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Empowering Members, Supporting Families,
Building Generational Success Since 1970

2026 Separate Financials



**BARBADOS PUBLIC WORKERS'
CO-OPERATIVE CREDIT UNION LIMITED**



Independent auditor's report

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

Our opinion

In our opinion, the separate financial statements present fairly, in all material respects, the financial position of Barbados Public Workers' Co-operative Credit Union Limited (the Credit Union) as at March 31, 2026, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Credit Union's separate financial statements comprise:

- the separate statement of financial position as at March 31, 2026;
- the separate statement of income for the year then ended;
- the separate statement of comprehensive income for the year then ended;
- the separate statement of changes in equity for the year then ended;
- the separate statement of cash flows for the year then ended; and
- the notes to the separate financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

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

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

Independence

We are independent of the Credit Union in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other information

Management is responsible for the other information. The other information comprises the annual report (but does not include the financial statements and our auditor's report thereon).

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

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

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

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Credit Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Credit Union or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Credit Union's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Credit Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Credit Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Credit Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Other matter

This report is made solely for the information and use of the Board of Directors of Barbados Public Workers' Co-operative Credit Union Limited. Our audit work has been undertaken so that we might state to the Credit Union's Board of Directors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law and subject to any enactment or rule of law to the contrary, we do not accept or assume responsibility to anyone other than the Credit Union's Board of Directors as a body, for our audit work, for this report, or for the opinion we have formed.

PricewaterhouseCoopers SRL

Bridgetown, Barbados

June 15, 2026

Barbados Public Workers' Co-operative Credit Union Limited

Separate Statement of Income

For the year ended March 31, 2026

(expressed in Barbados dollars)

	Notes	2026 \$	2025 \$
Interest income	3	85,728,431	86,572,875
Interest expense	3	<u>(18,366,094)</u>	<u>(17,897,996)</u>
Net interest income	3	67,362,337	68,674,879
Other income	4	<u>7,164,471</u>	<u>5,817,280</u>
Net interest and other income		74,526,808	74,492,159
Expected credit losses	5	<u>(429,390)</u>	<u>(1,635,816)</u>
Net operating income		74,097,418	72,856,343
Staff costs	6	26,146,098	27,259,974
Operating expenses	7	35,650,147	36,699,091
Depreciation	12	<u>3,088,446</u>	<u>3,719,722</u>
Total expenses		64,884,691	67,678,787
Net income for the year		<u>9,212,727</u>	<u>5,177,556</u>

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

Barbados Public Workers' Co-operative Credit Union Limited

Separate Statement of Comprehensive Income

For the year ended March 31, 2026

(expressed in Barbados dollars)

	Notes	2026 \$	2025 \$
Net income for the year		<u>9,212,727</u>	<u>5,177,556</u>
Other comprehensive income/(loss)			
<i>Items that will never be reclassified subsequently to profit or loss:</i>			
Re-measurements of defined benefit plan	14	(1,871,362)	(486,868)
Net unrealised gain/(loss) on FVOCI equity investments	20	<u>79,906</u>	<u>(106,774)</u>
Other comprehensive loss		<u>(1,791,456)</u>	<u>(593,642)</u>
Total comprehensive income for the year		<u>7,421,271</u>	<u>4,583,914</u>

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

Barbados Public Workers' Co-operative Credit Union Limited

Separate Statement of Financial Position

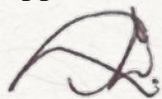
As at March 31, 2026

(expressed in Barbados dollars)

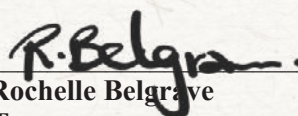
	Notes	2026 \$	2025 \$
Assets			
Cash resources	9	513,272,883	477,039,035
Financial investments:			
- Amortised cost	10	107,237,868	65,518,001
- FVOCI	10	3,018,248	2,938,342
- FVTPL	10	10,059,452	10,059,452
Loans and advances	11	1,149,877,076	1,127,963,547
Property and equipment	12	51,104,522	47,836,428
Pension plan asset	14	1,708,173	3,190,457
Investment in subsidiary companies	13	12,500,000	12,500,000
Due from related companies	21	21,984,863	22,266,968
Other assets	15	32,350,347	42,234,180
Total Assets		1,903,113,432	1,811,546,410
Liabilities and Equity			
Liabilities			
Deposits	16	1,648,897,685	1,565,368,739
Reimbursable shares		35,237,989	32,619,237
Other liabilities	17	16,354,330	16,465,262
Total Liabilities		1,700,490,004	1,614,453,238
Equity			
Share capital	18	14,351,020	13,985,580
Statutory reserves	19	172,891,116	166,977,273
Other reserves	20	7,401,239	9,322,791
Retained earnings		7,980,053	6,807,528
Total Liabilities and Equity		1,903,113,432	1,811,546,410

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

Approved by the Board of Directors on June 11, 2026 and signed on its behalf by:



Lindell Earle
President



Rochelle Belgrave
Treasurer

Barbados Public Workers' Co-operative Credit Union Limited

Separate Statement of Changes in Equity

For the year ended March 31, 2026

(expressed in Barbados dollars)

	Notes	Share capital \$	Statutory reserves \$	Other reserves \$	Retained earnings \$	Total \$
At April 1, 2024		13,650,780	166,925,879	8,272,841	6,004,118	194,853,618
Net income for the year		–	–	–	5,177,556	5,177,556
Other comprehensive loss		–	–	(593,642)	–	(593,642)
Issue of shares	18	467,520	–	–	–	467,520
Redemption of shares	18	(132,720)	–	–	–	(132,720)
Transfer to statutory reserves	19	–	34,364	–	(34,364)	–
Entrance fees	19	–	17,030	–	–	17,030
Transfer to special reserves	20	–	–	1,022,257	(1,022,257)	–
Special reserves released to retained earnings	20	–	–	(824,375)	824,375	–
Net reserve for interest on non-performing loans	20	–	–	1,445,710	(1,445,710)	–
Distributions to members	8	–	–	–	(2,696,190)	(2,696,190)
At March 31, 2025		13,985,580	166,977,273	9,322,791	6,807,528	197,093,172
Net income for the year		–	–	–	9,212,727	9,212,727
Other comprehensive gain		–	–	(1,791,456)	–	(1,791,456)
Issue of shares	18	473,440	–	–	–	473,440
Redemption of shares	18	(108,000)	–	–	–	(108,000)
Transfer to statutory reserves	19	–	5,896,283	–	(5,896,283)	–
Entrance fees	19	–	17,560	–	–	17,560
Transfer to special reserves	20	–	–	865,201	(865,201)	–
Special reserves released to retained earnings	20	–	–	(761,831)	761,831	–
Net reserve for interest on non-performing loans	20	–	–	(233,466)	233,466	–
Distributions to members	8	–	–	–	(2,274,015)	(2,274,015)
At March 31, 2026		14,351,020	172,891,116	7,401,239	7,980,053	202,623,428

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

Barbados Public Workers' Co-operative Credit Union Limited

Separate Statement of Cash Flows For the year ended March 31, 2026

(expressed in Barbados dollars)

	Notes	2026 \$	2025 \$
Cash flows from operating activities			
Net income for the year		9,212,727	5,177,556
Adjustments for:			
Depreciation	12	3,088,446	3,719,722
Expected credit losses	5	429,390	1,635,816
Gain on disposal of property and equipment	4	(173,919)	(85,534)
Interest income	3	(85,728,431)	(86,572,875)
Interest expense	3	18,366,094	17,897,996
Pension expense	14	563,369	483,073
Dividend income	4	(149,742)	(49,090)
		(54,392,066)	(57,793,336)
Changes in operating assets and liabilities			
(Increase)/decrease in loans and advances		(22,826,111)	3,505,685
Decrease/(increase) in other assets		9,883,833	(21,728,414)
Increase in deposits		83,758,801	41,131,712
Increase in reimbursable shares		2,618,752	5,257,543
Decrease in due from related companies		282,105	811,294
Increase in other liabilities		401,760	2,880,626
		19,727,074	(25,934,890)
Net cash from/(used) in operations			
Interest received		86,211,623	85,200,949
Interest paid		(18,595,949)	(18,458,034)
Pension contributions paid	14	(952,447)	(910,296)
		86,390,301	39,897,729
Net cash generated from operating activities			
Cash flows used in investing activities			
Purchase of investments		(41,379,123)	(10,511,700)
Investments redeemed		–	1,858,127
Purchase of property and equipment	12	(6,418,408)	(4,776,006)
Proceeds from sale of property and equipment		235,787	85,534
Dividends received	4	149,742	49,090
		(47,412,002)	(13,294,955)
Net cash used in investing activities			
Carried forward		38,978,299	26,602,774

Barbados Public Workers' Co-operative Credit Union Limited

Separate Statement of Cash Flows ...continued

For the year ended March 31, 2026

(expressed in Barbados dollars)

	Notes	2026 \$	2025 \$
Brought forward		38,978,299	26,602,774
Cash flows used in financing activities			
Principal portion of lease liability		(512,693)	(762,604)
Issue of shares	18	473,440	467,520
Entrance fees received	19	17,560	17,030
Redemption of shares	18	(108,000)	(132,720)
Distributions to members	8	(2,274,015)	(2,696,190)
Net cash used in financing activities		(2,403,708)	(3,106,964)
Net increase in cash and cash equivalents		36,574,591	23,495,810
Cash and cash equivalents, beginning of year		388,628,804	365,132,994
Cash and cash equivalents, end of year	9	425,203,395	388,628,804

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

Barbados Public Workers' Co-operative Credit Union Limited

Notes to the Separate Financial Statements

March 31, 2026

(expressed in Barbados dollars)

1 Corporate Information

The Barbados Public Workers' Co-operative Credit Union Limited ("the Credit Union") was registered on May 6, 1970, under the Co-operative Societies Act of Barbados (Cap. 378A), 1990-23. Its registered office is located at "Olive Trotman House", Keith Bourne Complex, Belmont Road, St. Michael.

The principal activities of the Credit Union are the provision of savings products and credit facilities to its members and to educate them in co-operative principles.

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 separate financial statements have been prepared in accordance with IFRS Accounting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial statements have been prepared for filing with the Credit Union's regulator, the Financial Services Commission. The Credit Union has taken advantage of the exemptions under IFRS 10, 'Consolidated financial statements' and these financial statements do not reflect the generally accepted accounting principles of IFRS, of consolidation of the accounts of subsidiary companies. The consolidated financial statements of the Credit Union and its subsidiary companies have been prepared for presentation to the members.

The separate financial statements were authorised for issue by the Board of Directors on June 11, 2026.

b) 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 financial year which would have a significant effect on the Credit Union's separate financial statements.

c) Standards issued but not yet effective

At the date of authorization of these separate financial statements, certain new accounting standards and amendments had been issued but were not yet effective and had not been early adopted by the Credit Union.

IFRS 18 - Presentation and Disclosure in Financial Statements

Effective for annual reporting periods beginning on or after January 1, 2027. IFRS 18 replaces IAS 1 Presentation of Financial Statements and introduces new requirements for the presentation of information in the Statement of Comprehensive Income, enhanced disclosure requirements for management-defined performance measures, and additional principles for aggregation and disaggregation of information. The Credit Union is currently assessing the impact that the adoption of IFRS 18 will have on its financial statements but does not anticipate any significant impact to the Credit Union's separate financial statements.

Barbados Public Workers' Co-operative Credit Union Limited

Notes to the Separate Financial Statements

March 31, 2026

(expressed in Barbados dollars)

2 Accounting policies ...continued

c) Standards issued but not yet effective ...continued

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

The amendments clarify certain requirements relating to the classification of financial assets and introduce additional disclosure requirements for financial instruments. The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted. Given the nature of the Credit Union's financial assets and liabilities, management is evaluating the impact of these amendments on the financial statements but does not anticipate any significant impact to the Credit Union's separate financial statements.

d) Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Credit Union 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 or 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 Credit Union 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 Credit Union 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 Credit Union 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 recognised 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.

Barbados Public Workers' Co-operative Credit Union Limited

Notes to the Separate Financial Statements

March 31, 2026

(expressed in Barbados dollars)

2 Accounting policies ...continued

d) Financial instruments ...continued

Derecognition ...continued

Financial liabilities

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

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 Credit Union 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 Credit Union 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.

Barbados Public Workers' Co-operative Credit Union Limited

Notes to the Separate Financial Statements

March 31, 2026

(expressed in Barbados dollars)

2 Accounting policies ...continued

d) Financial instruments ...continued

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

Business model assessment

The Credit Union 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 Credit Union'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);
- 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.

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

In assessing whether the contractual cash flows are SPPI, the Credit Union 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 Credit Union considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Credit Union'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).

Financial assets measured at amortised cost

The Credit Union's non-derivative financial assets measured at amortised cost comprise cash and cash equivalents, term deposits, sovereign debt securities, loans and advances, other assets and due from related companies. The Credit Union measures these assets at amortised cost as its business model is to hold them to collect contractual cash flows. The contractual terms also give rise to the receipt of principal and interest on specified dates. These financial assets are not reclassified subsequent to their initial recognition unless the Credit Union 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.

Barbados Public Workers' Co-operative Credit Union Limited

Notes to the Separate Financial Statements

March 31, 2026

(expressed in Barbados dollars)

2 Accounting policies ...continued

d) Financial instruments ...continued

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

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

Financial assets measured at FVOCI

The Credit Union's non-derivative financial assets measured at FVOCI comprise equity securities. The Credit Union measures these assets at FVOCI as these equity investments are not held for trading and the Credit Union has irrevocably elected to present subsequent changes in the investments' fair value in OCI. These assets are measured at fair value. Dividends are recognised 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 recognised 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 Credit Union changes its business model for managing financial assets.

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, reimbursable shares and other liabilities.

Expected credit losses and impairment

The Credit Union 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 Credit Union 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 Credit Union measures the loss allowance for the financial asset at 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 recognised on equity investments.

Barbados Public Workers' Co-operative Credit Union Limited

Notes to the Separate Financial Statements

March 31, 2026

(expressed in Barbados dollars)

2 Accounting policies ...continued

d) Financial instruments ...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 Credit Union considers both quantitative and qualitative information and analysis based on the Credit Union'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 Credit Union 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 Credit Union 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.

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 Credit Union on terms that the Credit Union would not otherwise consider
- The disappearance of an active market for a security because of financial difficulties

Barbados Public Workers' Co-operative Credit Union Limited

Notes to the Separate Financial Statements

March 31, 2026

(expressed in Barbados dollars)

2 Accounting policies ...continued

d) Financial instruments ...continued

Expected credit losses and impairment...continued

Credit impaired financial assets ...continued

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.

The Credit Union 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

ECL 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 Credit Union 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 Credit Union if the commitment is drawn down and the cash flows that the Credit Union expects to receive.

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 derecognised 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.

Barbados Public Workers' Co-operative Credit Union Limited

Notes to the Separate Financial Statements

March 31, 2026

(expressed in Barbados dollars)

2 Accounting policies ...continued

d) Financial instruments ...continued

Expected credit losses and impairment ...continued

Measurement of ECL ...continued

- 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 judgment.
- 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 statement of financial position as a deduction from the gross carrying amount of the assets.

For loan commitments, generally a provision is recognised. In the event the financial instruments includes both a drawn and undrawn component, and the Credit Union cannot identify the ECL on the loan commitment separately from the drawn component, the Credit Union 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.

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 derecognised 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.

Barbados Public Workers' Co-operative Credit Union Limited

Notes to the Separate Financial Statements

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(expressed in Barbados dollars)

2 Accounting policies ...continued

d) Financial instruments ...continued

Expected credit losses and impairment ...continued

Restructured financial assets ...continued

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 Credit Union’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 Credit Union 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 Credit Union’s procedures for recovery of amounts due.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Credit Union 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.

Barbados Public Workers' Co-operative Credit Union Limited

Notes to the Separate Financial Statements

March 31, 2026

(expressed in Barbados dollars)

2 Accounting policies ...continued

d) Financial instruments ...continued

Expected credit losses and impairment ...continued

Modifications of financial assets and liabilities

Financial assets

If the terms of a financial asset are modified, then the Credit Union 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 derecognised and a new financial asset is recognised 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 maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Credit Union 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 Credit Union first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss.

Financial liabilities

The Credit Union 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.

Barbados Public Workers' Co-operative Credit Union Limited

Notes to the Separate Financial Statements

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(expressed in Barbados dollars)

2 Accounting policies ...continued

e) Significant accounting judgements, estimates and assumptions

The preparation of the 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 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 Credit Union's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Credit Union 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 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 Credit Union's investment policy. This Committee meets monthly to review any challenges as it relates to the carrying value of the Credit Union's assets and liabilities.

When measuring the fair value of an asset or a liability, the Credit Union 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 24.

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

The Credit Union 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 23.

Barbados Public Workers' Co-operative Credit Union Limited

Notes to the Separate Financial Statements

March 31, 2026

(expressed in Barbados dollars)

2 Accounting policies ...continued

e) Significant accounting judgements, estimates and assumptions ...continued

Measurement of fair values ...continued

The Credit Union regularly reviews the appropriateness of the inputs to its fair values of financial instruments. As a result, and as part of the process to determine fair values of financial instruments the Credit Union 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 judgments are also required in applying the accounting requirements for measuring ECL, such as:

- The Credit Union'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 judgment 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 Credit Union's historical loss experience.

Barbados Public Workers' Co-operative Credit Union Limited

Notes to the Separate Financial Statements

March 31, 2026

(expressed in Barbados dollars)

2 Accounting policies ...continued

e) Significant accounting judgements, estimates and assumptions ...continued

Impairment of non-derivative financial assets ...continued

Incorporation of forward-looking information

The Credit Union 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 Credit Union 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 region where the Credit Union 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:

2026

March 31

	Upside	Central	Downside
Scenario probability weighting	20%	55%	25%

2025

March 31

	Upside	Central	Downside
Scenario probability weighting	20%	55%	25%

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 Credit Union 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.

Barbados Public Workers' Co-operative Credit Union Limited

Notes to the Separate Financial Statements

March 31, 2026

(expressed in Barbados dollars)

2 Accounting policies ...continued

e) Significant accounting judgements, 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 separate financial statements are presented in Barbados dollars which is the functional currency of the Credit Union. 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 separate 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 separate 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.

Barbados Public Workers' Co-operative Credit Union Limited

Notes to the Separate Financial Statements

March 31, 2026

(expressed in Barbados dollars)

2 Accounting policies ...continued

h) Investment in subsidiary companies

The investment in subsidiary companies is accounted for by the cost method whereby the investment is initially recorded at cost and income from the investment is recognised only to the extent that it represents distributions from accumulated profits arising after the date of acquisition. Distributions received in excess of such profits are regarded as a recovery of the investment and are recognised as a reduction of the cost of the investment. The investment in subsidiary companies is subsequently measured at cost less impairment.

i) 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 Credit Union and the cost of the item can be measured reliably. All other repairs and maintenance are included in the separate 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 separate 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 separate 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%

j) Leases

At inception of a contract, the Credit Union 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 Credit Union uses the definition of a lease in IFRS 16.

Barbados Public Workers' Co-operative Credit Union Limited

Notes to the Separate Financial Statements

March 31, 2026

(expressed in Barbados dollars)

2 Accounting policies ...continued

j) Leases ...continued

Credit Union acting as a lessee

At commencement or on modification of a contract that contains a lease component, the Credit Union allocates consideration in the contract to each lease component on the basis of its relative stand-alone price.

The Credit Union 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.

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 Credit Union's incremental borrowing rate. Generally, the Credit Union uses its incremental borrowing rate as the discount rate.

The Credit Union 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 Credit Union is reasonably certain to exercise, lease payments in an optional renewal period if the Credit Union is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Credit Union 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 Credit Union's estimate of the amount expected to be payable under a residual value guarantee, if the Credit Union 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 Credit Union presents right-of-use assets in property and equipment and lease liabilities in other liabilities in the separate statement of financial position.

Barbados Public Workers' Co-operative Credit Union Limited

Notes to the Separate Financial Statements

March 31, 2026

(expressed in Barbados dollars)

2 Accounting policies ...continued

j) Leases ...continued

Short-term leases and leases of low-value assets

The Credit Union 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 Credit Union recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

k) Reimbursable shares

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

l) 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.

m) 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.

n) Share capital

Members' shares are classified as equity under the IAS 32, Financial Instruments: 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 Credit Union and distributed via credits to members' deposits.

o) 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 Credit Union 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 rate 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.

Barbados Public Workers' Co-operative Credit Union Limited

Notes to the Separate Financial Statements

March 31, 2026

(expressed in Barbados dollars)

2 Accounting policies ...continued

o) Recognition of income and expenses ...continued

Interest income and expense ...continued

Effective interest rate ...continued

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Credit Union estimates future cash flows considering all contractual terms of the financial instrument, but not 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.

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 separate statement of income and separate statement of comprehensive income includes:

- interest on financial assets measured at amortised cost.

Barbados Public Workers' Co-operative Credit Union Limited

Notes to the Separate Financial Statements

March 31, 2026

(expressed in Barbados dollars)

2 Accounting policies ...continued

o) Recognition of income and expenses ...continued

Interest income and expense ...continued

Presentation ...continued

Interest expense presented in the separate statement of income and separate statement of comprehensive income includes:

- interest expense on 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 Credit Union 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 Credit Union 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.

p) Taxation

The Credit Union is exempt from corporation tax under Section 9(1)(g) of the Income Tax Act.

q) 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 2(d)] are applied to loan commitments issued and held.

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

Barbados Public Workers' Co-operative Credit Union Limited

Notes to the Separate Financial Statements

March 31, 2026

(expressed in Barbados dollars)

2 Accounting policies ...continued

r) Provisions, contingent assets and contingent liabilities

Provisions for legal disputes or other claims are recognised when the Credit Union 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 Credit Union 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 Credit Union 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

	2026	2025
	\$	\$
Interest income		
Loans and advances	78,796,150	81,422,992
Financial investments	5,142,258	3,407,078
Cash resources	1,790,023	1,742,805
	<u>85,728,431</u>	<u>86,572,875</u>
Interest expense		
Deposits	18,280,961	17,844,892
Lease liability	85,133	53,104
	<u>18,366,094</u>	<u>17,897,996</u>
Net interest income	<u>67,362,337</u>	<u>68,674,879</u>

Barbados Public Workers' Co-operative Credit Union Limited

Notes to the Separate Financial Statements

March 31, 2026

(expressed in Barbados dollars)

4 Other income

	2026 \$	2025 \$
Fee income	3,005,173	2,524,680
Legal income	1,355,272	1,283,674
Rental income	115,695	111,513
Bad debt recoveries	2,364,670	1,762,789
Dividend income	149,742	49,090
Gain on disposal of property and equipment	173,919	85,534
	<u>7,164,471</u>	<u>5,817,280</u>

5 Expected credit losses

	Notes	2026 \$	2025 \$
Loans and advances	11	408,529	1,093,872
Undrawn loan commitments	22	(17,042)	5,958
Accounts receivable	15	115,639	485,761
Financial investments	10	(58,746)	41,913
Term deposits	9	(18,990)	8,312
		<u>429,390</u>	<u>1,635,816</u>

6 Staff costs

	Note	2026 \$	2025 \$
Salaries		21,498,364	23,362,367
National Insurance Scheme contributions		2,009,953	1,955,882
Pension plan - defined benefit plan	14	563,369	483,073
Other costs		2,074,412	1,458,652
		<u>26,146,098</u>	<u>27,259,974</u>

Barbados Public Workers' Co-operative Credit Union Limited

Notes to the Separate Financial Statements

March 31, 2026

(expressed in Barbados dollars)

7 Operating expenses

	2026	2025
	\$	\$
Anniversary expenses	130,230	261,242
Advertising	961,364	654,176
Affiliation	100,000	100,000
Amortisation of deferred expenses	180	806
Audit fees	559,498	625,002
Bank charges	572,411	317,023
Committee travelling allowances	185,567	183,327
Development expenses	7,000	85,000
Direct cost of services	5,369,526	5,683,329
Education grant and scholarship expenses	247,397	265,425
Elected Officials and Committee Training	243,430	294,932
Entertaining	6,199	9,618
Insurance	683,659	703,395
Janitorial services	996,312	951,601
Legacy Foundation - Donations	300,000	300,000
Legal and professional fees	1,336,565	1,878,476
Meetings and conferences	853,290	1,111,497
Membership security	5,360,341	5,586,082
Sundry expenses	212,902	36,766
National development expenses	60,000	60,000
Office stationery and supplies	680,962	1,014,722
Postage	94,787	68,440
Property taxes	415,148	433,941
Publicity and promotion	3,647,766	4,143,830
Regulatory fees	500,000	500,000
Rent	871,782	662,975
Repairs and maintenance	6,496,843	6,829,340
Security services	2,232,723	1,867,474
Social outreach expenses	147,434	113,950
Staff and members' training	560,303	410,397
Utilities	1,816,528	1,546,325
	35,650,147	36,699,091

Barbados Public Workers' Co-operative Credit Union Limited

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March 31, 2026

(expressed in Barbados dollars)

8 Distributions to members

Distributions to members include a dividend of \$0.236 (2025 - \$0.242) per share amounting to \$690,909 (2025 - \$669,920) and interest rebate amounting to \$1,583,106 (2025 - \$2,026,270).

9 Cash resources

	2026 \$	2025 \$
Cash on hand	9,925,133	12,390,561
Cash and cash equivalents	<u>415,278,262</u>	<u>376,238,243</u>
Total cash and cash equivalents	425,203,395	388,628,804
Term deposits	<u>88,135,805</u>	<u>88,495,538</u>
Total gross cash resources	513,339,200	477,124,342
Less: expected credit loss allowance	<u>(66,317)</u>	<u>(85,307)</u>
	<u>513,272,883</u>	<u>477,039,035</u>

The average effective yield on cash resources during the year was 0.45% (2025 - 0.46%).

The movement in expected credit loss allowance on term deposits is as follows:

	Note	2026 \$	2025 \$
Balance at beginning of year		85,307	76,995
Expected credit (release)/loss on term deposits	5	<u>(18,990)</u>	<u>8,312</u>
Balance at end of year		<u>66,317</u>	<u>85,307</u>

At March 31, 2026, \$66,317 (2025 - \$85,307) of the expected credit loss allowance relates to term deposits classified as stage 1.

At March 31, 2026, cash resources carry interest rates varying from 0.0% to 3.5% per annum (2025 - 0.0% to 3.5%).

Barbados Public Workers' Co-operative Credit Union Limited

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10 Financial investments

	2026 \$	2025 \$
<i>Debt securities</i>		
Amortised cost		
Sovereign & Corporate bonds	80,857,532	37,747,126
Securitized deposits (note 21)	25,428,964	27,560,202
Interest receivable - Securitized deposits	377,917	89,717
Interest receivable - Sovereign & Corporate bonds	688,825	295,072
	107,353,238	65,692,117
Less: expected credit loss allowance	(115,370)	(174,116)
	107,237,868	65,518,001
<i>Equity securities</i>		
FVOCI		
Corporate equity - quoted (i)	1,000,000	980,000
Corporate equity - unquoted	2,018,248	1,958,342
	3,018,248	2,938,342
<i>Debt securities</i>		
FVTPL		
Preferred shares (ii)	10,000,000	10,000,000
Interest receivable	59,452	59,452
	10,059,452	10,059,452
Balance at end of year	120,315,568	78,515,795

The average effective yield during the year on amortised cost investments was 3.93% (2025 - 3.43%).

- (i) Quoted equities represent the Credit Union's investment in ICBL of 500,000 (2025 - 500,000) common shares. As at March 31, 2026, the quoted bid price of these common shares was \$2.00 (2025 - \$1.96) per share.
- (ii) Preferred shares represent the Credit Union's investment in 10,000,000 (2025 - 10,000,000) cumulative preferred shares. On March 31, 2023, the Credit Union purchased 10,000,000 cumulative redeemable preferred shares with a par value of a \$1.00 (2025 - \$1.00) each. The shares carry a sixty-four (64) months tenure and pay a 7.00% dividend.

Barbados Public Workers' Co-operative Credit Union Limited

Notes to the Separate Financial Statements

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(expressed in Barbados dollars)

10 Financial investments ...continued

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

	Note	2026 \$	2025 \$
Balance at beginning of year		174,116	132,203
Expected credit (release)/loss on investments	5	(58,746)	41,913
Balance at end of year		115,370	174,116

There was \$28,326 (2025 - \$71,779) expected credit loss allowance at March 31, 2026 related to debt securities classified as stage 3 and \$87,044 (2025 - \$102,337) related to debt securities classified as stage 1.

11 Loans and advances

(i) Loans and advances are comprised of the following:

	2026			
	Consumer \$	Business \$	Mortgages \$	Total \$
Gross loans	620,850,106	2,784,545	553,052,835	1,176,687,486
Less: ECL allowance	(29,446,893)	(422,456)	(6,961,418)	(36,830,767)
	591,403,213	2,362,089	546,091,417	1,139,856,719
Add: Interest receivable				10,020,357
				1,149,877,076
	2025			
	Consumer \$	Business \$	Mortgages \$	Total \$
Gross loans	612,799,329	3,028,441	537,537,574	1,153,365,344
Less: ECL allowance	(29,494,390)	(430,283)	(5,980,539)	(35,905,212)
	583,304,939	2,598,158	531,557,035	1,117,460,132
Add: Interest receivable				10,503,415
				1,127,963,547

The average yield on loans for the year was 6.91% (2025 - 7.21%).

Barbados Public Workers' Co-operative Credit Union Limited

Notes to the Separate Financial Statements

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(expressed in Barbados dollars)

11 Loans and advances ...continued

(ii) The Credit Union's loans and advances portfolio as at March 31, are in the following staging categories.

	2026			
	Stage 1 \$	Stage 2 \$	Stage 3 \$	Total \$
Consumer	512,373,058	16,463,963	92,013,085	620,850,106
Business	675,788	52,675	2,056,082	2,784,545
Mortgages	475,385,327	14,066,733	63,600,775	553,052,835
Gross loans	988,434,173	30,583,371	157,669,942	1,176,687,486
Less: ECL allowance	(2,020,808)	(1,046,956)	(33,763,003)	(36,830,767)
	<u>986,413,365</u>	<u>29,536,415</u>	<u>123,906,939</u>	<u>1,139,856,719</u>
Add: Interest receivable				<u>10,020,357</u>
				<u>1,149,877,076</u>

	2025			
	Stage 1 \$	Stage 2 \$	Stage 3 \$	Total \$
Consumer	505,796,080	15,777,707	91,225,542	612,799,329
Business	610,569	320,877	2,096,995	3,028,441
Mortgages	464,674,180	12,950,237	59,913,157	537,537,574
Gross loans	971,080,829	29,048,821	153,235,694	1,153,365,344
Less: ECL allowance	(1,368,090)	(744,045)	(33,793,077)	(35,905,212)
	<u>969,712,739</u>	<u>28,304,776</u>	<u>119,442,617</u>	<u>1,117,460,132</u>
Add: Interest receivable				<u>10,503,415</u>
				<u>1,127,963,547</u>

Barbados Public Workers' Co-operative Credit Union Limited

Notes to the Separate Financial Statements

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11 Loans and advances ...continued

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

	2026			
	Consumer	Business	Mortgages	Total
	\$	\$	\$	\$
Balance, beginning of year	29,494,390	430,283	5,980,539	35,905,212
Charged off amounts reversed	–	–	517,026	517,026
Expected credit (release)/loss	(47,497)	(7,827)	463,853	408,529
Balance, end of year	29,446,893	422,456	6,961,418	36,830,767

	2025			
	Consumer	Business	Mortgages	Total
	\$	\$	\$	\$
Balance, beginning of year	32,679,892	485,507	6,432,900	39,598,299
Amounts charged off/write off	(4,668,184)	(118,775)	–	(4,786,959)
Expected credit (release)/loss	1,482,682	63,551	(452,361)	1,093,872
Balance, end of year	29,494,390	430,283	5,980,539	35,905,212

Barbados Public Workers' Co-operative Credit Union Limited

Notes to the Separate Financial Statements

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12 Property and equipment

Property and equipment is comprised of the following:

	2026					
	Land and buildings \$	Motor vehicles \$	Furniture and equipment \$	Leasehold improvements \$	Assets being acquired \$	Total \$
Cost						
Balance, beginning of year	46,595,435	3,110,765	39,661,147	5,575,146	17,216,148	112,158,641
Additions/transfer	–	–	88,758	–	6,329,650	6,418,408
Disposal	–	(277,739)	(521,836)	–	–	(799,575)
Balance, end of year	46,595,435	2,833,026	39,228,069	5,575,146	23,545,798	117,777,474
Accumulated depreciation						
Balance, beginning of year	20,329,720	1,996,118	36,421,229	5,575,146	–	64,322,213
Depreciation	1,441,916	350,793	1,295,737	–	–	3,088,446
Disposal	–	(216,623)	(521,084)	–	–	(737,707)
Balance, end of year	21,771,636	2,130,288	37,195,882	5,575,146	–	66,672,952
Net book value, end of year	24,823,799	702,738	2,032,187	–	23,545,798	51,104,522

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

Barbados Public Workers' Co-operative Credit Union Limited

Notes to the Separate Financial Statements

March 31, 2026

(expressed in Barbados dollars)

12 Property and equipment ...continued

	2025					
	Land and buildings \$	Motor vehicles \$	Furniture and equipment \$	Leasehold improvements \$	Assets being acquired \$	Total \$
Cost						
Balance, beginning of year	46,595,435	3,229,310	37,851,701	5,575,146	14,709,023	107,960,615
Additions/transfer	–	459,435	1,809,446	–	2,507,125	4,776,006
Disposal	–	(577,980)	–	–	–	(577,980)
Balance, end of year	46,595,435	3,110,765	39,661,147	5,575,146	17,216,148	112,158,641
Accumulated depreciation						
Balance, beginning of year	18,737,238	2,268,647	34,599,440	5,575,146	–	61,180,471
Depreciation	1,592,482	305,451	1,821,789	–	–	3,719,722
Disposal	–	(577,980)	–	–	–	(577,980)
Balance, end of year	20,329,720	1,996,118	36,421,229	5,575,146	–	64,322,213
Net book value, end of year	26,265,715	1,114,647	3,239,918	–	17,216,148	47,836,428

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

Barbados Public Workers' Co-operative Credit Union Limited

Notes to the Separate Financial Statements

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12 Property and equipment ...continued

As at March 31, 2026, land and buildings includes right-of-use assets of \$61,444 (2025: \$593,028) related to the Credit Union's leased branches and office premises.

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

	2026	
	Right of use property \$	Lease liability \$
Balance at April 1, 2025	593,028	586,555
Depreciation expense	(531,584)	–
Interest expense	–	85,133
Lease payments (principal and interest)	–	(597,826)
	61,444	73,862
As at March 31, 2026		
	2025	
	Right of use property \$	Lease liability \$
Balance at April 1, 2024	1,270,972	1,349,159
Depreciation expense	(677,944)	–
Interest expense	–	53,104
Lease payments (principal and interest)	–	(815,708)
	593,028	586,555
As at March 31, 2025		

Barbados Public Workers' Co-operative Credit Union Limited

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12 Property and equipment ...continued

Maturities of Leases

Maturities of the Credit Union's lease liabilities on an undiscounted basis as of March 31, 2026 are presented below along with the current and non-current lease liabilities on a discounted basis.

	2026	2025
	\$	\$
Up to 3 months	24,778	144,774
Within 3 - 12 months	37,884	347,825
Within 1 - 5 years	13,340	116,236
Total future payments on an undiscounted basis	76,002	608,835
Less: Present value discount	(2,140)	(22,280)
Present value of lease liabilities	73,862	586,555
Current portion	60,914	472,592
Non-current portion	12,948	113,963
Weighted-average remaining lease term (in years)	1 year	1 year
Weighted-average discount rate	4.95%	4.95%

Lease liability is presented as part of 'Other Liabilities' in Note 17.

13 Investment in subsidiary companies

	2026	2025
	\$	\$
BPW Financial Holdings Inc. - 100%	11,500,000	11,500,000
	11,500,000	11,500,000
Allied Co-operators Inc. - 100%	1,000,000	1,000,000
	12,500,000	12,500,000

Barbados Public Workers' Co-operative Credit Union Limited

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14 Pension plan asset

The Credit Union participates in a defined benefit pension plan operated by a reputable insurance provider. The pension plan is jointly funded by payments from the Credit Union and certain employees, considering 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 Credit Union.

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, 2027.

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 Credit Union pays the balance of the ultimate cost of the benefits. The Credit Union is expected to pay \$1,043,811 in contributions to its defined benefit plan in 2027 (2026 - \$964,138).

Barbados Public Workers' Co-operative Credit Union Limited

Notes to the Separate Financial Statements

March 31, 2026

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14 Pension plan asset ...continued

Currently at retirement, employees with service to April 1, 2015 are entitled to receive a pension benefit equal to:

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.

Plus

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 Credit Union. The trustees are required to understand the risks taken, make reasonable investment decisions, and 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% (2025 - 50%) in the Bonds Fund and 50% (2025 - 50%) in the Equity Fund. At present, approximately 50% (2025 - 50%) of the Plan's assets are invested in the Equity Fund and 50% (2025 - 50%) are invested in the Bonds Fund.

- a) The amounts recognised in the statement of financial position are determined as follows:

	2026	2025
	\$	\$
Present value of obligation to plan members	(19,295,849)	(16,264,240)
Pension plan assets at fair value	<u>21,004,022</u>	<u>19,454,697</u>
Asset recognised in the statement of financial position	<u>1,708,173</u>	<u>3,190,457</u>

Barbados Public Workers' Co-operative Credit Union Limited

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14 Pension plan asset ...continued

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

	2026	2025
	\$	\$
Asset, beginning of year	3,190,457	3,250,102
Contributions paid	952,447	910,296
Pension expense recognised in statement of income	(563,369)	(483,073)
Re-measurement recognised in other comprehensive income	(1,871,362)	(486,868)
Asset, end of year	<u>1,708,173</u>	<u>3,190,457</u>

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

	2026	2025
	\$	\$
Obligation, beginning of the year	16,264,240	15,008,780
Interest cost	1,392,798	1,294,215
Current service cost	767,464	699,239
Employees' contributions	232,916	215,652
Benefits paid	(704,860)	(406,171)
Actuarial losses/(gains) arising from experience adjustments	1,343,291	(547,475)
Obligation, end of year	<u>19,295,849</u>	<u>16,264,240</u>

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

	2026	2025
	\$	\$
Opening fair value of plan assets	19,454,697	18,258,882
Actual return	1,095,655	500,689
Employer's contributions	952,447	910,296
Employees' contributions	232,916	215,652
Benefits paid	(704,860)	(406,171)
Administrative expenses	(26,833)	(24,651)
Closing fair value of plan assets	<u>21,004,022</u>	<u>19,454,697</u>

Barbados Public Workers' Co-operative Credit Union Limited

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14 Pension plan asset ...continued

d) (ii) Plan assets consist of the following:

	2026	2025
	\$	\$
Equities	10,198,870	9,559,592
Bonds	10,658,405	9,896,470
Other	146,747	(1,365)
	<u>21,004,022</u>	<u>19,454,697</u>

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

	2026	2025
Mortgages	15.25%	16.79%
Bonds	32.78%	32.94%
Equities	43.86%	43.17%
Property	4.09%	4.07%
Other	4.02%	3.03%

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

	2026	2025
	\$	\$
Current service cost	767,464	699,239
Interest cost on obligation	1,392,798	1,294,215
Expected return on plan assets	(1,623,726)	(1,535,032)
Administrative expenses	26,833	24,651
	<u>563,369</u>	<u>483,073</u>
Net pension expense included in staff costs (Note 6)		

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

	2026	2025
	\$	\$
Remeasurement loss/(gain) on obligation	1,343,291	(547,475)
Remeasurement loss on plan assets	528,071	1,034,343
	<u>1,871,362</u>	<u>486,868</u>

Barbados Public Workers' Co-operative Credit Union Limited

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14 Pension plan asset ...continued

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

	2026	2025
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%
Termination of active members	0.00% - 11.25%	0.00% - 11.25%
Future expenses	0.00%	0.00%

At March 31, 2026, the weighted-average duration of the defined benefit obligation was 18.56 (2025 - 18.59) years.

h) 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)	(3,014,780)	3,930,569
Future salary growth (0.5% movement)	1,290,528	(1,181,719)

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 \$446,732 (2025 - \$378,703).

Barbados Public Workers' Co-operative Credit Union Limited

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15 Other assets

Other assets are comprised of the following:

	2026	2025
	\$	\$
Accounts receivable (i)	26,581,456	21,060,742
Prepaid investment (ii)	–	15,000,000
Prepaid employee benefit	1,710,347	1,770,586
Prepaid expenses	4,034,877	4,363,066
Other assets re Goodwill Credit Union	23,667	39,786
	<u>32,350,347</u>	<u>42,234,180</u>

- (i) Accounts receivable are recorded at their invoiced amounts and are non-interest bearing. Expected credit loss allowance totalling \$115,639 (2025 - \$485,561) is included within accounts receivable.
- (ii) As at March 31, 2026 there were no investments with effective dates after the reporting period which were prepaid.

16 Deposits

This amount comprises:

	2026	2025
	\$	\$
Saving deposits	718,637,838	684,555,378
Deposits payable on fixed date	878,169,457	828,620,808
Registered retirement savings plan deposits (i)	50,938,314	50,810,622
	<u>1,647,745,609</u>	<u>1,563,986,808</u>
Interest payable	1,152,076	1,381,931
	<u>1,648,897,685</u>	<u>1,565,368,739</u>

- (i) The Credit Union 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, 2026, the minimum deposit rate was 0.35% (2025 - 0.5%).

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16 Deposits ...continued

Concentration of deposits

Deposits (excluding interest payable) comprised the following:

	2026	2025
	\$	\$
Personal	1,643,055,084	1,560,082,974
Commercial	4,690,525	3,903,834
	<u>1,647,745,609</u>	<u>1,563,986,808</u>

At March 31, 2026, deposits pledged as security for loans to members and not available for withdrawal totalled \$295,981,341 (2025- \$300,370,030). The average cost of funds associated with deposits held during the year was 1.15% (2025 - 1.15%).

17 Other liabilities

	Notes	2026	2025
		\$	\$
Accounts payable and accrued expenses (i)		7,385,046	10,370,525
Amounts payable re Goodwill Credit Union		73,167	89,286
Fair value adjustment - staff loans (ii)		2,263,965	2,142,227
Interest rebate payable		-	203,026
Lease liability	12	73,862	586,555
Unallocated receipts to members		6,558,290	3,073,643
		<u>16,354,330</u>	<u>16,465,262</u>

(i) Included in accounts payable and accrued expenses at March 31, 2026, is expected credit losses on undrawn loan commitments of \$215,518 (2025 - \$232,560) and legal litigations of \$Nil (2025 - \$250,000).

(ii) Fair value adjustment staff loans

The fair value adjustment - staff loans represents 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. This balance is related to the prepaid employee benefit recorded and included in other assets (Note 15). The deferred interest income will be recognised over the term of the staff loans.

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18 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 94,688 (2025 - 93,504) shares at \$5.00 each to its members for cash consideration of \$473,440 (2025 - \$467,520). The Credit Union redeemed 21,600 (2025 - 26,544) shares and subsequently repaid \$108,000 (2025 - \$132,720) to previous members.

At March 31, 2026, the total number of membership qualifying shares was 2,870,204 (2025 - 2,797,116).

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

	2026		2025	
	Carrying amount	No. of shares	Carrying amount	No. of shares
	\$		\$	
Balance, beginning of year	13,985,580	2,797,116	13,650,780	2,730,156
Shares issued	473,440	94,688	467,520	93,504
Shares redeemed	(108,000)	(21,600)	(132,720)	(26,544)
Balance, end of year	14,351,020	2,870,204	13,985,580	2,797,116

Barbados Public Workers' Co-operative Credit Union Limited

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(expressed in Barbados dollars)

19 Statutory reserves

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.

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

	2026 \$	2025 \$
Balance, beginning of year	166,977,273	166,925,879
Transfers to reserve - voluntary	5,896,283	34,364
	172,873,556	166,960,243
Entrance fees	17,560	17,030
Balance, end of year	172,891,116	166,977,273

20 Other reserves

Other reserves are comprised of the following:

	2026 \$	2025 \$
Fair value reserve (i)	1,082,993	1,003,087
Special funds (ii)	1,620,675	1,517,305
Donated equity (iii)	26,909	26,909
Defined benefit plan (iv)	(2,832,285)	(960,923)
Reserve for interest on non-performing loans (v)	7,502,947	7,736,413
	7,401,239	9,322,791

(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:

	2026 \$	2025 \$
Balance, beginning of year	1,003,087	1,109,861
Unrealized fair value gain/(loss)	79,906	(106,774)
Balance, end of year	1,082,993	1,003,087

Barbados Public Workers' Co-operative Credit Union Limited

Notes to the Separate Financial Statements

March 31, 2026

(expressed in Barbados dollars)

20 Other reserves ...continued

(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.
- e) **BCCUL Training/Education Fund**
The BCCUL Training/Education Fund was instituted in June 2002 to finance the education of credit union members and the general public in credit union philosophy and operations.
- f) **BPWCCUL Foundation**
This Fund was established in June 2009 to fund major philanthropic initiatives undertaken by the Credit Union.
- g) **Small and Micro Business Fund**
This Fund was established in September 2021 to aid with credit unions members who wish to become entrepreneurs.
- h) **National Development Fund**
This Fund was established in June 2009 to assist the Barbados Co-operative Credit Union League Limited in funding developmental initiatives for the credit union 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.

Barbados Public Workers' Co-operative Credit Union Limited

Notes to the Separate Financial Statements

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20 Other reserves ...continued

(ii) Special funds ...continued

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

	2026			
	Balance at beginning \$	Amounts appropriated \$	Amounts utilised \$	Balance at end \$
Social Outreach Fund	377,298	205,200	147,434	435,064
Education Fund	115,008	200,000	247,397	67,611
Development Fund	264,999	60,000	16,999	308,000
Health and Disaster Relief Fund	250,000	–	–	250,000
BCCUL Training/Education Fund	100,000	50,000	–	150,000
BPWCCUL Foundation	–	300,000	300,000	–
Small and Micro Business Fund	150,000	–	–	150,000
National Development Fund	–	50,001	50,001	–
Credit Union Liability Insurance Fund	260,000	–	–	260,000
	1,517,305	865,201	761,831	1,620,675

	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

Barbados Public Workers' Co-operative Credit Union Limited

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(expressed in Barbados dollars)

20 Other reserves ...continued

(iii) Donated equity

This amount totalling \$26,909 (2025 - \$26,909) represents the value of donations bestowed upon the Credit Union on incorporation.

(iv) Defined benefit plan

This amount totalling (\$2,832,285), (2025 - (\$960,923)) represents the net amount of actuarial losses and other items recognised directly in other comprehensive income on the Credit Union's defined benefit plan (Note 14).

(v) Reserve for interest on non-performing loans

This amount totalling \$7,502,947 (2025 - \$7,736,413) 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.

21 Related party disclosures

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

Terms and conditions of transactions with related parties

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, 2026 and March 31, 2025, the Credit Union has not recorded any impairment of receivables relating to amounts owed by related parties.

Compensation of key management personnel

	2026	2025
	\$	\$
Short term employee benefits	3,779,642	1,968,515
Post-employment benefits	212,281	189,935
Total compensation paid to key management personnel	<u>3,991,923</u>	<u>2,158,450</u>

Barbados Public Workers' Co-operative Credit Union Limited

Notes to the Separate Financial Statements

March 31, 2026

(expressed in Barbados dollars)

21 Related party disclosures ...continued

Transactions with key management personnel

The Credit Union 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 held with related parties for the relevant financial year.

	2026	2025
	\$	\$
Key management personnel:		
Loans and advances	1,488,077	1,496,760
Deposits	2,094,086	1,536,560

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

Expected credit loss allowance totalling \$661(2025 - \$494) has been recorded against balances outstanding during the year with key management personnel and their related concerns.

Due from related companies

	2026	2025
	\$	\$
Due from Allied Co-operators Inc. (i)	777,922	704,920
Due from BPW Financial Holdings Inc. (i)	17,830,208	17,739,453
Due to Capita Insurance Brokers Inc. (i)	(41,426)	(20,188)
Due from Capita Financial Services Inc. (ii)	6,804,887	5,238,398
Due to Capita Financial Services Inc. (i)	(3,492,569)	(1,453,736)
Due from Legacy Foundation (i)	105,841	58,121
	21,984,863	22,266,968

(i) Amounts due from related companies are unsecured, non-interest bearing and have no fixed terms of repayment.

(ii) On July 30, 2021, the Credit Union entered into a loan agreement with Capita Financial Services Inc. The Credit Union advanced \$11,674,344 with a term of 10 years and an interest rate of 1.25% per annum. Fixed annual repayments are \$1,242,528 over the life of the loan. The outstanding balance as at March 31, 2026 is \$4,054,585 (2025 - \$5,238,398).

Barbados Public Workers' Co-operative Credit Union Limited

Notes to the Separate Financial Statements

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(expressed in Barbados dollars)

21 Related party disclosures ...continued

Other transactions

Cash resources include term deposits held with Capita Financial Services Inc. amounting to \$66,035,493 (2025 - \$66,220,679) which resulted in interest income of \$1,648,206 (2025 - \$1,652,724). At March 31, 2026 accrued interest receivable was \$ 3,762,109 (2025 - \$4,244,584). The Credit Union receives a management fee for the provision of support services to Capita Financial Services Inc. on an annual basis which is reported within fee income (Note 4). During the fiscal ending March 31, 2026, the Credit Union recorded management fees of \$144,000 (2025 - \$144,000).

Securitized deposit

On July 28, 2023, the Credit Union negotiated and agreed the placement of a deposit of Thirty Million Barbados dollars (\$30,000,000) with its subsidiary Capita Financial Services Inc. This deposit is secured by a block of mortgage loans held and maintained by Capita with an average life span of 22 years and a total collateralized market value in the amount of \$30,000,000. An interest charge of 2% of the outstanding principal balance shall be paid to the Credit Union from the aggregate interest collected by Capita Financial Services Inc. on a monthly basis until such time as the deposit is fully amortized. As at March 31, 2026 the deposit held a balance of \$25,428,964 (2025 - \$27,560,202). Total interest income for the year ended March 31, 2026 totalled \$511,652 (2025 - \$569,408).

Barbados Public Workers' Co-operative Credit Union Limited

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22 Commitments and contingencies

(i) Loan commitments

	2026	2025
	\$	\$
Consumer loans approved and pending disbursement	14,111,060	10,927,808
Mortgage loans approved and pending disbursement	29,448,536	33,980,498
Available balances on line of credit accounts	18,367,846	17,869,650
	<u>61,927,442</u>	<u>62,777,956</u>
Gross commitments		

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

	2026		2025	
	Gross carrying amount	ECL	Gross carrying amount	ECL
	\$	\$	\$	\$
Consumer	14,111,060	76,443	10,927,808	56,680
Mortgages	29,448,536	45,552	33,980,498	56,760
	<u>43,559,596</u>	<u>121,995</u>	<u>44,908,306</u>	<u>113,440</u>
Line of credits available	18,367,846	93,523	17,869,650	119,120
	<u>61,927,442</u>	<u>215,518</u>	<u>62,777,956</u>	<u>232,560</u>

The movement in the expected credit loss allowance:

	2026	2025
	\$	\$
Balance at beginning of year	232,560	226,602
Expected credit (release)/loss	(17,042)	5,958
	<u>215,518</u>	<u>232,560</u>
Balance at end of year		

The expected credit allowance for the undrawn loan commitments is included in other liabilities in Note 17.

Barbados Public Workers' Co-operative Credit Union Limited

Notes to the Separate Financial Statements

March 31, 2026

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22 Commitments and contingencies ...continued

(ii) Loan facilities

Loan facilities committed but not recognised in the financial statements as at March 31, 2026 are as follows:

- (a) an approved line of credit facility of \$7,800,000 (2025 - \$7,800,000) with a bank. This facility is secured by a first legal mortgage over the property at Belmont Road. At March 31, 2026 and 2025 this facility was undisbursed.
- (b) an approved line of credit facility of \$200,000 (2025 - \$200,000) with a bank for the purpose of enabling corporate development meetings by Credit Union representatives. This facility is unsecured. The commitment due on this facility at year end was \$17,794 (2025 - \$16,656).

(iii) Legal proceedings

At March 31, 2026, there were certain legal proceedings against the Credit Union. In view of the inherent difficulty of predicting the outcome of such matters, the Credit Union cannot state what the eventual outcome of such matters will be; however, based on current knowledge, the Credit Union has made provision for legal litigation liabilities of \$Nil (2025 - \$250,000) and does not believe that any liabilities arising from pending litigation will have a material adverse effect on its financial position or results of operations.

23 Financial risk management

Introduction

Risk is inherent in the Credit Union'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 Credit Union's continuing profitability and each employee is accountable for the risk exposures relating to the performance of their duties. The Credit Union is exposed to credit risk, liquidity risk, market risk and operational risk.

The Credit Union'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 Credit Union's policy is to monitor those business risks through its strategic planning process.

Risk management structure

The Board of Directors ("the Board") is responsible for the overall risk management approach and for approving the risk management strategies and principles.

The Supervisory Committee has the responsibility to monitor the overall risk process within the Credit Union.

Barbados Public Workers' Co-operative Credit Union Limited

Notes to the Separate Financial Statements

March 31, 2026

(expressed in Barbados dollars)

23 Financial risk management ...continued

Introduction ...continued

Risk management structure ...continued

The Credit Union'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 Credit Union's compliance with the processes. Internal Audit discusses the results of all assessments with management, and reports its findings and recommendations to the Supervisory Committee.

Risk mitigation

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

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

Credit risk

Credit risk is the risk that the Credit Union will incur a loss because its members or counterparties fail to discharge their contractual obligations. The Credit Union 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 Credit Union's asset portfolio. There is also credit risk in off-balance sheet financial instruments such as commitments.

The Credit Union'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, 2025. 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 Credit Union's models are calibrated to consider past performance and macroeconomic forward-looking variables as inputs. Expert credit judgment is applied to consider the exceptional economic circumstances including the assessment of underlying credit deterioration and migration of balances to progressive stages.

Consistent with requirements of IFRS 9, the Credit Union 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 Credit Union's members.

Barbados Public Workers' Co-operative Credit Union Limited

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March 31, 2026

(expressed in Barbados dollars)

23 Financial risk management ...continued

Credit risk ...continued

Modifications

The Credit Union 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 ECL methodology, model inputs, significant increase in credit risk (SICR) thresholds, and definition of default remain consistent with those used as at March 31, 2025. Forward-looking information, scenarios and associated weightings, were revised to reflect current and projected future economic conditions.

The Credit Union 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).

While the Credit union 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 credit union assessed 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 rates, GDP and inflation rates.

Further details on the key inputs and assumptions used as at March 31, 2026, are provided in Note 2 (e).

Barbados Public Workers' Co-operative Credit Union Limited

Notes to the Separate Financial Statements

March 31, 2026

(expressed in Barbados dollars)

23 Financial risk management ...continued

Credit risk ...continued

Key inputs and assumptions: ...continued

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, 2026		
ECL on performing loans	3,068	3,049
As at March 31, 2025		
ECL on performing loans	2,112	2,099

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.

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, 2026 Performing loans (\$'000)	As at March 31, 2025 Performing loans (\$'000)
ECL - all performing loans to Stage 1	2,024	1,368
Impact of staging	1,044	744
Stage 1 and 2 ECL	<u>3,068</u>	<u>2,112</u>

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 2.5% to 3% growth in 2026, 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.

Barbados Public Workers' Co-operative Credit Union Limited

Notes to the Separate Financial Statements

March 31, 2026

(expressed in Barbados dollars)

23 Financial risk management ...continued

Credit risk ...continued

Key inputs and assumptions: ...continued

The Credit Union's Stage 1 and Stage 2 allowance for expected credit losses on the loan portfolio as at March 31, 2026 reflects an increase, primarily driven by the higher proportion of unsecured lending within the portfolio and the associated increase in credit risk exposure. This increase was recognized despite the continued recovery observed in many economies and the overall resilience demonstrated by the Credit Union's loan 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.

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 weights associated with each scenario; and
- Transfers between stages, which can result from changes in any of the above inputs.

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, 2026. Subsequent changes to these forecast and related estimates 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 2025 - 2026 and for continued expansion in the economy thereafter, with non-performing loans maintaining a downward trajectory for the 2026 - 2027 fiscal.

Our downside scenario adjusts for 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.

Barbados Public Workers' Co-operative Credit Union Limited

Notes to the Separate Financial Statements

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23 Financial risk management ...continued

Credit risk ...continued

Key inputs and assumptions: ...continued

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 PDs 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 a lower PD level 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, 2026; 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.

Loans and advances

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

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

- The 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 required to be updated on a tri-annual basis.

Barbados Public Workers' Co-operative Credit Union Limited

Notes to the Separate Financial Statements

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23 Financial risk management ...continued

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.

	2026		2025	
	Carrying amount \$	Collateral \$	Carrying amount \$	Collateral \$
Stage 1	988,434,173	840,568,012	971,080,829	828,016,272
Stage 2	30,583,371	23,694,318	29,048,821	24,274,579
Stage 3	157,669,942	104,546,007	153,235,694	102,890,336
	1,176,687,486	968,808,336	1,153,365,344	955,181,187

The collateral value expressed as a percentage of the carrying value was 62.7 percent (2025 - 82.8 percent).

Assets obtained by taking possession of collateral

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

	2026 \$	2025 \$
Collateral repossessed during the year and held at year-end	493,952	349,873

Financial investments

The Credit Union 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 Credit Union also invests 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 Credit Union has documented investment policies in place, which guide the management of credit risk on investments.

Barbados Public Workers' Co-operative Credit Union Limited

Notes to the Separate Financial Statements

March 31, 2026

(expressed in Barbados dollars)

23 Financial risk management ...continued

Credit risk ...continued

Assessment of corporate investments (term deposits)

Due to limited published market data for term deposits, the Credit Union'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 Credit Union currently has \$88,135,805 (2025 - \$88,495,538) in corporate term deposits, which were assessed on an entity level.

Currently, these investments are held in entities which are either regulated by the Central Bank of Barbados or the Financial Services Commission as per Section 34A of the Co-operative Societies Act.

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

These investments were categorized as follows:

Corporate term deposits and investments were assessed for credit risk based on the credit quality of the obligors, including consideration of whether the obligors were classified as investment grade or non-investment grade. Staging of term deposits was determined by comparing the probability of default (PD) assigned at the date of origination with the PD at the financial reporting date.

A moderate deterioration in credit quality, including a migration within investment grade or a downgrade to non-investment grade, would result in classification in Stage 2.

A significant deterioration in credit quality, including credit impaired or defaulted exposures, would result in classification in Stage 3, in accordance with the IFRS 9 expected credit loss model.

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.

Barbados Public Workers' Co-operative Credit Union Limited

Notes to the Separate Financial Statements

March 31, 2026

(expressed in Barbados dollars)

23 Financial risk management ...continued

Credit risk ...continued

The Credit Union's definition of Significant Increase in Credit Risk (SICR)

A significant increase in credit risk (SICR) is 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 the initial recognition of each investment individually or by investment group. Where an investment is initially deemed to have low credit risk at origination (the purchase date) and continues to be assessed as having 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.

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

1. A significant change in liquidity which 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.
2. Actual or forecasted significant investee downgrade in an external credit rating, withdrawal of a credit rating or delisting from a Stock Exchange.
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 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 organisational 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.

Barbados Public Workers' Co-operative Credit Union Limited

Notes to the Separate Financial Statements

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(expressed in Barbados dollars)

23 Financial risk management ...continued

Credit risk ...continued

The Credit Union's definition of Significant Increase in Credit Risk (SICR) ...continued

The Credit Union has identified the following qualitative and quantitative indicators as those where cost might not be representative of fair value as the following;

- 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; 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 Credit Union relative to meeting these same obligations.

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 that of the Barbados Light & Power Limited which is held as a security deposit. While each investment contract carries 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 Moody's Average Corporate Debt rates measured by Trading prices proxies. The LGD reflects 100% minus the percentage recovery rate. The average LGD for a 1st Lien Bank loan was used as a proxy for the BPWCCUL Cash Deposits portfolio.

The expected credit loss allowance computed was \$66,317 (2025 - \$85,307) as at March 31, 2026 (Note 9).

Barbados Public Workers' Co-operative Credit Union Limited

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(expressed in Barbados dollars)

23 Financial risk management ...continued

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 Credit Union'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 derecognised and replaced by those of the new securities at their fair market value. This resulted in a derecognition loss of \$3,634,651 below their 2018 year-end stated value.

As a consequence, a derecognition assessment was carried out as at October 1, 2018, for 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 determine the risk-free rate used in this calculation. The Net Present Value (NPV) for each strip was calculated using the credit-adjusted effective interest rate and was deducted from the carrying value to determine 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 14, 2025.

Assessment of Sovereign Debt Securities

As of March 31, 2026, the Credit Union's holdings in Government Securities relating to the Series B and D bonds were classified as POCI (Purchased or Originated Credit Impaired) with an associated ECL of \$28,231 (2025 - \$71,683).

At March 31, 2026, the balance was \$14,600,389 (2025 - \$15,982,626) with a weighted average effective rate of 3.78% (2025 - 3.77%). The derecognition loss of \$3,634,651, which was initially recognised, was reported at \$1,432,264 (2024 - \$1,755,158) at March 31, 2026.

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.

Barbados Public Workers' Co-operative Credit Union Limited

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23 Financial risk management ...continued

Credit risk ...continued

Assessment of Amortised Cost Fixed Income Securities

Sovereign debt securities - Government of Barbados

The Credit Union held sovereign debt securities totaling \$52,857,143(2025 - \$10,000,000) as at March 31, 2026, comprising \$40,000,000 (2025 - \$10,000,000) invested in Fixed Income Government of Barbados (GOB) BOSS Bonds Plus and \$12,857,143 (2025 - \$Nil) in Queen Elizabeth Hospital (QEH) Bonds. These investments are measured at amortised cost and carried a weighted average coupon rate of 4.93%. The related expected credit loss (ECL) allowance amounted to \$61,896 as at March 31, 2026 (2025 - \$40,121).

Assessment of other debt securities

As at March 31, 2026, the Credit Union held debt securities with the Barbados Port Inc. (BPI) with a carrying value of \$13,400,000 (2025 - \$11,764,500) with an average weighted effective yield of 5.80% (2025 - 5.71%). An ECL assessment was performed as required by IFRS 9. This assessment on these debt securities measured at amortised cost utilized the methodology as outlined below:

- Due to the lack of published statistical data and the lack of an active market for securities, Moody's Investors' assessment on Sovereign default and recovery rates, 1983 to 2024, 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 was aligned to a senior unsecured bond using Moody's average corporate debt recovery rates measured by trading prices for the BPI bonds.
- The discount rate applied was the effective interest rate for amortised cost financial instruments.

Similar to the ECL assessment for term deposits, the staging methodology is as follows:

Debt securities measured at amortised cost were assessed for credit risk based on the credit quality of the issuers, including consideration of whether issuers were classified as investment grade or non-investment grade.

Staging was determined by comparing the probability of default (PD) assigned at initial recognition with the PD at the financial reporting date. A moderate deterioration in issuer credit quality, including migration within investment grade or a downgrade to non-investment grade, would result in classification in Stage 2.

A significant deterioration in credit quality, including credit impaired or defaulted issuers, would result in classification in Stage 3, in accordance with the IFRS 9 expected credit loss model.

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

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March 31, 2026

(expressed in Barbados dollars)

23 Financial risk management ...continued

Credit risk ...continued

Assessment of Amortised Cost Fixed Income 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 \$115,370 (2025 - \$174,116) as at March 31, 2026 (Note 10).

Incorporation of Forward-Looking Information Assessment

In measuring expected credit losses (ECL) in accordance with IFRS 9, the Credit Union incorporates reasonable and supportable forward looking information that is available without undue cost or effort. Forward looking information is used to assess changes in credit risk and to support the estimation of expected credit losses over the life of financial assets.

The Credit Union applies a structured, forward looking scorecard that combines external macroeconomic indicators and internal, exposure specific credit indicators to support a consistent, transparent, and well governed assessment of credit risk. The framework assigns a 40% weighting to external indicators and a 60% weighting to internal indicators, reflecting management's assessment that internal financial performance and credit quality metrics are the primary drivers of default risk, while macroeconomic conditions provide important contextual insight.

External indicators (40%) reflect prevailing economic and market conditions relevant to the jurisdictions in which the Credit Union has exposures. These indicators include measures such as real gross domestic product (GDP) growth, inflation trends, sovereign or regional credit developments, and broader market or structural conditions. External inputs are derived from authoritative public sources, including published central bank economic reviews and, where applicable, sovereign or regional credit assessments, and are evaluated using a standardised scoring framework.

Internal indicators (60%) focus on the specific risk characteristics of each exposure and include, among other factors, trends in revenue and profitability, operating risk profile, asset quality, balance sheet leverage, liquidity and management effectiveness, and movements in internal or external credit ratings.

These indicators are supported by approved internal credit assessment frameworks, financial performance analysis, and internal rating matrices.

The combined outcome of the external and internal indicators forms part of management's overall forward looking assessment used in the estimation of expected credit losses. While the scorecard provides a structured and quantitative framework, management continues to apply judgment, where appropriate, to reflect qualitative factors or exposure specific circumstances that may not be fully captured by quantitative metrics. Such judgments are documented and subject to appropriate governance oversight.

Barbados Public Workers' Co-operative Credit Union Limited

Notes to the Separate Financial Statements

March 31, 2026

(expressed in Barbados dollars)

23 Financial risk management ...continued

Credit risk ...continued

Incorporation of Forward-Looking Information Assessment ...continued

Management considers that this forward-looking approach enhances the consistency, objectivity, and auditability of the expected credit loss estimation process and supports compliance with IFRS 9's requirement to incorporate forward looking information.

Exposure to credit risk before collateral held or other credit enhancements

The Credit Union 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 Credit Union has invested in FVOCI equity instruments as well, which gives it an opportunity to monitor the performance of these companies over time and make economic decisions where warranted. The Credit Union has documented investment policies in place, which guide the management of credit risk on investments.

Credit risk exposures relating to on-balance sheet assets are as follows:

	<u>Maximum exposure</u>	
	2026	2025
	\$	\$
Loans and advances to members:		
Consumer	620,850,106	612,799,329
Mortgages	553,052,835	537,537,574
Business	2,784,545	3,028,441
Financial investments:		
Sovereign bonds	80,857,532	37,747,126
Securitized deposits (note 21)	25,428,964	27,560,202
Cash resources	513,339,200	477,124,342
Credit risk exposures relating to off-balance sheet items as follows:		
Loan commitments	61,927,442	62,777,956
Total maximum exposure	<u>1,858,240,624</u>	<u>1,758,574,970</u>

The above table represents the maximum credit risk exposure of the Credit Union as of March 31, 2026 and March 31, 2025, without taking account of any collateral held or other credit enhancements attached. For statement of financial position assets, the exposures set out above are based on gross carrying amounts.

Barbados Public Workers' Co-operative Credit Union Limited

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23 Financial risk management ...continued

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 Credit Union.

Financial investments

The Credit Union has principally invested in government bonds issued by the Government of Barbados which in the 2025 financial year were rated by Standard & Poor's as B- with a positive outlook. During the financial year ended March 31, 2026, these bonds were upgraded to rated B+ with a stable outlook.

Cash resources

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

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

Credit Quality Analysis

	2026			
	Stage 1	Stage 2	Stage 3	Total
	\$	\$	\$	\$
Loans and advances at amortised cost				
Current	873,008,322	—	—	873,008,322
Overdue <30 days	115,425,851	—	—	115,425,851
Overdue 31 days to 89 days	—	30,583,371	—	30,583,371
Overdue over 90 days	—	—	157,669,942	157,669,942
Total gross loans	988,434,173	30,583,371	157,669,942	1,176,687,486

Barbados Public Workers' Co-operative Credit Union Limited

Notes to the Separate Financial Statements

March 31, 2026

(expressed in Barbados dollars)

23 Financial risk management ...continued

Credit risk ...continued

Credit Quality Analysis ...continued

	2025			
	Stage 1	Stage 2	Stage 3	Total
	\$	\$	\$	\$
Loans and advances at amortised cost				
Current	846,517,743	–	–	846,517,743
Overdue <30 days	124,563,086	–	–	124,563,086
Overdue 31 days to 89 days	–	29,048,821	–	29,048,821
Overdue over 90 days	–	–	153,235,694	153,235,694
<i>Total gross loans</i>	971,080,829	29,048,821	153,235,694	1,153,365,344

	2026			
	Stage 1	Stage 2	Stage 3	Total
	\$	\$	\$	\$
Other assets				
<i>Internally rated</i>	31,944,885	19,063	386,399	32,350,347
<i>Total other assets</i>	31,944,885	19,063	386,399	32,350,347

	2025			
	Stage 1	Stage 2	Stage 3	Total
	\$	\$	\$	\$
Other assets				
<i>Internally rated</i>	38,783,090	382,447	3,068,643	42,234,180
<i>Total other assets</i>	38,783,090	382,447	3,068,643	42,234,180

Barbados Public Workers' Co-operative Credit Union Limited

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23 Financial risk management ...continued

Credit risk ...continued

Credit Quality Analysis ...continued

	2026			
	Stage 1	Stage 2	POCI	Total
	\$	\$	\$	\$
Debt securities				
measured at amortised cost				
Standard & Poor's rating: B				
Government of Barbados				
- series B & D bonds ***	–	–	14,600,389	14,600,389
<i>Not rated</i>				
Bonds & Securities	91,686,107	–	–	91,686,107
<i>Gross sovereign debt securities</i>	91,686,107	–	14,600,389	106,286,496

	2025			
	Stage 1	Stage 2	POCI	Total
	\$	\$	\$	\$
Debt securities				
measured at amortised cost				
Standard & Poor's rating: B				
Government of Barbados				
- series B & D bonds ***	–	–	15,982,626	15,982,626
<i>Not rated</i>				
Bonds & Securities	49,325,002	–	–	49,325,002
<i>Gross sovereign debt securities</i>	49,325,002	–	15,982,626	65,307,628

*** During the financial year ended March 31, 2026, the credit rating of the Government of Barbados series B & D bonds as per Standard & Poor's was B+ (Stable) (2025: B- with a positive outlook).

Barbados Public Workers' Co-operative Credit Union Limited

Notes to the Separate Financial Statements

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(expressed in Barbados dollars)

23 Financial risk management ...continued

Credit risk ...continued

Credit Quality Analysis ...continued

	2026			
	Stage 1	Stage 2	Stage 3	Total
	\$	\$	\$	\$
Term deposits measured at FVTPL				
Standard & Poor's rating:				
<i>Not rated</i>	88,135,805	—	—	88,135,805
<i>Gross term deposit</i>	88,135,805	—	—	88,135,805

	2025			
	Stage 1	Stage 2	Stage 3	Total
	\$	\$	\$	\$
Term deposits measured at FVTPL				
Standard & Poor's rating:				
<i>Not rated</i>	88,495,538	—	—	88,495,538
<i>Gross term deposit</i>	88,495,538	—	—	88,495,538

Expected Credit Loss Allowance Model

Refer to Accounting policies note 2 (d).

Barbados Public Workers' Co-operative Credit Union Limited

Notes to the Separate Financial Statements

March 31, 2026

(expressed in Barbados dollars)

23 Financial risk management ...continued

Credit risk ...continued

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 Credit Union has made concessions by agreeing to terms and conditions that are more favourable for the borrower than the Credit Union has provided initially. The Credit Union implements a forbearance policy in order to maximise collection opportunities and minimise the risk of default. Under the Credit Union'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 Credit Union's Credit Committee regularly reviews reports on forbearance activities.

	2026	2025
	\$	\$
Renegotiated loans and advances to individuals	<u>2,521,912</u>	<u>3,553,610</u>

Write-off policy

The Credit Union 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 members, the Credit Union enters into various irrevocable commitments and contingent liabilities. Even though these obligations may not be recognised on the separate statement of financial position, they do contain credit risk and are therefore part of the overall risk of the Credit Union.

Barbados Public Workers' Co-operative Credit Union Limited

Notes to the Separate Financial Statements

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23 Financial risk management ...continued

Credit risk ...continued

Credit Quality Analysis ...continued

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

	2026			
	Stage 1 \$	Stage 2 \$	Stage 3 \$	Total \$
Gross carrying amount April 1, 2025	971,080,829	29,048,821	153,235,694	1,153,365,344
Stage 1 to stage 2	(19,527,654)	19,527,654	–	–
Stage 1 to stage 3	(10,515,368)	–	10,515,368	–
Stage 2 to stage 1	16,224,956	(16,224,956)	–	–
Stage 2 to stage 3	–	(7,266,046)	7,266,046	–
Stage 3 to stage 1	14,287,159	–	(14,287,159)	–
Stage 3 to stage 2	–	1,115,096	(1,115,096)	–
Net loans originated (paid)	16,884,251	4,382,802	2,055,089	23,322,142
Gross carrying amount March 31, 2026	988,434,173	30,583,371	157,669,942	1,176,687,486
	2025			
	Stage 1 \$	Stage 2 \$	Stage 3 \$	Total \$
Gross carrying amount April 1, 2024	962,591,043	27,027,187	172,581,702	1,162,199,932
Stage 1 to stage 2	(16,328,132)	16,328,132	–	–
Stage 1 to stage 3	(12,361,061)	–	12,361,061	–
Stage 2 to stage 1	17,912,358	(17,912,358)	–	–
Stage 2 to stage 3	–	(4,139,801)	4,139,801	–
Stage 3 to stage 1	33,806,389	–	(33,806,389)	–
Stage 3 to stage 2	3,268,130	–	(3,268,130)	–
Net loans originated (paid)	(17,807,898)	7,745,661	1,227,649	(8,834,588)
Gross carrying amount March 31, 2025	971,080,829	29,048,821	153,235,694	1,153,365,344

Barbados Public Workers' Co-operative Credit Union Limited

Notes to the Separate Financial Statements

March 31, 2026

(expressed in Barbados dollars)

23 Financial risk management ...continued

Credit risk ...continued

Credit Quality Analysis ...continued

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

	2026			
	Stage 1 \$	Stage 2 \$	Stage 3 \$	Total \$
Expected credit loss allowance				
Beginning balance	1,368,090	744,045	33,793,077	35,905,212
Stage 1 to stage 2	(27,511)	27,511	–	–
Stage 1 to stage 3	(14,814)	–	14,814	–
Stage 2 to stage 1	415,580	(415,580)	–	–
Stage 2 to stage 3	–	(186,110)	186,110	–
Stage 3 to stage 1	3,150,748	–	(3,150,748)	–
Stage 3 to stage 2	–	245,912	(245,912)	–
Net ECL re-measurement	(2,871,285)	631,178	3,165,662	925,555
Ending balance	2,020,808	1,046,956	33,763,003	36,830,767

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	1,395,730	376,408	37,826,161	39,598,299
Stage 1 to stage 2	(23,675)	23,675	–	–
Stage 1 to stage 3	(17,923)	–	17,923	–
Stage 2 to stage 1	249,466	(249,466)	–	–
Stage 2 to stage 3	–	(57,655)	57,655	–
Stage 3 to stage 1	7,395,154	–	(7,395,154)	–
Stage 3 to stage 2	–	714,904	(714,904)	–
Net ECL re-measurement	(7,630,662)	(63,821)	4,001,396	(3,693,087)
Ending balance	1,368,090	744,045	33,793,077	35,905,212

Barbados Public Workers' Co-operative Credit Union Limited

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23 Financial risk management ...continued

Liquidity risk and funding management

Liquidity risk is defined as the risk that the Credit Union 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 Credit Union 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 Credit Union 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 Credit Union maintains a portfolio of highly marketable and diverse assets that are assumed to be easily liquidated in the event of an unforeseen interruption of cash flow. The Credit Union also has committed lines of credit that it can access to meet liquidity needs.

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

- i. The Finance, Investment and Asset Management Committee meets monthly to discuss strategies and plans around managing the liquidity and the capital needs of the Credit Union;
- ii. Analysis of account aggregation to ensure funding sources are adequately stratified;
- iii. Robust stress testing of the liquidity buffer at levels above regulatory requirements;
- iv. Assessing the monthly inflow and outflow of funds (liquidity forecasting);
- v. Identifying and assessing the adequacy of contingency liquidity funding for subsidiaries;
- vi. Revisiting measures geared at strengthening the Credit Union's capital base;
- vii. Monitoring of portfolio behavioral matrices in reference to members servicing their loans;
- viii. Performs periodic liquidity and profitability evaluations for existing activities and strategies;
- ix. Identifies primary and contingent funding sources needed to meet daily operations, as well as seasonal and cyclical cash flow fluctuations;
- x. Ensures liquidity management strategies are consistent with the board's expressed risk tolerance; and
- xi. Evaluates liquidity and profitability risks associated with new business activities.

The Credit Union monitors its loan commitments, which are off-balance sheet 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 Credit Union maintains cash resources that are assumed to be easily liquidated in the event of an unforeseen interruption of cashflow. The cash resources have a value of \$513,272,883 (2025 - 477,039,035) as at March 31, 2026. 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 Credit Union also has a committed line of credit facility for \$7,800,000 (2025 - \$7,800,000) that it can access to meet liquidity needs in cases of adverse conditions which results in greater operational cashflows.

Barbados Public Workers' Co-operative Credit Union Limited

Notes to the Separate Financial Statements

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23 Financial risk management ...continued

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 (including estimated interest payments) of the Credit Union's financial liabilities as of March 31, 2026 and March 31, 2025 on the basis of their earliest possible contractual maturity.

Liquidity risk - Financial liabilities

	2026				Total \$
	Within 3 months \$	Within 3-12 months \$	Within 1-5 years \$	Over 5 years \$	
Deposits	903,966,141	141,587,379	606,922,206	56,132,318	1,708,608,044
Reimbursable shares	–	–	35,237,989	–	35,237,989
Other liabilities	24,778	16,318,352	13,340	–	16,356,470
	903,990,919	157,905,731	642,173,535	56,132,318	1,760,202,503

	2025				Total \$
	Within 3 months \$	Within 3-12 months \$	Within 1-5 years \$	Over 5 years \$	
Deposits	830,483,397	126,437,846	608,289,888	59,199,340	1,624,410,471
Reimbursable shares	–	–	32,619,237	–	32,619,237
Other liabilities	144,774	14,083,961	116,236	2,683,766	17,028,737
	830,628,171	140,521,807	641,025,361	61,883,106	1,674,058,445

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 Credit Union is mainly exposed to interest rate risk. The Credit Union's exposure to currency risk is minimal since it does not have any significant foreign currency denominated assets.

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.

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23 Financial risk management ...continued

Market risk ...continued

Interest rate risk ...continued

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

	2026					Total \$
	Up to 3 months \$	Within 3 - 12 months \$	Within 1 - 5 years \$	Over 5 years \$	Non-interest bearing \$	
Cash resources	435,674,316	12,462,284	65,136,283	–	–	513,272,883
Financial investments						
Debt securities - amortised cost	–	1,437,640	47,255,749	32,737,598	–	81,430,987
Securitized Deposit- amortised cost	–	357,843	–	25,428,964	–	25,786,807
Debt securities - FVTPL	–	59,452	10,000,000	–	–	10,059,452
Loans and advances	33,110,894	21,774,818	196,958,506	898,032,858	–	1,149,877,076
Due from related companies	310,631	931,894	2,899,227	–	17,843,111	21,984,863
Total assets	469,095,841	37,023,931	322,249,765	956,199,420	17,843,111	1,802,412,068
Deposits	900,649,529	138,615,723	575,907,790	33,724,643	–	1,648,897,685
Reimbursable shares	–	–	–	–	35,237,989	35,237,989
Other liabilities	23,963	36,951	12,948	–	16,280,468	16,354,330
Total liabilities	900,673,492	138,652,674	575,920,738	33,724,643	51,518,457	1,700,490,004
Interest rate gap	(431,577,651)	(101,628,743)	(253,670,973)	922,474,777	(33,675,346)	101,922,064

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March 31, 2026

(expressed in Barbados dollars)

23 Financial risk management ...continued

Market risk ...continued

Interest rate risk ...continued

	2025					
	Up to 3 months \$	Within 3 - 12 months \$	Within 1 - 5 years \$	Over 5 years \$	Non-interest bearing \$	Total \$
Cash resources	396,020,540	24,542,812	56,475,683	–	–	477,039,035
Financial investments						
Debt securities - amortised cost	3,764,500	1,127,615	16,839,124	16,136,843	–	37,868,082
Securitized Deposit- amortised cost	176,234	631,577	3,252,127	23,589,981	–	27,649,919
Debt securities - FVTPL	–	59,452	10,000,000	–	–	10,059,452
Loans and advances	32,252,960	27,444,446	207,490,547	860,775,594	–	1,127,963,547
Due from related companies	294,568	889,245	4,054,585	–	17,028,570	22,266,968
Total assets	432,508,802	54,695,147	298,112,066	900,502,418	17,028,570	1,702,847,003
Deposits	826,783,886	123,780,419	579,614,178	35,190,256	–	1,565,368,739
Reimbursable shares	–	–	–	–	32,619,237	32,619,237
Other liabilities	137,785	334,807	113,963	–	15,878,707	16,465,262
Total liabilities	826,921,671	124,115,226	579,728,141	35,190,256	48,497,944	1,614,453,238
Interest rate gap	(394,412,869)	(69,420,079)	(281,616,075)	865,312,162	(31,469,374)	88,393,765

Barbados Public Workers' Co-operative Credit Union Limited

Notes to the Separate Financial Statements

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23 Financial risk management ...continued

Market risk ...continued

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:

	2026	2025
	\$	\$
Increase / decrease of 100 bps		
Impact on profit + 100 bps	(589,136)	(77,921)
Impact on profit - 100 bps	584,618	76,680

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Credit Union'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 Credit Union'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 Credit Union, 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 Board of Directors.

Barbados Public Workers' Co-operative Credit Union Limited

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24 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 separate 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, due from related companies, other assets, financial instruments, other liabilities and reimbursable shares. The fair value of debt securities is based on quoted prices where 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 Credit Union'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.

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

	2026		2025	
	Carrying amount \$	Fair value \$	Carrying amount \$	Fair value \$
Assets				
Cash resources	513,272,883	513,272,883	477,039,035	477,039,035
Financial investments				
- Amortised cost	107,237,868	107,237,868	65,518,001	65,518,001
- FVTPL	10,059,452	10,059,452	10,059,452	10,059,452
- FVOCI - quoted	1,000,000	1,000,000	980,000	980,000
- FVOCI - unquoted	2,018,248	2,018,248	1,958,342	1,958,342
Loans and advances	1,149,877,076	1,152,141,041	1,127,963,547	1,130,105,774
Due from related companies	21,984,863	21,984,863	22,266,968	22,266,968
Other assets	26,605,123	26,605,123	36,100,528	36,100,528
	1,832,055,513	1,834,319,478	1,741,885,873	1,744,028,100
Liabilities				
Deposits	1,648,897,685	1,708,608,044	1,565,368,739	1,624,410,470
Reimbursable shares	35,237,989	35,237,989	32,619,237	32,619,237
Other liabilities	16,354,330	16,356,470	16,465,262	16,465,262
	1,700,490,004	1,760,202,503	1,614,453,238	1,673,494,969

Barbados Public Workers' Co-operative Credit Union Limited

Notes to the Separate Financial Statements

March 31, 2026

(expressed in Barbados dollars)

24 Fair value ...continued

Determination of fair value and fair value hierarchy

The Credit Union 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 separate 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 Credit Union is the current bid price. These instruments are included in Level 1.

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 determine the fair value of 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 Credit Union's financial instruments that are measured at fair value.

	2026			
	Level 1	Level 2	Level 3	Total balance
	\$	\$	\$	\$
Investment securities				
Equity securities				
- FVOCI - quoted	–	1,000,000	–	1,000,000
- FVOCI - unquoted	–	–	2,018,248	2,018,248
Debt securities				
- FVTPL	–	–	10,059,452	10,059,452
	–	1,000,000	12,077,700	13,077,700

Barbados Public Workers' Co-operative Credit Union Limited

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24 Fair value ...continued

	2025			Total balance \$
	Level 1 \$	Level 2 \$	Level 3 \$	
Investment securities				
Equity securities				
- FVOCI - quoted	–	980,000	–	980,000
- FVOCI - unquoted	–	–	1,958,342	1,958,342
Debt securities				
- FVTPL	–	–	10,059,452	10,059,452
	–	980,000	12,017,794	12,997,794

The following table shows a reconciliation of all movements in the fair value of financial investments categorised within Level 2 between the beginning and end of the reporting period.

	2026 \$	2025 \$
Balance - beginning of year	980,000	940,000
Unrealised gain	20,000	40,000
Balance - end of year	1,000,000	980,000

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.

	2026 \$	2025 \$
Balance - beginning of year	12,017,794	12,164,568
Unrealised gain/(loss)	59,906	(146,774)
Balance - end of year	12,077,700	12,017,794

There were no transfers in or out of Level 3 during the year ended March 31, 2026 (2025 - \$Nil).

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24 Fair value ...continued

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
The valuation assessment performed was based on a market approach and in particular, comparable company valuation multiples. 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	The estimated fair value would increase/(decrease) if:
	Net assets	Shareholding increases/(decreases)
	Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)	Net assets were higher/(lower)
	Earnings Before Interest and Tax (EBIT)	EBITDA was higher/(lower)
	Revenue	EBIT was higher/(lower)
		Revenue was higher/(lower)

25 Capital management

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

- To comply with the capital requirements set by the regulators of financial institutions where the Credit Union operates;
- To safeguard the Credit Union's ability to continue as a going concern so that it can continue to provide returns to its members and benefits to 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 Credit Union's management, employing techniques based on policies and guidelines regulated by the Co-operative Societies Act.

The Credit Union'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 19)

The Credit Union has complied with all externally imposed capital requirements.



**BARBADOS PUBLIC WORKERS'
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