance computed on term deposits was $88,947 (2024 - $80,635) as at March 31, 2025.

(expressed in Barbados dollars)

25 Financial Risk Management *…continued*

25.2 Credit risk *…continued*

Sovereign debt securities - Government of Barbados

On June 19, 2018, the Barbados' government formally entered into default when the grace period for payment of interest and principal on its foreign 2035 bonds expired.

The Barbados government entered into the Barbados Economic Recovery and Transformation (BERT) program, with its local currency debtors. Under this program holders of treasury bills, treasury notes, debentures, loans and bonds owed by the Government of Barbados received an offer of exchange on September 7, 2018.

The Group's acceptance of this offer resulted in the restructuring of principal and interest payments of $19,002,841 on its debt securities measured at amortised cost. The new securities were designated as Series B bonds in the amount of $17,994,321 together with Series D bonds in the amount of $1,008,847.

In keeping with the requirements of the IFRS 9 standard, the previous investments which were carried at amortised cost were derecognized and replaced by that of the new securities at their fair market value. This resulted in a derecognition loss of $3,634,651 below their 2018 yearend stated value.

As a consequence, a derecognition assessment was carried out as at October 1, 2018 on the principal and capitalized interest of the underlying investments. The Central Bank of Barbados yield curve for these securities was compared with that of the Institute of Chartered Accountants of Barbados (ICAB) to arrive at the risk free rate used in the performance of this calculation. The Net Present Value (NPV) was calculated on each strip using the credit-adjusted effective interest rate and was deducted from the carrying value to arrive at the loss on derecognition.

Subsequent to the initial local currency sovereign credit rating on November 3, 2018 of "Selective Default" (SD), this improved to B2 with a Stable outlook on April 11, 2024.

Assessment of Sovereign debt securities

At March 31, 2025 the Group's holdings in Government Securities relating to the Series B and D bonds were classified as POCI (Purchased or Originated Credit Impaired) and the Group subsequently reversed any associated expected credit loss provisions booked on origination. At March 31, 2025, the balance was $15,982,626 (2024: $17,337,026) with a weighted average effective rate of 3.77% (2024: 2.45%). The derecognition loss of $3,634,651 which was initially recognised was reported at $1,755,158 (2024 - $2,043,696) at March 31, 2025.

POCI financial assets are assets that are credit impaired on initial recognition. The Government of Barbados bonds are carried at lifetime ECL which was incorporated into the calculation of the credit adjusted effective interest rate on initial recognition. Only the change in ECL gives rise to an impairment gain at the end of each assessment period.

(expressed in Barbados dollars)

25 Financial Risk Management *…continued*

25.2 Credit risk *…continued*

Assessment of Amortised Cost Fixed Income Securities

Sovereign debt securities - Government of Barbados

On December 12, 2023, the Credit Union invested $10,000,000 in GOB BOSS Bonds Plus 2028 with a coupon rate of 4.5% and carried at amortised cost. The associated ECL was $40,121 as at March 31, 2025 (2024: $37,460).

Assessment of Corporate debt securities

As at March 31, 2025, the Credit Union held corporate debt securities with the Barbados Port Inc. (BPI) with a carrying value of $8,000,000 (2024: $5,159,737) with an average weighted effective yield of 5.71% (2024: 4.47%). An ECL assessment was performed as required by IFRS 9. This assessment on the Credit Union's debt securities measured at amortised cost utilized the following methodology as outlined below:

- Due to the lack of published statistical data and the lack of an active market for securities, Moody's Investor's Report dated April 11,2024 on Sovereign default and recovery rates, 1983 to 2023 was used to provide the cumulative default rates (CDR) for categories of bonds similar to Barbados. This gave the cumulative probability of default over a 10-year period.
- The recovery rate of 89% (2024 - 89%) for the Barbados Port Inc. bonds were used since these securities were not part of the debt exchange and had a higher likelihood of repayment due to the corporate independence, financial stability and profitability of the Barbados Port Inc. The loss given default (LGD) was therefore 18.03% which included a country default spread risk premium of 6.44 % (2024 - 7.08%).
- The discount rate applied was the effective interest rate for amortised cost financial instruments.

The staging methodology which was applied to term deposit was also applied to the corporate debt securities.

The above assumptions were the best-case scenario for the Groups' securities that are backed by the most reasonable and supportable data available at the time of the assessment.

(expressed in Barbados dollars)

25 Financial Risk Management *…continued*

25.2 Credit risk *…continued*

Assessment of Corporate debt securities …continued
Key data sources as outlined in the expected credit loss assessment methodology were obtained from Moody's, a global credit rating agency that provided published statistics and data on corporate and sovereign bonds and Corporate investments.

The expected credit losses computed were $174,116 (2024 - $132,203) as at March 31, 2025.

Incorporation of Forward-Looking Information Assessment
The Group's forward-looking information, an IFRS 9 requirement, was modelled using its internal due diligence process and was included in the final ECL calculation for the year ended March 31, 2024 and 2025.

The below qualitative and quantitative indicators are used to assess whether it is likely that an investment or group/class of investments would change in the future:

External Indicators - Market/Macro-economic specific shocks
- Significant change in the performance of the investee compared with that of the market
- Changes in expectations that the investee's technical product milestones will be achieved
- A significant change in the market for the investee's products, global economy, economic environment in which the entity operates
- Performance of competitors, matters such as fraud, commercial disputes, litigation, changes in management or strategy
- Evidence of external transactions in the investee's equity (take overs)

Internal Indicators - Company specific shocks
- Increasing/Declining revenues or margins
- Increasing/Decreasing operating risks
- Working capital deficiencies or improvements
- Increase/Decrease in asset quality
- Decreased/Increased statement of financial position leverage
- Liquidity, management problems or changes in the scope of business or organizational structure (such as the discontinuance of a segment of the business) that results in a significant change in the borrower's ability to meet its debt obligations (where the opposite is true)
- Corporate Credit Rating downgrade or upgrade by CariCRIS or other recognized International Rating Agency

The below table provides the Forecast of the Macroeconomic Outlook Scenarios:

Scenarios	Expected State
Upside	Positive
Base case	Stable
Downside	Negative

(expressed in Barbados dollars)

25 Financial Risk Management *…continued*

25.2 Credit risk *…continued*

The Group assigned probabilities and related weights based on the most likely forecasted economic outlook for the period under assessment. This probability is multiplied by a multiplier factor based on management's professional judgement to derive the adjustment required to incorporate the forward-looking estimate.

Since Barbados received a stable outlook for the period under assessment by Moody's and the Central Bank of Barbados, the base case scenario was the most likely scenario. Out of the sensitivity analysis of nine forecasted states, a forward-looking adjustment of 4% (2024 - 4%) was applied as at March 31, 2025.

Maximum exposure

Credit risk exposures relating to consolidated statement of financial position assets are as follows:

	Maximum exposure	
	2025	**2024**
	$	**$**
Loans and advances to members:		
Consumer	**668,206,254**	701,338,147
Mortgages	**706,393,701**	696,469,117
Business	**27,757,708**	28,060,967
Financial investments:		
Amortised cost	**38,467,505**	38,363,341
Cash resources	**459,186,824**	424,468,248
Credit risk exposures relating to off-consolidated statement of financial position items are as follows:		
Loan commitments	**73,675,637**	65,628,480
Total maximum exposure	**1,973,687,629**	1,954,328,300

The table represents the maximum credit risk exposure of the Group as of March 31, 2025 and March 31, 2024, without taking account of any collateral held or other credit enhancements attached. For consolidated statement of financial position assets, the exposures set out above are based on gross carrying amounts as reported in the consolidated statement of financial position.

(expressed in Barbados dollars)

25 Financial Risk Management *…continued*

25.2 Credit risk *…continued*

Credit quality by class of financial assets

Loans and advances

The credit quality of the loans and advances is managed through the prudent underwriting principles established by the Group.

Financial investments

The Credit Union has principally invested in government bonds issued by the Government of Barbados which in the 2024 financial year was rated by Standard & Poor's as B-. During the financial year ended March 31, 2025, these bonds were upgraded to a B rating.

Cash resources

The credit quality of financial institutions holding the Group's cash resources is assessed according to the level of their credit worthiness and by comparison to other financial institutions. The Group places its cash resources with reputable financial institutions.

The tables below show the credit quality analysis by class of financial assets.

Credit Quality Analysis

	2025			
	Stage 1 **$**	**Stage 2** **$**	**Stage 3** **$**	**Total** **$**
Loans and advances at amortised cost				
Current	**1,029,978,794**	–	–	**1,029,978,794**
Overdue <30 days	**145,017,966**	–	–	**145,017,966**
Overdue 31 days to 89 days	–	**38,697,783**	–	**38,697,783**
Overdue over 90 days	–	–	**188,663,120**	**188,663,120**
Total gross loans	**1,174,996,760**	**38,697,783**	**188,663,120**	**1,402,357,663**

(expressed in Barbados dollars)

25 Financial Risk Management *…continued*

25.2 Credit risk *…continued*

Credit Quality Analysis…continued

	2024			
	Stage 1 **$**	**Stage 2** **$**	**Stage 3** **$**	**Total** **$**
Loans and advances at amortised cost				
Current	1,004,331,800	–	–	1,004,331,800
Overdue <30 days	175,228,208	–	–	175,228,208
Overdue 31 days to 89 days	–	38,673,410	–	38,673,410
Overdue over 90 days	–	–	207,634,813	207,634,813
Total gross loans	1,179,560,008	38,673,410	207,634,813	1,425,868,231

	2025			
	Stage 1 **$**	**Stage 2** **$**	**Stage 3** **$**	**Total** **$**
Other assets				
Internally rated	**42,090,529**	**382,447**	**3,068,643**	**45,541,619**
Total other assets	**42,090,529**	**382,447**	**3,068,643**	**45,541,619**

	2024			
	Stage 1 $	Stage 2 $	Stage 3 $	Total $
Other assets				
Internally rated	21,494,334	136,513	1,979,202	23,610,049
Total other assets	21,494,334	136,513	1,979,202	23,610,049

(expressed in Barbados dollars)

25 Financial Risk Management *…continued*

25.2 Credit risk *…continued*

Credit Quality Analysis…continued

	2025			
	Stage 1 $	**Stage 2 $**	**POCI $**	**Total $**
Sovereign debt securities measured at amortised cost				
Standard & Poor's rating: (B)				
Government of Barbados				
- series B & D bonds ***	–	–	**15,982,626**	**15,982,626**
Not rated				
Barbados Port Inc.	**21,764,500**	–	–	**21,764,500**
Moody's Default (Caa1):				
Central Bank of Barbados				
- Bonds & T Bills	**2,276,485**	–	**464,602**	**2,741,087**
Gross sovereign debt securities	**24,040,985**	–	**464,602**	**27,474,587**

	2024			
	Stage 1 $	**Stage 2 $**	**POCI $**	**Total $**
Sovereign debt securities measured at amortised cost				
Standard & Poor's rating:(B-)				
Government of Barbados				
- series B & D bonds ***				
Not rated	–	–	17,613,511	17,613,511
Barbados Port Inc.	20,593,339	–	–	20,593,339
Moody's Default (Caa1):				
Central Bank of Barbados				
- Bonds & T Bills	7,452,537	–	257,550	7,710,087
Gross sovereign debt securities	28,045,876	–	17,871,061	45,916,937

*** During the financial year ended March 31, 2025, the credit rating of the Government of Barbados series B & D bonds as per Standard & Poor's was B (positive) (2024: B- (stable).

(expressed in Barbados dollars)

25 Financial Risk Management *…continued*

25.2 Credit risk *…continued*

Credit Quality Analysis…continued

	2025			
	Stage 1 $	**Stage 2 $**	**Stage 3 $**	**Total $**
Term deposits measured at amortised cost				
Internally rated	**22,631,759**	–	–	**22,631,759**
Gross term deposit	**22,631,759**	–	–	**22,631,759**

	2024			
	Stage 1 $	**Stage 2 $**	**Stage 3 $**	**Total $**
Term deposits measured at amortised cost				
Internally rated	20,291,821	–	–	20,291,821
Gross term deposit	20,291,821	–	–	20,291,821

Expected Credit Loss Allowance Model
Refer to accounting policies 2 (d).

Loans with renegotiated terms and the Credit Union's forbearance policy
Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position, where the Group has made concessions by agreeing to terms and conditions that are more favourable for the borrower than the Group has provided initially. The Group implements forbearance policy in order to maximise collection opportunities and minimise the risk of default. Under the Group's forbearance policy, loan forbearance is granted on a selective basis in situations where the debtor is currently in default on its debt, or where there is a high risk of default, there is evidence that the debtor made all the reasonable efforts to pay under the original contractual terms and it is expected to be able to meet the revised terms.

The revised terms usually include extending maturity, changing timing of interest payments and amendments to the terms of loan covenants. All loans are subject to the forbearance policy.

Once the loan is restructured it remains in this category independent of satisfactory performance after restructuring. The Group's Credit Committee regularly reviews reports on forbearance activities.

	2025 $	**2024 $**
Renegotiated loans and advances to individuals	**3,553,610**	3,312,379

(expressed in Barbados dollars)

25 Financial Risk Management *…continued*

25.2 Credit risk *…continued*

Write-off policy
The Group writes off a loan or an investment debt security balance, and any related allowances for impairment losses, when it is determined that the loan or security is uncollectible. This determination is made after considering information such as the occurrence of significant changes in the borrower's/issuer's financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardised loans, write-off decisions generally are based on a product-specific past due status.

Commitments and guarantees
To meet the financial needs of customers, the Group enters into various irrevocable commitments and contingent liabilities. Even though these obligations may not be recognised on the consolidated statement of financial position, they do contain credit risk and are therefore part of the overall risk of the Group.

The movement across the loan portfolio as at March 31, 2025 are in the following staging categories:

	2025			
	Stage 1 $	**Stage 2** $	**Stage 3** $	**Total** $
Gross carrying amount April 1, 2024	**1,179,560,008**	**38,673,410**	**207,634,813**	**1,425,868,231**
Stage 1 to stage 2	**(18,917,908)**	**18,917,908**	–	–
Stage 1 to stage 3	**(13,753,965)**	–	**13,753,965**	–
Stage 2 to stage 1	**26,682,082**	**(26,682,082)**	–	–
Stage 2 to stage 3	–	**(6,222,327)**	**6,222,327**	–
Stage 3 to stage 1	**38,574,023**	–	**(38,574,023)**	–
Stage 3 to stage 2	–	**3,476,335**	**(3,476,335)**	–
Net loans originated (paid)	**(37,147,480)**	**10,534,539**	**2,783,984**	**(23,828,957)**
Amount written off	–	–	**318,389**	**318,389**
Gross carrying amount April 1, 2025	**1,174,996,760**	**38,697,783**	**188,663,120**	**1,402,357,663**

(expressed in Barbados dollars)

25 Financial Risk Management *…continued*

25.2 Credit risk *…continued*

	2024			
	Stage 1 **$**	**Stage 2** **$**	**Stage 3** **$**	**Total** **$**
Gross carrying amount April 1, 2023	1,197,510,692	58,759,682	205,250,234	1,461,520,608
Stage 1 to stage 2	(33,542,667)	33,542,667	–	–
Stage 1 to stage 3	(15,946,787)	–	15,946,787	–
Stage 2 to stage 1	26,089,799	(26,089,799)	–	–
Stage 2 to stage 3	–	(9,480,279)	9,480,279	–
Stage 3 to stage 1	12,343,941	–	(12,343,941)	–
Stage 3 to stage 2	–	3,320,677	(3,320,677)	–
Net loans originated (paid)	(6,894,970)	(21,379,538)	(9,862,100)	(38,136,608)
Amount written off	–	–	2,484,231	2,484,231
Gross carrying amount April 1, 2024	1,179,560,008	38,673,410	207,634,813	1,425,868,231

The movement across ECL stages at March 31 were as follows:

	2025			
	Stage 1 **$**	**Stage 2** **$**	**Stage 3** **$**	**Total** **$**
Expected credit loss allowance				
Beginning balance	**2,256,080**	**462,829**	**41,824,582**	**44,543,491**
Stage 1 to stage 2	**(31,861)**	**31,861**	–	–
Stage 1 to stage 3	**(22,202)**	–	**22,202**	–
Stage 2 to stage 1	**478,337**	**(478,337)**	–	–
Stage 2 to stage 3	–	**(111,825)**	**111,825**	–
Stage 3 to stage 1	**7,931,394**	–	**(7,931,394)**	–
Stage 3 to stage 2	–	**738,642**	**(738,642)**	–
Net ECL re-measurement	**(9,069,567)**	**259,328**	**3,669,416**	**(5,140,823)**
Amount written off	–	–	**318,389**	**318,389**
Ending balance	**1,542,181**	**902,498**	**37,276,378**	**39,721,057**

(expressed in Barbados dollars)

25 Financial Risk Management *…continued*

25.2 Credit risk *…continued*

The movement across ECL stages at March 31 were as follows:

	2024			
	Stage 1 **$**	**Stage 2** **$**	**Stage 3** **$**	**Total** **$**
Expected credit loss allowance				
Beginning balance	2,265,518	1,956,984	43,822,068	48,044,570
Stage 1 to stage 2	(61,557)	61,557	–	–
Stage 1 to stage 3	(26,628)	–	26,628	–
Stage 2 to stage 1	855,909	(855,909)	–	–
Stage 2 to stage 3	–	(326,665)	326,665	–
Stage 3 to stage 1	2,354,852	–	(2,354,852)	–
Stage 3 to stage 2	–	608,137	(608,137)	–
Net ECL re-measurement	(3,132,014)	(981,275)	3,339,186	(774,103)
Amount written off	–	–	(2,726,976)	(2,726,976)
Ending balance	2,256,080	462,829	41,824,582	44,543,491

(expressed in Barbados dollars)

25 Financial Risk Management *…continued*

25.3 Liquidity risk and funding management

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Group might be unable to meet its payment obligations when they fall due under both normal and stressed circumstances. To limit this risk, management has arranged diversified funding sources in addition to its core deposit base, and adopted a policy of managing assets with liquidity in mind and of monitoring future cash flows and liquidity on a daily basis. The Group has developed internal control processes and contingency plans for managing liquidity risk. This incorporates an assessment of expected cash flows and the availability of high-grade collateral which could be used to secure additional funding if required.

The steps taken by the Group to respond to possible future liquidity constraints arising from adverse economic conditions and the impact of those steps on the consolidated financial statements include the following:

- The Finance, Investment and Asset Management Committee meets monthly to discuss strategies and plans around managing the liquidity and the capital needs of the Group;
- Analysis of account aggregation to ensure funding sources are adequately stratified;
- Robust stress testing of the Group's liquidity buffer at levels above regulatory requirements;
- Assessing the monthly inflow and outflow of funds (liquidity forecasting);
- Revisiting measures geared at strengthening the Group's capital base;
- Monitoring of portfolio behavioural matrices in reference to customers servicing their loans;
- Performing periodic liquidity and profitability evaluations for existing activities and strategies;
- Identifying primary and contingent funding sources needed to meet daily operations, as well as seasonal and cyclical cash flow fluctuations;
- Ensuring liquidity management strategies are consistent with the board's expressed risk tolerance; and
- Evaluating liquidity and profitability risks associated with new business activities.

The Group monitors its loan commitments, which are off-consolidated statement of financial position items and include unfunded residential mortgages, consumer loans and undrawn lines of credit. Sound risk management practices include closely monitoring the amount of unfunded commitments that require funding over various periods and detailing anticipated demands against unfunded commitments in internal reports and contingency plans.

In addition, the Group maintains cash resources that are assumed to be easily liquidated in the event of an unforeseen interruption of cashflow. The cash resources have an estimated value of $460,866,012 (2024 - $424,387,613) as at March 31, 2025. In balancing profitability goals and liquidity demands, management carefully evaluates the benefits (yield and increased marketability) of holding liquid assets against the expected higher returns associated with less liquid assets. The Group also has a committed line of credit facility for $7,800,000 (2024 - $7,800,000) that it can access to meet liquidity needs in cases of adverse conditions which results in a greater operational cashflows. In addition, the Group maintains a statutory deposit with the Central Bank of Barbados.

(expressed in Barbados dollars)

25 Financial Risk Management *…continued*

25.3 Liquidity risk and funding management *…continued*

Analysis of financial liabilities by remaining contractual maturities
The table below summarises the maturity profile of the undiscounted cash flows of the Group's financial liabilities as of March 31, 2025 and March 31, 2024 on the basis of their earliest possible contractual maturity.

Liquidity risk - Financial liabilities

	2025				
	Within 3 months $	**Within 3-12 months $**	**Within 1-5 years $**	**Over 5 years $**	**Total $**
Deposits	**885,332,391**	**243,725,211**	**692,189,987**	**66,706,573**	**1,887,954,162**
Reimbursable shares	**–**	**–**	**32,619,237**	**–**	**32,619,237**
Other liabilities	**4,712,083**	**14,508,201**	**2,534,116**	**–**	**21,754,400**
	890,044,474	**258,233,412**	**727,343,340**	**66,706,573**	**1,942,327,799**

	2024				
	Within 3 months $	**Within 3-12 months $**	**Within 1-5 years $**	**Over 5 years $**	**Total $**
Deposits	870,903,099	209,411,674	638,804,159	63,516,668	1,782,635,600
Loans payable	–	–	–	1,181,900	1,181,900
Reimbursable shares	–	–	27,361,694	–	27,361,694
Other liabilities	3,975,755	13,935,724	2,822,071	757,757	21,491,307
	874,878,854	223,347,398	668,987,924	65,456,325	1,832,670,501

(expressed in Barbados dollars)

25 Financial Risk Management *…continued*

25.4 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Group is mainly exposed to interest rate risk. The Group's exposure to currency risk is minimal as a result of the fixed rate of exchange between the Barbados and Eastern Caribbean dollar.

25.5 Interest rate risk

Interest rate risk is the risk of loss from the fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. It arises when there is a mismatch between interest-bearing assets and interest-bearing liabilities, which are subject to interest rate adjustments, within a specified period. It can be reflected as a loss of future net interest income and/or a loss of current market values.

(expressed in Barbados dollars)

25 Financial Risk Management *…continued*

25.5 Interest rate risk

A summary of the Group's interest rate gap position is as follows:

	2025					
	Up to 3 months $	**Within 3 - 12 months $**	**Within 1 - 5 years $**	**Over 5 years $**	**Non-interest bearing $**	**Total $**
Assets						
Cash resources	**364,398,564**	**28,042,812**	**56,475,683**	**–**	**11,948,953**	**460,866,012**
Financial investments	**3,764,500**	**3,187,067**	**26,839,125**	**16,857,222**	**–**	**50,647,914**
Loans and advances	**36,149,062**	**34,913,342**	**253,576,947**	**1,052,858,585**	**938,633**	**1,378,436,569**
Total assets	**404,312,126**	**66,143,221**	**336,891,755**	**1,069,715,807**	**12,887,586**	**1,889,950,495**
Liabilities						
Deposits	**810,191,518**	**238,596,301**	**658,776,485**	**42,872,592**	**149,240**	**1,750,586,136**
Reimbursable shares	**–**	**–**	**–**	**–**	**32,619,237**	**32,619,237**
Other liabilities	**275,741**	**939,211**	**2,527,653**	**–**	**20,476,759**	**24,219,364**
Total liabilities	**810,467,259**	**239,535,512**	**661,304,138**	**42,872,592**	**53,245,236**	**1,807,424,737**
Interest rate gap	**(406,155,133)**	**(173,392,291)**	**(324,412,383)**	**1,026,843,215**	**(40,357,650)**	**82,525,758**

(expressed in Barbados dollars)

25 Financial Risk Management *…continued*

25.5 Interest rate risk *…continued*

	2024					
	Up to 3 months $	**Within 3 - 12 months $**	**Within 1 - 5 years $**	**Over 5 years $**	**Non-interest bearing $**	**Total $**
Assets						
Cash resources	396,426,509	10,982,153	5,322,631	–	11,656,320	424,387,613
Financial investments	4,968,291	59,452	36,879,012	6,383,835	–	48,290,590
Loans and advances	35,530,307	39,570,496	271,614,788	1,045,260,550	2,573,933	1,394,550,074
Other assets	–	–	159,723	–	23,450,326	23,610,049
Total assets	436,925,107	50,612,101	313,976,154	1,051,644,385	37,680,579	1,890,838,326
Liabilities						
Deposits	871,926,863	205,373,366	600,602,439	36,621,728	129,709	1,714,654,105
Loans payable	–	–	–	1,181,900	–	1,181,900
Reimbursable shares	–	–	–	–	27,361,694	27,361,694
Other liabilities	361,254	904,478	2,798,988	757,757	16,956,993	21,779,470
Total liabilities	872,288,117	206,277,844	603,401,427	38,561,385	44,448,396	1,764,977,169
Interest rate gap	(435,363,010)	(155,665,743)	(289,425,273)	1,013,083,000	(6,767,817)	125,861,157

(expressed in Barbados dollars)

25 Financial Risk Management *…continued*

25.5 Interest rate risk*…continued*

An interest rate sensitivity analysis was performed to determine the impact on profit of reasonable possible changes in the interest rates prevailing as at March 31, 2025, with all other variables held constant.

The impact is illustrated and shown in the table below:

	2025 $	2024 $
Increase/decrease of 100 bps		
Impact on profit + 100 bps	**(49,628)**	(690,939)
Impact on profit - 100 bps	**48,387**	685,390

25.6 Currency risk

Currency risk arises when future commercial transactions, recognised assets and liabilities are denominated in a currency that is not the Group's functional currency. The Group is exposed to foreign exchange risk primarily with respect to EC dollars. Management monitors economic and political conditions in the countries in which the Group operates for risks of currency fluctuations.

(expressed in Barbados dollars)

25 Financial Risk Management *...continued*

25.6 Currency risk *...continued*

	2025			
	Barbados **$**	**Eastern Caribbean** **$**	**United States** **$**	**Total** **$**
Assets:				
Cash resources	**450,341,898**	**3,091,647**	**7,432,467**	**460,866,012**
Investment securities:				
- Amortised cost	**40,588,462**	**–**	**–**	**40,588,462**
- FVOCI	**4,129,015**	**–**	**–**	**4,129,015**
- FVTPL	**10,059,452**	**–**	**–**	**10,059,452**
Loans and advances	**1,360,420,292**	**18,016,277**	**–**	**1,378,436,569**
Other assets	**42,159,722**	**264,427**	**3,117,470**	**45,541,619**
Total Financial Assets	**1,907,698,841**	**21,372,351**	**10,549,937**	**1,939,621,129**
Liabilities:				
Deposits	**1,727,006,256**	**23,579,880**	**–**	**1,750,586,136**
Reimbursable shares	**32,619,237**	**–**	**–**	**32,619,237**
Other liabilities	**23,518,346**	**701,018**	**–**	**24,219,364**
Total Financial Liabilities	**1,783,143,839**	**24,280,898**	**–**	**1,807,424,737**

(expressed in Barbados dollars)

25 Financial Risk Management *...continued*

25.6 Currency risk *...continued*

	2024			
	Barbados $	**Eastern Caribbean** $	**United States** $	**Total** $
Assets:				
Cash resources	420,426,949	2,986,869	973,795	424,387,613
Investment securities:				
- Amortised cost	38,231,138	–	–	38,231,138
- FVOCI	4,115,989	–	–	4,115,989
- FVTPL	10,059,452	–	–	10,059,452
Loans and advances	1,375,765,052	18,785,022	–	1,394,550,074
Other assets	20,292,567	200,012	3,117,470	23,610,049
Total Financial Assets	1,868,891,147	21,971,903	4,091,265	1,894,954,315
Liabilities:				
Deposits	1,690,362,832	24,291,273	–	1,714,654,105
Loans payable	–	1,181,900	–	1,181,900
Reimbursable shares	27,361,694	–	–	27,361,694
Other liabilities	21,585,310	194,160	–	21,779,470
Total Financial Liabilities	1,739,309,836	25,667,333	–	1,764,977,169

(expressed in Barbados dollars)

25 Financial Risk Management *...continued*

25.7 Operational risk

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

While operational risk is inherent to each of the Group's business activities, the exposure is minimised by ensuring that the appropriate infrastructure, controls, systems and human resources are in place. Key policies and procedures used in managing operating risk involve a strong internal audit function, segregation of duties, delegation of authority, and financial and managerial reporting.

Within the Group, mitigation of operating risk is assigned to senior management supported by a well-defined organisational structure that segregates operational and administrative functions. Back-up capabilities are also maintained to ensure on-going service delivery in adverse circumstances.

In addition, periodic reviews are undertaken by the Internal Audit department. The results of the reviews are discussed with the management of the business unit to which they relate, senior management and the Board of Directors.

26 Fair Value

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and is best evidenced by a quoted market price, if one exists.

Financial assets and liabilities are carried at amounts, which approximate to their fair value at the consolidated statement of financial position date. Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument.

These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

For financial assets and financial liabilities that are liquid or have short term maturity, it is assumed that the carrying amounts approximate their fair value. These include cash resources, other assets, loan payable, reimbursable shares and other liabilities. The fair value of debt securities is based on quoted prices that are available, or otherwise based on an appropriate yield curve with the same remaining term to maturity. The fair value of loans and advances largely approximates carrying value as the Group's portfolio comprises mainly variable rate loans. The fair value of deposits takes account of certain fixed rate deposits which have been discounted at current interest rates.

(expressed in Barbados dollars)

26 Fair Value *...continued*

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated statement of financial position are shown in the table below:

	2025		**2024**	
	Carrying amount $	**Fair value $**	**Carrying amount $**	**Fair value $**
Assets				
Cash resources	**460,866,012**	**460,866,012**	424,387,613	424,387,613
Financial investments				
- Amortised cost	**40,588,462**	**40,588,462**	38,231,138	38,231,138
- FVOCI	**4,129,015**	**4,129,015**	4,115,989	4,115,989
- FVPL	**10,059,452**	**10,059,452**	10,059,452	10,059,452
Loans and advances	**1,378,436,569**	**1,380,578,796**	1,394,550,074	1,396,572,744
Other assets	**45,541,619**	**45,541,619**	23,610,049	23,610,049
	1,939,621,129	**1,941,763,356**	1,894,954,315	1,896,976,985
Liabilities				
Deposits	**1,750,586,136**	**1,802,702,549**	1,714,654,105	1,773,037,343
Loan payable	–	–	1,181,900	1,181,900
Reimbursable shares	**32,619,237**	**32,619,237**	27,361,694	27,361,694
Other liabilities	**24,219,364**	**24,219,364**	21,779,470	21,779,470
	1,807,424,737	**1,859,541,150**	1,764,977,169	1,823,360,407

Determination of fair value and fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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

The fair value of financial instruments traded in active markets is based on quoted market prices at the consolidated statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price, these instruments are included in Level 1.

(expressed in Barbados dollars)

26 Fair Value *…continued*

Determination of fair value and fair value hierarchy *…continued*

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The following table presents the Group's financial instruments that are measured at fair value.

	2025			
	Level 1 $	**Level 2 $**	**Level 3 $**	**Total balance $**
Investment securities				
Equity securities				
- FVOCI - quoted	**383,236**	**980,000**	–	**1,363,236**
- FVOCI - unquoted	–	–	**2,765,780**	**2,765,780**
Debt securities				
- FVTPL	–	–	**10,059,452**	**10,059,452**
	383,236	**980,000**	**12,825,232**	**14,188,468**

	2024			
	Level 1 $	**Level 2 $**	**Level 3 $**	**Total balance $**
Investment securities				
Equity securities				
- FVOCI - quoted	263,436	940,000	–	1,203,436
- FVOCI - unquoted	–	–	2,912,553	2,912,553
Debt securities				
- FVTPL	–	–	10,059,452	10,059,452
	263,436	940,000	12,972,005	14,175,441

(expressed in Barbados dollars)

26 Fair Value *…continued*

The following table shows a reconciliation of all movements in the fair value of financial investments categorised within Level 3 between the beginning and end of the reporting period.

	2025 $	2024 $
Balance - beginning of year	**12,972,005**	12,847,777
Unrealised (loss)/gain	**(146,773)**	124,228
Balance - end of year	**12,825,232**	12,972,005

There were no transfers in or out of Level 3 during the year ended March 31, 2025 (2024 - Nil).

Significant unobservable inputs that have been considered in determining the fair value of Level 3 securities are as follows:

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
A market-based approach with multiple comparable company valuations. In concluding using this approach, a median of the various market-based multiples was considered. These multiples included the price to book value multiple, price to earnings multiple, EBITDA multiple, EBIT multiple and revenue multiple.	• Shareholding percentage • Net assets • Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) • Earnings Before Interest and Tax (EBIT) • Revenue	The estimated fair value would increase/(decrease) if: • Shareholding increases/(decreases) • Net assets were higher/(lower) • EBITDA was higher/(lower) • EBIT was higher/(lower) • Revenue was higher/(lower)
Asset based approach with discounts applied where prudent, with subsequent consideration of the Group's shareholding.	• Net assets • Shareholding percentage	The estimated fair value would increase/(decrease) if: • Net assets were higher/(lower) • Shareholding increases/(decreases)

(expressed in Barbados dollars)

27 Capital Management

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of the consolidated statement of financial position, are:

- To comply with the capital requirements set by the regulators of financial institutions where the Group operates;
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns to its shareholder and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by the Group's management, employing techniques based on policies and guidelines regulated by both the Co-operative Societies Act and the Financial Institutions Act.

The Group's approach to managing capital did not change during the period.

Regulatory capital requirement

Under governing legislation which became effective March 31, 2008, the Credit Union is required to transfer from net surplus for the year an amount equivalent to the greater of 25% of net surplus or 0.5% of total assets until the capital to total assets ratio equals 10%. (Note 21)

For Capita Financial Services Inc., the Central Bank of Barbados requires that the entity (a) hold the minimum level of the regulatory capital and (b) maintain a certain ratio of total regulatory capital to the risk-weighted asset at or above the internationally agreed minimum of 8%.

The Group has complied with all externally imposed capital requirements.

28 Comparatives

Certain prior year comparatives have been reclassified to comply with changes made to the current year's presentation.

29 Subsequent Events

There are no subsequent events requiring disclosure in the consolidated financial statements for the year ended March 31, 2025.