



2025

ANNUAL

REPORT

CONTINUITY, CAPABILITY AND COLLECTIVE EXCELLENCE.



Profile

Registered Name:	Police Co-operative Credit Union (St. Christopher & Nevis) Ltd
Date of Registration as the Police Co-operative Credit Union:	20th Jan 1984
Membership at Dec 2025:	1462
Member Shares:	\$5,376,165
Total Assets:	\$64,932,136
Total Loans:	\$40,037,744
Total Deposits:	\$37,519,430
Total Comprehensive Income:	\$1,273,962
Number of employees as of Dec 2025:	12
Lawyers:	Gonsalves & Parry Law Officer and Sylvester Anthony Law Office
Auditor:	MNW Chartered Certified Accountant
Software Provider:	FedComp
Bankers:	SKNANB, Bank of Nevis, First Federal Co- operative Credit Union, St. Kitts Credit Union, TDC Financial Service, Gov't
Regulator:	E.S.R.C

1st Floor, E.C Daniel Building, Cayon Street. P.O. Box 1502, Basseterre, St. Kitts, www.pccukn.com,
info@pccukn.com, 8694659554

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**Police Co-operative Credit Union
(St. Christopher & Nevis) Limited**

NOTICE OF THE 42nd ANNUAL GENERAL MEETING

Dear Member,

Notice is hereby given that the **42nd Annual General Meeting** of the Police Co-operative Credit Union (St. Christopher & Nevis) Ltd., will be held on **Monday, 13th April 2026** at the CUNA Conference Center, corner of Wilkin Street and St. Johnston Avenue, Fortlands, Basseterre, St. Kitts at **5:00 PM**. The meeting will also be streamed via the Zoom Platform.

The business to be transacted:

1. To confirm the Minutes of the 41st Annual General Meeting held on Tuesday, 8th July 2025.
2. To consider the Matter Arising from the Minutes of the 41st Annual General Meeting.
3. To approve the reports of the Board of Directors, Treasurer, Supervisory and Compliance Committee, and the Credit Committee, for the year ended 31st December 2025.
4. To approve the Independent Auditor's Report for the year ended 31st December 2025.
5. To approve the Dividend for the year ended 31st December 2025.
6. To set the Maximum Liability for the ensuing year.
7. To elect volunteers to the Board of Directors.
8. To appoint the Independent Auditors for the year ending 31st December 2026.
9. Any Other Business of the Police Co-operative Credit Union (St. Christopher & Nevis) Ltd.

By Order of the Board of Directors

.....
Patrick Wallace, Lt. Col (Ret)

Secretary

Friday 27th March 2026

869-465-9554/0968

P.O. Box 1502, Basseterre, St. Kitts

operations@pccukn.com www.pccukn.com



**Police Co-operative Credit Union
(St. Christopher & Nevis) Limited**

AGENDA


THEME: “CONTINUITY, CAPABILITY and COLLECTIVE EXCELLENCE”


Opening Session

1. Call to Order
2. National Anthem
3. Invocation and Silent Tribute to Deceased Members
4. Tribute to Ms. Janet Johnson
5. President’s Welcome Remarks
6. Featured Speaker
7. Awards and Special Recognition
8. Adjournment/ Intermission

Business Session

9. Ascertainment of Quorum
10. Confirmation of Minutes of the 41st Annual General Meeting
11. Matters Arising from the 41st Annual General Meeting
12. Report and Adoptions:
 - a. *Board of Directors’ Report*
 - b. *Treasurer’s Report*
 - c. *Independent Auditor’s Report*
 - d. *Credit Committee’s Report*
 - e. *Supervisory and Compliance Committee’s Report*
13. Declaration of Dividend
14. Setting a Maximum Liability Ceiling
15. Appointment of Auditors
16. Nominating Committee’s Report
17. Election of Volunteers
18. Any Other Business
19. Vote of Thanks
20. Adjournment

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“

CONTINUITY

The legacy of our credit union continues to grow, rooted in generations of trust and dedication. For years, we have stood beside families, helping turn their dreams into reality and building a foundation for brighter futures.

”



PCCU
Our Members Are Our Movement

“

CAPABILITY

As we grow, our focus remains on continuously enhancing and expanding the services we offer. This includes the potential introduction of solutions such as ATM facilities and debit cards. We aim to improve convenience and meet the evolving needs of our members.

”



PCCU
Our Members Are Our Movement

“

COLLECTIVE EXCELLENCE

”

Our people work together to foster a culture of excellence, collaborating to deliver exceptional service and create meaningful impact for our members and the wider community. This shared commitment strengthens our institution and ensures we continue to grow, succeed, and serve with purpose.

Prayer of St. Francis of Assisi

**Lord, make me an instrument of your peace:
where there is hatred, let me sow love;
where there is injury, pardon;
where there is doubt, faith;
where there is despair, hope;
where there is darkness, light;
where there is sadness, joy.**

**O divine Master, grant that I may not so
much seek
to be consoled as to console,
to be understood as to understand,
to be loved as to love.**

**For it is in giving that we receive,
it is in pardoning that we are pardoned,
and it is in dying that we are born to eternal
life.**

STANDING ORDERS

1. A member may only address the meeting through the Chairperson and must stand or raise his/her hand on the virtual platform when addressing the Chairperson.
2. Speeches are to be clear, concise, and relevant to the subject before the meeting.
3. A member shall only address the meeting when called upon by the Chairperson to do so, after which he shall immediately take a seat or lower his/her hand.
4. A member shall not speak twice on the same subject except:
 - a. The mover of a motion, who has the right to reply;
 - b. To object or explain (with permission from the Chair).
5. The mover of a procedural motion (adjournment, lay on the table, motion to postpone) has no right to reply.
6. No speeches are to be made after the “Question” has been put and carried or negated.
7. A member raising a “Point of Order” must state the point clearly and concisely. (A “Point of Order” must have relevance to the “Standing Order”).
8. A member shall not call the Chair to order and should not “Call” another member “To Order” but may draw the attention of the Chair to a “Breach of Order”.
9. A “Question” should not be put to the vote if a member desires to speak on it or to move an amendment to it, except that a procedural motion may be moved at any time.
10. Only one amendment should be before the meeting at any given time.
11. When a motion is withdrawn any amendment to it fails.
12. The Chairperson has the right to a “Casting Vote.”
13. If there is equality of voting on an amendment and if the Chairperson does not exercise his casting vote the amendment is lost.
14. Provision is to be made for protection by the Chairperson from vilification (personal abuse).
15. No member shall impute improper motives against another member.



OUR VISION

To contribute to each member's financial success and commit to maintaining a sound financial position.



OUR MISSION

To provide education in co-operative principles, encourage thrift through savings, and grant loans at the most competitive rates but ultimately to improve the economic and social condition of our members.

General Manager's Remarks

As we embark on the 42nd Annual General Meeting of the Police Cooperative Credit Union (St. Christopher & Nevis) Ltd, I want to say that without you our volunteers, our staff and you our members we would not be here today. It is with profound gratitude that I thank you for your continued support and commitment to this institution.

This past year has brought both challenges and achievements, yet we have remained resilient, focused and member driven. Through sound financial management and strategic planning, we have continued to grow our membership, meet the demand for our services and strengthen the trust placed in us.

We have also made meaningful progress in improving our systems and embracing technology, ensuring that our services are more efficient, secure and accessible.

As we look ahead, our focus remains clear: sustainable growth, financial stability and continuously improving how we serve you.

In closing, let us continue to stand united in purpose and proud of what we are building together. The true strength of this credit union lies not just in its performance, but in its shared vision and collective commitment. If we continue to move forward together, there is no limit to what we can achieve.

Thank you, and I wish you a productive and successful Annual General Meeting.



Ms. Jamela A Warner
MBA, BBA
General Manager



**MINUTES OF THE 41st ANNUAL GENERAL MEETING
OF THE POLICE CO-OPERATIVE CREDIT UNION
SAINT CHRISTOPHER AND NEVIS LIMITED
HELD ON TUESDAY 8TH JULY 2025**

OPENING SESSION

1. Call to Order

At 5:35 PM on Tuesday 8th July 2024, the 41st Annual General Meeting (AGM) of the Police Co-operative Credit Union (St. Christopher and Nevis) Ltd. Opening secession was called to order by the proceedings' master of ceremony the late Miss Janet Johnson. The event was held in the Royal

St. Kitts Hotel Conference Center, Frigate Bay.

2. National Anthem

A recorded version of the Federation's National Anthem was rendered.

3. Invocation and Silent Tribute to Deceased Members

Pastor Ericson Cumberbatch, Chaplain of the Royal St. Christopher and Nevis Police Force invoked God's blessings on the proceedings, which was immediately followed by the observance of a minute silence in remembrance of PCCU members who had died since the last AGM.

4. President's Welcome Remarks

The President welcomed members to the 41st AGM and reflected on the credit union's resilience and progress under the theme "Evolving Together: Stability in Change, Growth in Action." He emphasized the organization's ability to remain stable amid economic uncertainty while continuing to grow through increased membership, services, and strategic initiatives. He highlighted the importance of financial education and empowering members to make informed decisions. Concluding on an optimistic note, he encouraged continued unity and active participation in shaping the credit union's future.

5. Featured Speaker

Dr. Terrance Martin delivered a compelling keynote address, urging the credit union to continuously explore innovative avenues and opportunities to expand and strengthen its membership base. He emphasized the importance of looking ahead with a forward-thinking mindset, rather than dwelling on past challenges, as the organization positions itself for sustained growth. His remarks served as a timely reminder of the value of proactive engagement and strategic vision in ensuring the credit union's continued success.

6. Adjournment

The Chairperson thanked the guests invited for being in attendance and brought the Opening Session to a close, adjourning this segment of the 41st AGM at 6:15 pm

BUSINESS SESSION

7. Call to Order

The Police Cooperative Credit Union (St. Christopher and Nevis) Ltd., 41st AGM business session was called to order at 6:33 pm by president of the executive Mr. David Allen. After welcoming the members present in person and online, he read the Notice of the 41st AGM and informed members that proceedings will be guided by the “Standing Orders which are to be found on page eight of the booklet”.

8. Ascertainment of Quorum

Registrar of Credit Unions Mrs. Kjellin Elliott was invited to the podium. She confirmed the quorum and granted permission for the meeting to proceed. She then extended best wishes on her behalf and of the Financial Services Regulatory Commission (FSRC) to the PCCU executive and membership.

9. Confirmation of Minutes of the 41st Annual General Meeting

Lieutenant Colonel (Ret) Patrick Wallace, the PCCU’s executive secretary presented the Minutes of the 41st Annual General Meeting – see pages 15 through 24 of the AGM Report.

Correction to the Minutes: There were no corrections to the Minutes.

Adoption of the Minutes: Major Kayode Sutton moved the motion for the Minutes adoption and was seconded by Mrs. Shorna Edwards.

The motion carried and the minutes of the 41st AGM were adopted.

10. Matters Arising from the Minutes of the 41st Annual General Meeting

There was no matter arising from the Minutes of the PCCU 41st Annual General Meeting.

11. Reports and Adoption

a. The Board of Directors Report for the year Ended 31st December 2024 (see page 25 of the report), was presented by Board President Mr. David Allen. Mr. Clarence Hendrickson moved a motion for the report to be adopted as presented and was seconded by Maj. Kayode Sutton – the report was adopted.

b. The PCCU Treasurer’s Report for the Year Ended 31st December 2024 (commencing on page 32 of the AGM Report) was presented by Mr. Marvin Thompson. Mrs. Paulette Hector advised that stringent measures should be put in place to deal with delinquencies. Member Mr. Stewart Henry asked what period time is allowed to elapse before co-makers to a loan are informed that the principal is delinquent. Mr. Ivor Blake moved the report presented be adopted and was seconded by Mrs. Shorna Edwards – the report was adopted.

c. The report of the PCCU Credit Committee for the Year Ended 31st December 2024 was presented by Committee Chairperson Mr. Zeon Hector. Mrs. Diana Mills moved that the report presented on Page 37 of the booklet be adopted and was seconded by Mr. Glenroy Phillips – the report was adopted.

d. The Supervisory and Compliance Committee Report for the Year Ended 31st December 2024 was presented by the committee’s chairperson Mrs. Consie Rogers. Mr. Daniel Jacobs moved that the report presented on Page 47 of the report be adopted and was seconded by Mr. Ivor Blake – the report was adopted.

e. The Independent Auditor’s Report (pre-recorded) on the Police Cooperative Credit Union (St. Christopher & Nevis) Ltd., was presented by Ms. Mellisa Wigley of the auditing firm MNW Chartered Certified Accountants. In response to a question from the floor about the auditor’s report being done via audio, President Allen explained this was done because the original date of the AGM was pushed back and the new date conflicted with travel plans Ms. Mellisa Wigley had already made. Mr. Glenroy Phillip moved that the report presented on Page 54 of the report be adopted and was seconded by Mr. Daniel Jacobs – the report was adopted.

12. Declaration of Dividend

President Allen thanked the members for bringing their business to the PCCU and expressed his appreciation for the confidence they had placed in the Society as they could have exercised their choice and opted to invest in other financial bodies. He further stated that the Society made a profit of over EC\$1.5 million in 2024; and he was now happy to inform members that the Board had declared a dividend of six and a half (6.5%) percent. Retired Commissioner of Police Mr. Austin Williams moved the motion for the dividend proposed to be accepted and was seconded by Mrs. Consie Rogers. The declared dividend of six and a half (6.5%) percent was accepted.

13. Setting Maximum Liability Ceiling

President Allen stated that the Maximum Liability Ceiling was presently five hundred thousand Eastern Caribbean Dollars (\$500,000) as set at the last AGM, and the Board was recommending that ceiling be maintained. Mr. Austin Williams moved the motion for the stated ceiling to be retained and was seconded by Mr. Clarence Hendrickson. The proposed ceiling was accepted.

14. Appointment of Auditors

President Allen conveyed to membership the Board recommendation that the auditing firm MNW Chartered Certified Accountants be retained as PCCU auditors for the upcoming financial year.

A motion to accept the auditing firm of MNW Chartered Certified Accountants as PCCU auditors for the upcoming year was moved by Mr. Daniel Jacobs and seconded by Miss. Nyameke Powell. The motion carried.

15. Nominating Committee Report

Mrs. Leah Francis, chairperson of the Nominating Committee delivered the committee's report, same can be found on Pages 52 and 53 of the AGM Report. The motion to adopt the report was submitted by Commissioner of Police (Ret) Mr. Austin Williams, and was seconded by Mr. Joseph Gerald. The motion carried.

16. Election of Volunteers

The former Registrar of Cooperatives, Mr. Clyde Thompson, was invited to conduct the elections. As a preliminary he stated that members were entitled to nominate suitable qualified members from the floor to serve on the executive; that the Nomination Committee report does not bar any member being nominated from the floor.

The process to elect officers proceeded on the Nomination Committee submission:

a. Credit Committee

The names of five (5) members were submitted: Mr. Zeon Hector, Miss. Nyameke Powell, Miss. Trevicia Adams, Miss. Corliss Toby and Mr. Travis Henry. There was no nomination from the floor, the submission of the nomination committee was therefore accepted.

b. Board of Directors

Three suitable qualified members were submitted for election: Mr. Rodney Browne, Mrs. Shorna Francis-Edwards and Lt. Col (Ret) Patrick Wallace. There being no nomination from the floor, the submission of the Nomination Committee was accepted.

17. Any Other Business (From the Floor)

Miss. Danny Maynard, on behalf of Ambassador H.E Ian Queeley (due to technical difficulties) asked why the AGM was not held in the first quarter of the year. President Allen acknowledged the question and stated that every effort will be made to be in conformity going forward. Member Mr. Terrance James commented on the AGM's late notice and the AGM being too long.

The Chairperson explained the notice was posted at the office and sent out to members by electronic means. Mr. Dion Hector recommended that extra ordinary meetings be held to address certain matters, rather than waiting for annual general meetings.

Mr. Hector's recommendation was acknowledged by the Chair, President Allen. Mr. Ivor Blake commended the Executive Committee for its stewardship and welcomed the newly elected members. He stated that the PCCU By-laws made provision for extraordinary meetings.

Special Prizes

Mr. Samuel Lawrence won the prize for being the first person to show up and register at the door, while Mr. Wayne Hanley won the prize for being the first person to login to the AGM on the Zoom.

18. Vote of Thanks

Mr. Kirk Warner gave the vote of thanks. He thanked Force Chaplain for delivering the invocation, Mrs. Kjellin Elliott of the FSRC for the important function she performed, and the PCCU general membership for remaining loyal to the Society. He also thanked the staff for their work which has kept the PCCU a going concern. The AGM Planning committee was also thanked for its hard work and so too was Mr. C. Bradshaw and his team for their technical support. He concluded with a general acknowledgment of all persons who contributed to making the Meeting a success and he wished everyone a safe journey home.

19. Adjournment

There being no other business, a motion for adjournment was moved and seconded; thus the 41st Annual General Meeting of the Police Cooperative Credit Union (St. Christopher and Nevis) Ltd. adjourned at 9:16 pm.

Meet Our Team

Board of Directors



Mr. David Allen
President



Mr. Ervin Williams
Vice President



Mr. Patrick Wallace
Executive Secretary



Mrs. Leah Francis
Asst. Secretary



Mr. Rodney Browne
Treasurer



Mr. P. Kayode Sutton
Asst Treasurer



Mr. Leroy Percival
Director



Mr. Daniel Jacobs
Director



Mrs. Shorna Edwards
Director

Supervisory and Compliance Committee



Mrs. Consie Rogers
Chairperson



Dr. Natasha Weekes
Vice Chair



Ms. Oretha Mitcham
Secretary



Mr. Ijaz Francis
Member



Ms. Avonelle Martin
Member

Credit Committee



Mr. Zeon Hector
Chairperson



Mr. Shawn Stevens
Vice Chair



Ms. Trevicia Adams
Secretary



Mrs. Corliss Toby
Member



Mrs. Karimah Daniel- Pemberton
Member



Ms. Nyameke Powell
Member



Mr. Travis Henry
Member

Management & Staff



Ms. Jamela Warner
General Manager



Ms. Cindelle DeCosta
Accountant



Mrs. Ventura Smithen
Administrative & Human Resources
Supervisor



Mr. Kirk Warner
Loans Supervisor



Ms. Sandrine Williams
Risk and Compliance Supervisor



Mr. Tarique Hercules
Senior Member Relations and
Marketing Officer



Ms. Shauna Williams
Loan Officer



Mr. Antonio Murrain
Delinquency/Collections Officer



Ms. Venesha Woodley
Accounts Officer



Ms. Karyne Benjamin
Member Services Representative



Ms. Melana Jervis
Member Services Assistant

PCCU YOUTH CONTINUES TO MAKE STRIDES



Today we celebrate Mr. Tarique Hercules, whose journey with PCCU began in January 2024. He joined the organization as the Marketing & Member Relations Officer at a time when the institution needed a more strategic approach to marketing and member engagement. Through his hard work, dedication, and proactive approach, he was later promoted to Senior Member Relations and Marketing Officer.

Mr. Hercules at OECS Credit Union Summit

In 2025, Mr. Hercules was awarded the CCCU Youth Successor Scholarship, becoming the first Kittitian to receive this prestigious award since its inception in 2023. This milestone represented an important step forward for youth involvement in the cooperative movement. During that same year, he also sat on a panel at the 18th OECS Credit Union Summit, where he encouraged credit unions across the region to take deliberate steps to engage younger cooperators.



Mr. Hercules received the CCCU Youth Successor Award, CCCU International Conference, Punta Cana

Mr. Hercules further achieved international recognition when he was awarded the World Young Credit Union Professional (WYCUP) Scholarship, emerging from a competitive pool of more than 90 applicants worldwide. This achievement is especially significant, marking the first time in 25 years that a Kittitian has received the award since its inception in 2001. His accomplishment brought global recognition not only to himself but also to the smallest Credit Union in the Federation of St. Kitts & Nevis, PCCU, proving that we are indeed small but mighty!

Guided by the African proverb, *“If you want to go fast, go alone; if you want to go far, go together,”* he initiated discussions with senior leaders within the credit union movement to establish a Youth Empowerment Program. This initiative aims to prepare and inspire the next generation of credit union leaders in St. Kitts and Nevis.

Mr. Hercules attributes all of his success to God, acknowledging the wisdom and blessings that have enabled him to carry out this work. He also expresses sincere gratitude to his family, mentors, and the PCCU for their continued support of his growth and development.

The PCCU congratulates Mr. Hercules on his achievements and wishes him continued success in his future endeavours.



A BRIGHTER FUTURE FOR J'CARDIE

J'Cardie Marshall's journey is one of courage, resilience and hope. After being diagnosed with craniosynostosis, a condition where the skull fuses too early and can impact brain development, his family faced a difficult road ahead.

In December 2024, PCCU stepped in to help by facilitating a medical loan that made it possible for J'Cardie to travel to the United States for the life-changing surgery he needed. Today, we are happy to share that J'Cardie is doing very well and continues to thrive.

His journey reminds us that behind every challenge is the possibility of a brighter outcome, especially when people come together to support one another. It is stories like J'Cardie's that continue to inspire our commitment to making a meaningful difference in the lives of the members we serve.

JANET JOHNSON HONOURING HER LEGACY

Janet Johnson will be fondly remembered for her dedication, grace, and the impact she made on both the Police Co-operative Credit Union Ltd and the wider community. She began her journey with the Credit Union as an Executive Assistant, where her diligence and warm spirit quickly distinguished her. Through hard work and commitment, she advanced to the role of Member Services Supervisor, becoming an integral part of the organization's growth and daily operations.

During her tenure, Ms. Johnson also served as Acting General Manager, leading with enthusiasm, strength, professionalism, and care. She proudly represented the Credit Union at various regional and external engagements, always carrying herself with poise and a deep sense of responsibility.

Beyond her professional life, Janet was a celebrated pageant icon who poured her heart into mentoring and guiding young people. She was passionate about nurturing confidence, discipline, and excellence in those she worked with, leaving an indelible mark on many lives both on and off the stage.

Her passing on December 14, 2025, has left a profound void. Janet Johnson's legacy is one of service, compassion, and inspiration. She will be deeply missed and forever remembered by all who had the privilege of knowing her.



Board of Directors Report 42nd Annual General Meeting

Police Co-operative Credit Union Ltd

Theme: Continuity, Capability, and Collective Excellence

On behalf of the Board of Directors of the Police Co-operative Credit Union Ltd (PCCU), it is my distinct honour to present the Board of Directors report for the financial year ending December 31, 2025. This 42nd Annual General Meeting comes at a pivotal moment in our history - a time of reflection, progress, and renewed purpose.

Governance and Oversight

The Board of Directors remained steadfast in its fiduciary responsibility to safeguard the interests of our members and to ensure that PCCU remains a sound, resilient, and forward-thinking financial institution. Over the past year, we convened monthly board meetings, strategic planning sessions, and participated in committee reviews to provide direction, approve key policies, and ensure regulatory compliance.

PCCU BOARD OF DIRECTORS MEETING ATTENDANCE RECORD

Period January to December 2025

Directors		Year 2025 - Months and Dates of Meetings													Total	
		Jan		Feb			Mar				Apr		May			Jun
Name	Position	8 th	22 nd	12 th	19 th	5 th	19 th	26 th	31 st	9 th	23 rd	4 th	21 st	3 rd		
David Allen	President	P	P	P	P	P	P	P	P	P	P	P	P	P	13	
Shorna Edwards	V. President	AA	AA	P	P	P	AA	P	AA	AA	AA	P	AA	P	06	
Patrick Wallace	Secretary	P	P	P	P	P	P	P	P	P	P	P	P	P	13	
Marvin Thompson	Treasurer	P	P	P	P	P	AA	P	P	P	P	P	P	P	12	
Ervin Williams	Asst Treasurer	P	AA	AA	AA	AA	AA	AA	P	P	AA	P	P	P	06	
Leah Francis	Asst Secretary	P	P	P	P	P	AA	P	P	P	AA	P	AA	P	10	
Leroy Percival	Member	P	P	P	P	P	P	P	P	P	P	P	P	AA	12	
Daniel Jacobs	Member	P	P	P	P	P	P	P	P	P	P	P	P	P	13	
Kayode Sutton	Member	P	P	P	AA	P	P	P	P	P	P	P	P	AA	11	
No. of Meetings for Month		2		2			4				2		2		1	13

P – Present/Attended

AA - Absent with Apology

Directors		Total Number of Meetings			Remarks
Name	Position	Held	Attended	%	
David Allen	President	22	20	91	
Ervin Williams	Vice President	22	20	91	Apologies submitted for all absences
Patrick Wallace	Secretary	22	22	100	
Rodney Browne	Treasurer	22	9	100	Joined the Board in June 2025
Kayode Sutton	Assistant Treasurer	22	19	86	Apologies submitted for all absences
Leah Francis	Assistant Secretary	22	19	86	Apologies submitted for all absences
Leroy Percival	Member	22	21	95	Apologies submitted for all absences
Daniel Jacobs	Member	22	22	100	
Shorna Edwards	Member	22	12	55	Apologies submitted for all absences
Marvin Thompson	Member	22	12	55	Term ended in May 2025

We continue to work collaboratively with the Supervisory and Compliance Committee and the Credit Committee, ensuring that all areas of operations were functioning in alignment with our bylaws, risk appetite, and statutory obligations. As at the 2025 reporting period, the governance structure of the Police Co-operative Credit Union Ltd. consists of the Board of Directors, Supervisory & Compliance Committee, and the Credit Committee, which remain firmly rooted in the co-operative principles of accountability, continuity, and democratic oversight. Together, these bodies have demonstrated strong governance, transparency, and commitment to the Credit Union's mission and sustainability.

Strategic Direction and Institutional Priorities

In 2025, the Board of Directors of the Police Co-operative Credit Union Ltd. formally commenced the implementation of its 2025–2027 Strategic Plan, establishing a clear roadmap to guide governance oversight, executive decision-making, and institutional advancement over the ensuing three-year period. This Strategic Plan reflects a forward-looking and resilient posture, carefully aligned with the evolving economic landscape and the long-term interests of our membership.

The Plan is anchored on the following strategic pillars:

- **Financial Stability and Sustainable Growth**
- **Membership Growth and Engagement**
- **Operational Efficiency and Process Optimization**
- **Technology Advancement and Innovation**
- **Risk Management and Regulatory Compliance**

- **Organizational Structure and Human Capital Development**
- **Product and Service Diversification**
- **Brand Repositioning and Market Presence**
- **Member Service Excellence**

These pillars collectively define the Board's strategic priorities and serve as the foundation for performance measurement, capital allocation, and enterprise-wide accountability.

Notwithstanding prevailing economic uncertainties within the Federation and the broader global environment, the Credit Union remained steadfast in its strategic execution. The Board adopted a prudent yet purposeful approach to asset management, liquidity preservation, and capital deployment. This measured posture ensured the protection of members' funds while simultaneously positioning the institution to capitalize on emerging opportunities and achieve sustainable, long-term growth.

Leadership and Capacity Enhancement

During the year under review, the Police Co-operative Credit Union Ltd. executed a series of deliberate leadership and structural advancements designed to reinforce institutional stability, strengthen governance, and enhance long-term strategic positioning.

Following an extensive selection process, the Board appointed Ms. Jamela Warner as the General Manager of the PCCU. Ms. Warner brings over eighteen (18) years of progressive leadership experience within high-performance, fast-paced financial environments. Prior to her appointment, Ms. Warner served as Treasury Manager at The Development Bank of St. Kitts and Nevis, where she provided oversight of treasury functions and contributed materially to the strengthening of financial controls and liquidity management frameworks. Her appointment represents a pivotal step in advancing the Credit Union's strategic agenda and operational maturity.

Concurrently, the organization undertook a targeted internal realignment to build institutional capacity, enhance functional oversight, and ensure optimal alignment between talent and strategic priorities. In recognition of demonstrated competence, leadership potential, and sustained performance, the following team members were promoted:

- **Mrs. Ventura Smithen** – Administrative and Human Resource Supervisor
- **Ms. Sandrine Williams**– Risk and Compliance Supervisor
- **Mr. Tarique Hercules** – Senior Member Relations and Marketing Officer

These promotions underscore the Credit Union's commitment to structured succession planning, leadership development, and the cultivation of a high-performance culture anchored in accountability and service excellence. The Credit Union remains resolute in its investment in continuous professional development, with sustained emphasis on regulatory compliance, risk governance, operational efficiency, and member-centric service delivery.

Financial Highlights

The financial performance of the Police Co-operative Credit Union Ltd for 2025 reflects continued prudent stewardship and a strong institutional position despite modest pressures on earnings.

Protection and Capital Adequacy: The Credit Union's Net Institutional capital remains well above the recommended minimum threshold of 10%, demonstrating a strong capital position. Members' equity increased to \$26.1 million from \$24.9 million in 2024, driven primarily by growth in retained earnings and members' shares, reinforcing the Credit Union's long-term financial stability.

Asset Quality and Lending: Total assets closed the year at \$65.1 million, up from \$64.6 million in 2024, representing growth of approximately 0.77%. This increase reflects continued expansion in the loan portfolio, which grew to \$40.2 million from \$37.4 million, highlighting strong member engagement and ongoing demand for credit. Despite a slight decline in members' deposits to \$37.5 million from \$38.1 million, liquidity levels remained sufficient to meet operational needs and member withdrawal requirements.

Earnings and Returns: While net earnings experienced some contraction, attributable to higher loan provisioning, operational costs, and strategic expenditures, the Credit Union continues to generate sustainable surpluses. Reserves remained robust at approximately 19%, well above the statutory minimum, ensuring ongoing capacity for reinvestment in the institution and its members.

The Credit Union remains financially sound, with a growing loan portfolio, strong equity base, and resilient reserves. While economic factors influenced earnings in 2025, targeted strategies aimed at revenue enhancement, operational efficiencies, and a continued member-focused lending position the institution for sustainable growth and improved performance in the coming year.

Loans

The Credit Union remains committed to advancing its mission of improving the economic and social well-being of its members through responsible lending, financial empowerment, and access to affordable financing solutions. By encouraging thrift, supporting entrepreneurship, and facilitating homeownership, the institution continues to play a vital role in strengthening the financial stability of its membership and the wider community.

In 2025, four (4) business loans totaling \$236,500.00 were approved and booked, providing members with critical financing to support the growth and development of their enterprises and contribute to

economic activity. The Credit Union also recorded six (6) mortgage loans totaling \$2,076,500.00. Of this amount, two (2) mortgages valued at \$827,500.00 were issued to members engaging private contractors for the construction of their homes, while four (4) mortgages totaling \$1,249,000.00 were facilitated through the National Housing Corporation (NHC) Housing Scheme. This continued collaboration with the NHC reflects the Credit Union's commitment to expanding access to affordable homeownership and enhancing the quality of life for its members.

Overall, loans to members continue to be one of our main avenues for growth. During the year in review, loans grew by 8.02%; our loan portfolio for 2025 was ECD \$41,201,355.86 compared to \$38,140,969.10 in 2024.

Membership, Member Engagement and Community Outreach

We welcomed 110 new members to our cooperative family, a testament to our continued membership acquisition initiatives. We focused not only on recruitment but also on retaining and re-engaging existing members through educational outreach, improved member service experience, and digital accessibility enhancements. The Board commends the management team for the introduction of the personal finance forum, one-on-one financial coaching, and member appreciation events, which reinforced our values of empowerment, inclusion, and community.

PCCU remains steadfast in its commitment to giving back to the community through a variety of initiatives that exemplify our cooperative social responsibility and dedication to national development. During this period, one of our notable contributions was serving as the title sponsor of the Sandy Point Agriculture Co-operative Society High School Cooking Competition. This initiative offered students a platform to showcase their culinary talents while promoting the values of agriculture and healthy food preparation.

In addition, we proudly announced our partnership with the Security Forces United Football Club and the National Intervention Team as the title sponsor of the Nu Generation Grassroots Football Program. This weekend training camp provides promising young players not only with technical football skills and friendly matches but also with a structured and supportive environment that fosters confidence, discipline, and teamwork.

Our engagement in these programs reflects our adherence to the cooperative guiding principles of Concern for Community and Cooperation Among Cooperatives, reinforcing our belief that investing in youth and community development strengthens society as a whole.

Conclusion

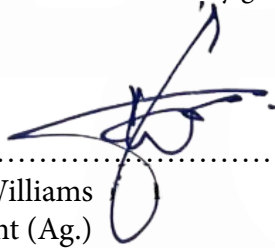
In 2025, the Police Co-operative Credit Union demonstrated continuity through strategic execution and sustained financial strength, with assets of \$65.1 million, a growing loan portfolio, and robust members' equity. Our capability was reinforced by leadership appointments, staff development, and enhanced operational efficiency. Collective excellence was evident in member engagement, community initiatives, and support for entrepreneurship and homeownership. Together, these foundations position the Credit Union for sustainable growth.

As we advance into the new fiscal year, the Board will maintain its focus on innovation, compliance, and resilience. We intend to:

- Secure a headquarters for the PCCU

- Advance digital transformation projects
- Strengthening governance through ongoing board education
- Continue advocating for improved facilities and staffing resources

We are also mindful of the critical role of leadership succession, and efforts are ongoing to strengthen our governance framework to prepare the next generation of credit union leaders. We thank the members for their trust in us to effectively govern our prestigious credit union.



.....
Ervin Williams
President (Ag.)
For Board of Directors
Police Co-operative Credit Union Ltd
5th March 2026

TREASURER’S REPORT FOR THE YEAR ENDED 31 DECEMBER

INTRODUCTION

As our nation continues to navigate regional and global economic pressures, the Police Cooperative Credit Union (PCCU) has remained steady, focused and forward-looking. In a competitive and evolving financial environment, your credit union continues to demonstrate resilience, disciplined management and meaningful growth.

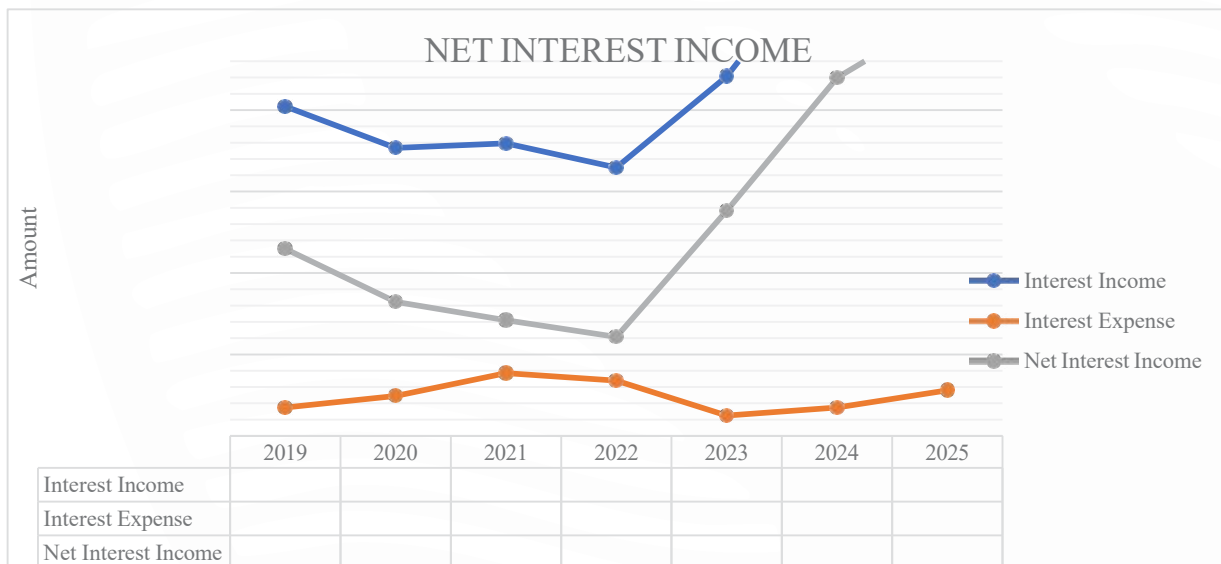
Our commitment remains clear: to provide safe, reliable and competitive financial services while strengthening the long-term sustainability of the institution. Guided by the principle that “Our Members Are Our Movement,” the Board and Management continue to safeguard members’ funds, enhance operational performance, and position the Credit Union for future expansion.

It is therefore my privilege to present the Treasurer’s Report for the year ended December 31, 2025.

RESULTS OF OPERATIONS

The 2025 financial year reflects continued strengthening of the Credit Union’s core operations. The increase in interest income contributed to the overall earnings performance improving significantly due to stronger net interest margins and prudent expense management.

Net Interest Income



Interest Income includes **interest income on loans** and **interest income on investments**. Interest income for 2025 totaled \$4,283,446 compared to \$3,772,392 in 2024 and \$2,906,937 in 2023, showcasing continued robust growth, highlighted by the milestone of over \$3million in Net Interest Income.

Interest expense increased to \$979,900 in 2025 from \$874,032 in 2024, largely attributable to growth in members’ deposits and the Credit Union’s continued commitment to offering competitive returns to members.

Despite higher interest expense and lower gross interest income, net interest income improved markedly. Net interest income for 2025 amounted to \$3,303,546 compared to \$2,898,360 in 2024. This represents a strong improvement in core earnings and demonstrates effective management of the loan portfolio and funding structure.

As of December 31, 2025, interest income on investments represented 12% of total interest income, compared to 14% in 2024. During the latter part of the year, the treasury bills were closed and reopened at a lower amount. The excess funds were redirected to establish the building account. As a result, the yield on investment income for 2025 was 3.7%, compared to 3.5% in 2024.

The interest income on loans' yield for the year 2025 is 9.4% (2024: 8.7%). Currently, we maintain an average interest rate on loans of 11.5%.

Interest on member deposits represents the majority of expenses incurred by the Credit Union, amounting to \$979,900 (2024: 874,032). Interest expenses increased by 12% during the year, while members' deposits decreased by 1%.

Non - Interest Income

Non-interest income continues to support overall performance and reflects steady activity across fees and other service-related income streams. These include loan fees, refinancing fees, entrance fees and other administrative charges. Non-interest income decreased by 37% in 2025 to \$419,510.00 (2024: \$666,303.00). The Credit Union continues to diversify income sources while maintaining fairness and competitiveness for members.

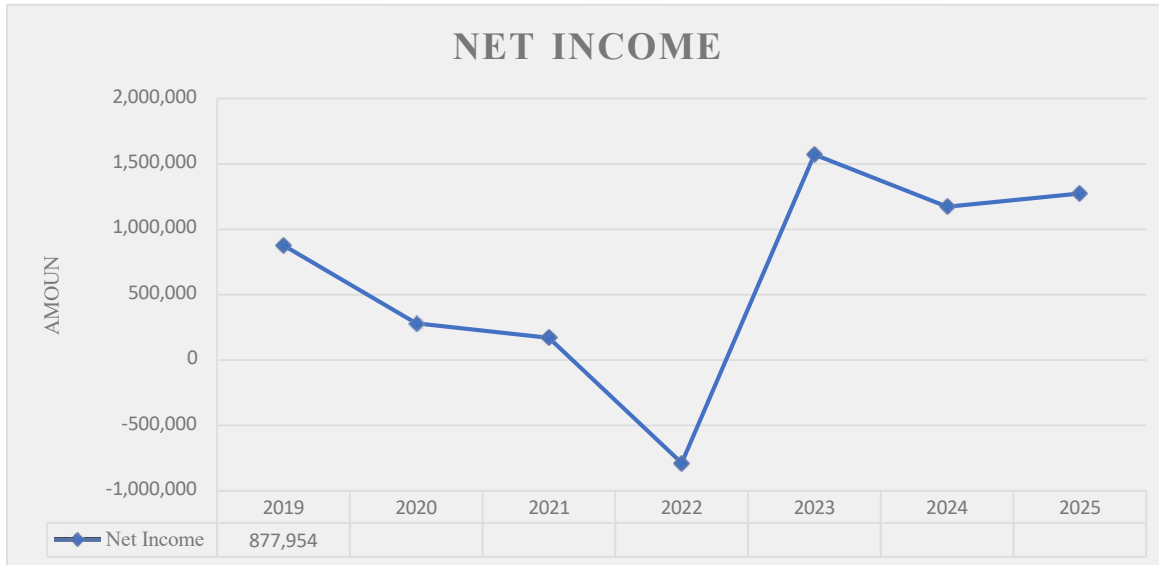
Non – Interest Expenses

Non-interest expenses, including salaries and benefits, occupancy, marketing, depreciation, amortization and general administrative costs and loan loss provision, were carefully managed during the year. The Credit Union maintained strong cost discipline while continuing to invest in service delivery and operational efficiency. Expense control remains a central focus to ensure sustainable profitability.

Net Income

The Credit Union recorded a net income of \$1,273,962 for the financial year ended December 31, 2025, compared to \$1,172,878 in 2024. This represents an increase of approximately 8.6%.

This improvement reflects stronger net interest income, disciplined cost management, and steady operational performance. The consistent profitability achieved over recent years underscores the financial stability of the institution and its ability to deliver value to the membership.



FINANCIAL CONDITIONS

ASSETS

Total assets increased to \$64.93 million in 2025 from \$64.61 million in 2024, reflecting continued growth in the balance sheet.

Loan

Loans to members remain the largest component of total assets. The loan portfolio increased to \$40.04 million in 2025 from \$37.41 million in 2024, demonstrating sustained demand for credit and continued confidence in the Credit Union.

The Loans to Total Assets ratio stands at 62% (2024: 58%). While this reflects solid portfolio growth, it remains below the PEARLS target range of 70% to 80%. Management will continue to pursue prudent lending strategies to improve this ratio while maintaining sound underwriting standards.

Delinquenc

As at December 31, 2025, the loan portfolio consisted of 780 loans totaling \$41,201,356 before provision. There were 64 delinquent loans which totaled 2,517,310. Total delinquency to gross loan portfolio stands at 6.11%, slightly above the PEARLS benchmark of 5%. The Credit Union continues to actively monitor delinquent accounts and implement structured recovery strategies to protect asset quality.

There was an increase in the allowance for loan impairment by \$427,819, from \$849,160 in 2024 to \$1,276,979 in 2025. Based on our gross loan portfolio of \$41,201,356 at the end of the financial year 2025, including a delinquent amount of \$2,517,310, our consultants determined that an IFRS 9 Loan Loss provision amount of \$1,276,797 is therefore required. At year-end, our provision account balance was \$1,128,793, lower than the provision requirement.

Cash and Investments

Cash and cash equivalents reduced to \$5.20 million in 2025 from \$6.66 million in 2024 as liquidity was strategically deployed into income-earning assets. This represents 8% (2024: 10%) of total assets. Investment securities totaled \$13.65 million, reflecting a steady position within the overall asset structure. This represents 21% (2024: 23%) of total assets.

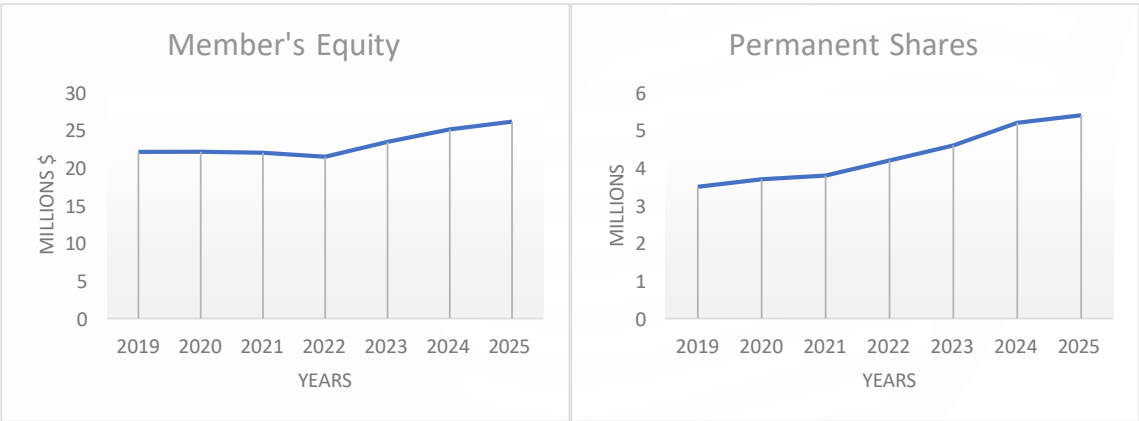
GROWTH ACHIEVEMENT

PCCU’s comparative growth achievement 2019 -2025 demonstrates a solid and stable financial position.



Member’s Equity

Overall, Member equity showed a significant increase of 5% between 2024 and 2025. Over a seven (7) year period (2019-2025) share capital grew \$1.84M (52%).



KEY PERFORMANCE INDICATORS

The PCCU continues to be measured using the PEARLS Prudential Financial Standards as recommended by the Financial Services Regulatory Commission.

While certain ratios such as liquidity, delinquency and loan concentration remain areas for improvement, the overall PEARLS average rating of 2 indicates a generally sound financial position.

PEARLS	Ratios	Goals	Current Year
Protection	Provision for Loans Delinquent > 12 months	100%	77%
	Provision for Loans Delinquent < 12 months	35%	149%
Effective Financial Structure	Loans/Total Assets	80%	62%
	Savings Deposits/Total Assets	80%	58%
	Institutional Capital/Total Assets	Minimum 10%	40%
Asset Quality	Delinquency/ Gross Loan Portfolio	Max 5%	6.11%
Rates of Return	Net Income/Average Total Assets	2%	1.93%
Liquidity	Liquid Assets/Deposits	Minimum 15%	46.48%
Signs of growth	Growth in assets	Minimum 10%	0.50%

CONCLUSION & ACKNOWLEDGEMENTS

The 2025 financial year reflects continued progress for the Police Cooperative Credit Union. Improved net interest income, increased net profit, asset growth and strengthened equity position the institution for sustained advancement.

We remain committed to prudent financial management, disciplined growth, and the protection of members' savings. The Credit Union stands on a strong capital foundation and continues to adapt to a changing economic environment while remaining focused on member service and long-term stability.

On behalf of the Board, I extend sincere appreciation to Management and Staff for their dedication, to my fellow Directors and Committee Members for their stewardship, and to our members for their continued confidence and support.

May we continue to build together in strength and unity.



Rodney Browne (Mr.)
Treasurer

CREDIT COMMITTEE REPORT FOR THE YEAR ENDED 31ST DECEMBER 2025

INTRODUCTION

The Credit Committee is pleased to present its Annual Report for the year ending December 31, 2025. This document highlights the Committee's dedicated work and notable achievements throughout the year. Our central mission has remained clear: safeguarding the financial stability of our members by consistently applying the Credit Risk Policy, Loan Manual, and By-Laws of the Police Cooperative Credit Union Ltd.

During 2025, the Committee upheld its commitment to thorough loan review and approval processes, offered sound financial guidance, and maintained the highest standards of credit management. Each decision was made with the goal of strengthening member support and preserving the integrity of our loan portfolio.

Through diligence, transparency, and adherence to established policies, the Committee has continued to foster trust and resilience within the Credit Union, ensuring that our members' financial needs are met responsibly and sustainably.

MANDATE

The Committee operates under the guiding framework of the Credit Risk Policy, Loan Manual, and ByLaws of the Police Cooperative Credit Union Ltd. In fulfilling this mandate, the Committee is tasked with:

- Ensuring that all decisions align with the Cooperative Society Act, the Credit Union's ByLaws, and established Credit Risk and Loan Policies.
- Holding meetings at least once per month to review matters of importance.
- Conducting interviews with applicants, comakers, and guarantors, where applicable, to ensure transparency and accountability.
- Verifying that all securities and supporting documentation required for loan consideration are complete and satisfactory.
- Preparing and submitting monthly reports to the Board of Directors for oversight and review.
- Providing recommendations to the Board regarding updates or adjustments to the Loan Policy.

This report presents our financial analysis and accomplishments, highlights areas identified for improvement, and sets forth our strategic priorities for the year ahead.

The attendance record of the Credit Committee Members is provided in the table below:

Name	Position	Period Serve 2025	(Months)	No. of Meetings	Attendance
Zeon Hector	Chairman	Jan-Dec	12	15	14
Shawn Stevens	Vice Chairman	Jan-Dec	12	15	15
Vivian Caesar	Vice Chairman (Outgoing)	Jan-June	6	15	3
Trevicia Adams	Secretary	Jun-Dec	6	15	4
Nyamekye Powell	Member	Jan-Dec	12	15	12
Karimah Pemberton- Daniel	Member	Jan-Dec	12	15	12
Valentine Hodge	Member	Jan-June	6	15	0
Rodney Browne	Member	Jan-June	6	15	7
Travis Henry	Member	Jun-Dec	6	15	4
Corliss Toby	Member	Jun-Dec	6	15	5

The Committee is pleased to note that it convened regularly throughout the year under review, 2025, holding a total of 15 meetings. Attendance challenges at certain sessions were primarily due to members' professional obligations and health-related matters.

Each month, the Committee reviewed and ratified both approved and declined loan applications, documenting feedback in the respective files. When necessary, we conducted member interviews and provided financial counseling to support better money management. In addition, the Committee assessed loan requests and submitted recommendations to the Board for applications that fell outside our mandate.

LOAN PORTFOLIO

In 2025, loan activity remained strong, reflecting both the resilience of the economy and the confidence of our members. This report reviews loan categories, disbursement levels, and key trends, highlighting growth and continued support for diverse financial needs.

OVERALL LOAN STATISTICS FOR 2025

By the end of 2025, the Credit Union's portfolio consisted of a total of 780 loans, amounting to \$41,201,355.86. This strong performance reflects vibrant financial activity and showcases the wide range of loan products meeting the diverse needs of our members.

Year	2023	2024	2025
Number of Loans Approved	629	789	780
Total Value of Approved Loans	\$ 13,687,331.22	\$ 15,501,106.20	\$ 10,837,558.34
Total Loan Portfolio	\$ 29,044,997.97	\$ 38,140,969.10	\$ 41,201,355.86
Growth Ratio	29.53%	31.32%	8.02%

The data reveals a slight upward trajectory in the loan portfolio growth year-over-year.

ANALYSIS

- **Number of Loans Approved:** Loan approvals rose sharply from 629 in 2023 to 789 in 2024, before stabilizing at 780 in 2025. This indicates strong demand in 2024, followed by a slight moderation in 2025 while still maintaining high activity levels.
- **Total Value of Approved Loans:** The value of loans approved peaked at \$15.5M in 2024 but declined to \$10.8M in 2025, due to an overly competitive market during the holiday season and an unexpected number of payouts.
- **Total Loan Portfolio:** The overall portfolio has shown consistent growth, expanding from \$38.1M in 2024 to \$41.2M in 2025. This steady increase reflects the Credit Union's resilience and ability to sustain lending activity even as individual loan values fluctuated.
- **Growth Ratio:** Growth remained strong in 2024 (31.32%), before declining to 8.02% in 2025. While the pace of expansion moderated, the portfolio still achieved growth, underscoring stability in a changing economic environment.

From 2024-2025, the Credit Union achieved steady portfolio growth, rising to \$41.2M despite shifts in loan values and approval trends due to an overly competitive market and an unexpected number of payouts. Importantly, growth remained positive, underscoring the Credit Union's resilience, refined underwriting process, and continued member trust.

LOAN TYPE	# OF LOANS	\$ VALUE OF LOANS
Seasonal Promotions	344	\$8,661,310.75
General Purpose	187	\$7,336,496.71
Consolidation	113	\$9,119,624.99
Vehicle	57	\$3,091,124.11
Mortgage	44	\$11,039,603.99
Education	12	\$673,543.17
Business Loans	10	\$587,973.07
Medical	7	\$356,063.91
Land	6	\$335,615.16
Total	780	\$41,201,355.86

ANALYSIS OF LOAN PORTFOLIO

TOP LOANS BY VALUE

The Mortgage category leads with a total value of \$11M, followed closely by Consolidation loans at \$9M. Together, these two categories account for nearly 68% of the portfolio's total value, making them the primary drivers of financial exposure and revenue.

HIGH VOLUME CATEGORIES

Seasonal Promotions dominate in terms of loan count, with 344 loans issued. Although the average loan size is relatively small, this category represents about two-thirds of all loans in the portfolio, highlighting its role in borrower engagement and accessibility.

MODERATE ACTIVITY

Consolidation loans and Mortgages fall into the moderate activity range. While not as numerous as Seasonal Promotions, they carry significantly higher average loan, making them crucial for overall portfolio value.

SMALLER BUT NOTABLE LOANS

Business and Land loans are the smallest categories by both count and value. Despite their limited presence, they remain notable as niche products that diversify the lending portfolio and may serve specialized borrower needs.

OBSERVATIONS AND TRENDS

- The portfolio shows a dual structure: highvolume, lowvalue loans (Seasonal Promotions) balanced by fewer but highvalue loans (Mortgages and Consolidation).
- Value concentration is clear: mortgages alone account for over a third of total loan value, underscoring their importance in risk management.
- Seasonal Promotions are vital for outreach and borrower participation, while Consolidation and Mortgages sustain financial strength.
- Business and Land loans are underrepresented, suggesting potential growth opportunities if diversification is a strategic goal.

CONCLUSION

The credit union's lending portfolio demonstrates **resilience**. Seasonal Promotions ensure wide member

participation, while Mortgages and Consolidation loans secure longterm financial strength. Business and Land loans, though smaller, add diversity and potential for expansion.

This balanced structure positions the credit union to continue meeting member needs while maintaining financial stability. Going forward, emphasis should remain on managing mortgage and consolidation exposure, while exploring opportunities to grow niche lending segments to further strengthen the portfolio.

DELINQUENCY

DATE	TOTAL PORTFOLIO #	TOTAL PORTFOLIO LOANS \$	TOTAL # DELINQUENT LOANS	TOTAL DELINQUENT LOANS	% #	% \$
December 2024	789	\$ 38,140,969.18	61	\$ 2,186,888.90	7.73	5.73
December 2025	780	\$ 41,201,355.86	64	\$ 2,517,309.65	8.21	6.11

ANALYSIS OF DELINQUENT LOANS

- **PORTFOLIO GROWTH** The total loan portfolio grew steadily from \$38.1M in Dec 2024 to \$41.2M in Dec 2025, reflecting continued lending activity.
- **DELINQUENT LOANS (VALUE)**
 - The dollar value of delinquent loans increased from \$2.19M in Dec 2024 to \$2.52M in Dec 2025.
 - The delinquency ratio by value rose from 5.73% in Dec 2024 to 6.11% in Dec 2025.

KEY INSIGHTS

- **Portfolio Expansion vs. Risk:** While the overall portfolio grew by about \$3M, delinquent loan values also rose, suggesting the need for continued vigilance in credit risk management.

OVERALL CONCLUSION

In conclusion, we did experience an increase in delinquency compared to 2024. It is important to recognize that delinquency rates are directly influenced by member repayment behavior. Every missed or late payment contributes to the overall delinquency ratio, which impacts the strength and stability of our credit union.

To mitigate this, we have already strengthened our efforts through enhanced underwriting practices to

ensure loan quality, and by increasing member outreach through more frequent calls and followups. These proactive steps are designed to support members in staying current with their obligations and to contain delinquency levels.

We remind all members that maintaining consistent, upstanding payment habits is essential. By honoring repayment schedules, you not only protect your own financial standing but also contribute to the collective health of our credit union. Together, with continued monitoring, proactive support, and responsible member participation, we can sustain healthy lending activity while keeping delinquency ratios under control.

RECOMMENDATIONS FOR 2026

STRENGTHENED CREDIT RISK PRACTICES

- Enhance credit risk assessment procedures to ensure loans are granted to borrowers with strong repayment capacity.
- Introduce tighter credit score benchmarks and additional approval checks where necessary.
- Regularly review and update lending criteria to reflect changing economic conditions and member needs.

PROACTIVE MONITORING & SUPPORT

- Implement early-warning systems to flag potential delinquency risks by tracking payment behavior, borrower credit changes, and economic signals.
- Credit Union Outreach: We will promptly reach out to members showing early signs of financial strain, offering guidance and solutions to help them stay current.
- Member Responsibility: Members must also take the initiative to contact us if they are facing financial challenges, so we can work together to prevent delinquency and protect the strength of our Credit Union.

DIVERSIFICATION & MEMBER EMPOWERMENT

- Introduce flexible repayment options or restructuring programs to assist members facing temporary financial challenges.

EXTERNAL ANALYSIS & COLLABORATION

- Continuously assess external factors such as employment trends, economic shifts, and industry challenges that may affect repayment.
- Partner with regulators, peers, and economic experts to anticipate changes and adapt strategies effectively.
- Share insights with stakeholders and incorporate feedback to refine delinquency reduction strategies.
- We are finalizing the engagement of a bailiff to accelerate and strengthen collection efforts.

ACHIEVEMENTS OF THE CREDIT COMMITTEE – YEAR ENDING 2025

LOAN PORTFOLIO MANAGEMENT

- Successfully reviewed and ratified 100% of loan applications, ensuring strict compliance with the Credit Risk Policy and Loan Manual.
- Maintained a strong loan portfolio reflecting effective oversight and member support.
- Strengthened portfolio monitoring systems to proactively identify risks and safeguard long-term stability.

FINANCIAL COUNSELING

- Conducted counseling sessions to help members better manage their finances and make informed borrowing decisions.
- Provided personalized guidance to members facing financial challenges, improving financial literacy and repayment outcomes.
- Introduced group workshops on budgeting and debt management, expanding outreach and empowering more members.

PROFESSIONAL DEVELOPMENT

- Committee members participated in training sessions to enhance expertise in credit management and counseling.
- Adopted best practices and industry standards to deliver the highest level of service to members.
- Fostered peer-to-peer knowledge sharing within the Committee, ensuring continuous learning and collective growth.

INNOVATION AND EFFICIENCY

- Implemented new processes to streamline loan application reviews, resulting in faster turnaround times and improved member satisfaction.
- Continuously evaluated and refined internal procedures to boost efficiency and effectiveness.

AREAS FOR IMPROVEMENT – CREDIT COMMITTEE, YEAR ENDING 2026

ENHANCED TRAINING AND DEVELOPMENT

- Provide ongoing training for committee members on the latest credit management practices, financial analysis, and regulatory requirements.
- Encourage members to attend workshops, conferences, and seminars to stay updated on industry trends and best practices.
- Establish a mentorship program within the committee to share expertise and strengthen collective knowledge.

IMPROVED COMMUNICATION

- Foster stronger communication among committee members and with stakeholders, including the executive committees, staff, and members.
- Implement regular check-ins and updates to ensure alignment and transparency in decision-making.
- Introduce digital communication tools to streamline information sharing and improve responsiveness.

ENHANCED PROCEDURES AND PROCESSES

- Review and optimize existing processes for loan application reviews, approvals, and feedback.
- Leverage technology to automate routine tasks and improve overall efficiency.
- Develop standardized performance metrics to track process effectiveness and identify areas for further improvement.

ACTIONS TO BE TAKEN BY THE CREDIT COMMITTEE – YEAR ENDING 2026

STRENGTHENING LOAN PORTFOLIO MANAGEMENT

- **Objective:** Maintain a resilient and well-balanced loan portfolio.
- **Actions:**
 - Apply stricter risk assessment protocols to reduce default rates.
 - Review and update the Credit Risk Policy on a scheduled basis.
 - Introduce periodic stress testing of the portfolio to evaluate resilience under varying economic conditions.

IMPROVING OPERATIONAL EFFICIENCY

- **Objective:** Streamline operations and maximize efficiency.
- **Actions:**
 - Utilize technology to automate routine tasks and shorten processing times.
 - Implement an integrated loan management system for greater accuracy and transparency.
 - Provide regular training for committee members on best practices and new tools.
 - Establish a feedback loop with members to identify pain points and continuously refine processes.

MONITORING AND EVALUATION

- **Objective:** Ensure accountability and measure the impact of initiatives.
- **Actions:**
 - Develop a comprehensive monitoring and evaluation framework.

- Define clear key performance indicators (KPIs) to track success.
- Conduct regular reviews and report on committee performance and achievements.
- Benchmark results against industry standards to identify gaps and opportunities for improvement.

CONCLUSION

The Credit Committee is proud to present a year marked by significant achievements and diligent oversight. Through regular meetings, thorough loan application reviews, and ongoing financial counseling, we effectively supported our members while safeguarding the integrity of the loan portfolio.

Although attendance was occasionally impacted by professional and medical obligations, the Committee remained steadfast in its mandate and successfully fulfilled its responsibilities. We extend sincere appreciation to the Board, members, and all stakeholders for their continued trust, collaboration, and support.

Looking ahead, we remain committed to upholding the highest standards of financial management and delivering member service excellence. At the same time, we remind our members that timely loan repayment is essential to maintaining the strength of our Credit Union. By honoring repayment commitments, members help reduce delinquency ratios and ensure that our cooperative remains strong and sustainable for all.

Thank you for your confidence in our Committee, our members are truly the heart of our movement.

God Bless us all.



Mr. Zeon Hector

Chairperson

Supervisory & Compliance Committee Report for the year ended 31 December 2025

INTRODUCTION

The Supervisory and Compliance Committee is pleased to present to the membership of the Police Co-operative Credit Union Ltd (“PCCU”) the report on its activities in relation to the Credit Union’s performance for the year ending December 31 2025 in accordance with section 66 (1) (f) of the Co-operative Societies Act, Chapter 21.04 of the Laws of Saint Christopher and Nevis, 2017 Revised Edition and the Society’s By-Laws. The Committee members during the year ending 2025 were:

Mrs. Consie Rogers – Chairperson

Mrs. Natasha Weekes - Deputy Chairperson

Ms. Oretha Mitcham – Secretary

Ms. Avonelle Martin – Member

Mr. Ijaz Francis – Member

OVERVIEW

During the year under review, the Committee concentrated its efforts on the following areas:

- Examining loan file samples to determine if lending criteria were aligned with loan policy procedures and best practices.
- Reviewing procedures including cash counts and daily teller transactions to ascertain compliance with the cash management policy. This process entailed performing surprise cash counts of tellers and vault for accuracy.
- Ascertaining conformity with financial processes and procedures. This approach required comparing the operating standards and practices to those of the industry, such as PEARLS and FSRC.
- Thorough inspection of Executive Officers and staff records to ensure completeness and compliance with the due diligence process consistent with AML guidelines.
- Examining the delinquent borrowers’ portfolio. This involved reviews of the Board, Management, and staff procedures and actions to improve collections in a timely manner to reduce delinquency.
- Assessing the level of communication and service provided to members as a predictor of member satisfaction.
- Examine the society’s policies and procedures to confirm that the legislative framework was followed.
- Continuous monitoring of the Credit Union’s physical facilities and amenities, security and safety processes, including Intruder Detection, Panic-Response Systems, Fire Prevention, and Surveillance System.

During the period under review, the SCC held fourteen (5) meetings; the table below shows the composition and attendance of committee members.

Name	Position	Period Serve	Period (Months)	No. of Meetings	Attendance	%
Mrs. Consie Rogers	Chairperson	July-Dec 2025	11	5	5	100%
Dr. Natasha Weeks	Vice Chairperson	July-Dec 2025	11	5	1	20%
Ms. Oretha Mitcham	Secretary	July-Dec 2025	11	5	5	100%
Mr. Ijaz Francis	Asst. Secretary	July-Dec 2025	11	5	5	100%
Ms. Avonelle Martin	Member	July-Dec 2025	11	5	3	60%

NB: The entire Supervisory and Compliance Committee was elected during the 40th AGM, following the resignation of all members of the previous committee.

OPERATIONAL MANAGEMENT

During the year under review, the organization experienced notable staff turnover, as several individuals either joined The Police Co-operative Credit Union Ltd to fill existing vacancies or left to pursue career advancement elsewhere. Among those who departed were Anika Charles-Member Support Officer, Elvisia Herbert- Member Services Representative. Additionally, Ms. Janet Johnson, the Member Services Supervisor, resigned from her position during this period. In response to these changes, the credit union welcomed Melana Jervis- Member Services Assistant, Karyne Benjamin- Member Services Rep I

There were also promotions of internal staff:

- Mrs Ventura Smithen- Administrative and Human Resource Supervisor
- Ms. Sandrine- Risk and Compliance Supervisor
- Mr. Tarique Hercules- Senior Member Relations and Marketing Officer

The Board of Directors appointed Ms Jamela Warner as General Manager, citing her extensive knowledge in the financial sector.

The Supervisory and Compliance Committee conducted a Know Your Staff (KYS) activity to familiarize themselves with the staff members at the PCCU. Additionally, there were several unannounced inspections of various departments to assess adherence to established policies, procedures, and internal controls. Observations were documented, and management was encouraged to maintain ongoing improvements and remain proactive in upholding compliance standards.

As mandated by the PCCU By-laws, the Committee ensured that the reports on its examinations, including the management, staff, and relevant documents, were adequately maintained. There were no discrepancies detected during the review of employees' records.

HUMAN RESOURCE TRAINING AND DEVELOPMENT

During the period under review, executives and staff participated in several training and development seminars and activities aimed at enhancing employee performance and ensuring compliance with relevant regulations. The areas targeted were:

- Compliance and Risk Training

- Critical Thinking Skills
- Credit Risk Assessment
- Loan Policy
- Reading and Understanding Financial Statements
- Enterprise Risk Management
- Anti-Money Laundering Customer Service and Service Levels
- Internal Audit

The Chairperson, Mrs. Consie Rogers, attended the 2025 Caribbean Confederation of Credit Union International Conference held in Punta Cana and the OECS Credit Union Summit held in St Kitts.

FINANCIALS

The Supervisory and Compliance Committee conducted a thorough review of the credit union's financial performance and compliance for the fiscal year ending 2025. In our evaluation, we examined the credit union's financial statements, including the audited financial report, and confirmed that they provide an accurate and transparent view of our financial position. In 2025, the credit union recorded a slight increase in revenue of 7% this is a contraction of 22.77% (29.77%) from the previous year. The decrease was driven by reduced lending activities and increased market competition. Concurrently, operating expenses also rose by 7%. This is primarily due to strategic investments in staffing, marketing, and advertising, as well as other corporate social responsibilities. These expenditures were aligned with our commitment to strengthening our human capital and increasing our visibility in the financial marketplace. Despite the increase in expenses, the credit union remained financially stable, with a positive net surplus and a continued focus on sustainable growth and providing value to our members.

We also ensured that all financial reporting adhered to the highest standards, in compliance with International Financial Reporting Standards (IFRS9) and PEARLS applicable regulatory requirements. The external audit, conducted by MNW Chartered Certified Accountants, resulted in an unqualified opinion, affirming the integrity and accuracy of the PCCU's financial records. Additionally, the committee reviewed the internal control systems overseeing financial operations and found them to be effective. The committee reviewed financial risks, including potential exposure to market volatility. The PCCU continues to employ prudent risk management strategies to mitigate these risks and safeguard our financial stability. The committee also confirmed that the credit union's practices are fully aligned with regulatory requirements, including those pertaining to members' data privacy and anti-money laundering laws.

PCCU's capital was 30.75% of total assets, this is a slight increase of 7.70% (38.5%) in 2024. This remains well above the industry benchmark, as the PEARLS ratio stipulates a minimum requirement of 10%, indicating strong capital performance.

The loan-to-assets ratio for 2025 was 63.64%, compared to 57.9% in 2024, which indicates an 5.74% increase.

The PEARLS standard for this ratio is 70%-80%. The deposit-to-asset ratio was at 59.58% (2024: 59%) when compared to the PEARLS benchmark of 70%- 80, it is below by 10.42%.

Looking ahead, the Supervisory and Compliance Committee will continue to monitor the credit union's financial performance and ensure compliance with all relevant laws and regulations. We remain committed

to supporting the credit union's financial health and maintaining the trust and confidence of our members.

DELINQUENCY

For the period under review, there were sixty-one (64) delinquent loans totaling EC \$2,517,309.65. The total value of the loans for the period totaled EC\$41,201,355.86 (gross, before provision) and EC\$ 40,037,743.62 (net, after provision) \$38,140,969.18 gross before provision and EC \$37,505,34.38 net after provision in 2024

The PEARLS ratio recommends that delinquency remain at or below 5%; however, PCCU's delinquency rate slightly exceeded this threshold, closing the year at 6.11%. This is a small increase in delinquent accounts compared to 5.73% in 2024; it remains within a manageable range. The credit union continues to monitor its loan portfolio closely and has intensified its credit risk management efforts to address delinquency. These include a stricter underwriting process, more aggressive follow-up procedures, enhanced member engagement, and the continued application of prudent lending practices to maintain portfolio quality. The committee urges that legal action be taken to recover the non-performing loans. As an immediate strategy to lower our delinquency, we encourage ALL delinquent members to honour their obligations to the PCCU.

OUTLOOK

The Supervisory and Compliance Committee recognizes the significant improvements within the organization, including the introduction of new strategic initiatives and innovations that have enhanced the overall experience and well-being of our members. However, the need for better internal control is still an area to be strengthened and will help to realize a smoother-running organization. A higher sense of efficiency and accountability will boost membership confidence in sustainability.

CONCLUSION

The Supervisory and Compliance Committee appreciates the opportunity given to serve you, the members. We look forward to continuing our charge to strive to make the PCCU the preferred financial institution to conduct business. We strive to meet the needs of the members and adhere to monitoring standards. At this point, the Board of Directors, Executive members and employees are acknowledged for their hard work and dedication to the PCCU, throughout the course of the year under review. Additionally, we would like to thank the members for their commitment to the PCCU and look forward to collaborating with you to build a stronger financial future.



.....
 Consie Rogers (Mrs.)
 Chairperson
 For and behalf of the
 Supervisory & Compliance Committee

NOMINATIONS COMMITTEE REPORT TO THE 42nd ANNUAL GENERAL MEETING (AGM)

Meetings of the Nominating Committee appointed by the Board of Directors in accordance with section 56 of the PCCU's By-Laws were held during the period February to March 2026, at the PCCU's Conference Room. Consideration and recommendations were made for members to fill vacancies on the executive body, whose term will expire at the 42nd Annual General Meeting.

Composition of the Nominations Committee

NAMES	POSITION
Mrs. Leah Francis	Chairperson
Ms. Charlene Warner	Secretary
Mrs. Consie Rogers	Member
Ms. Sandrine Williams	Member
Mr. Shawn Stevens	Member
Mr. Kirk Warner	Member
Ms. Jamela Warner	Ex-officio Member

As part of its fiduciary responsibility to ensure effective governance, supervision and compliance with the Cooperative Society's Act CAP 21.04 and the PCCU's By-Laws, the requisite due diligence was exercised to ensure that all nominees are:

- Eighteen (18) years and older
- A member of the PCCU for one (1) year or more
- A citizen or resident of St. Kitts and Nevis
- Is a citizen of another CARICOM Member State residing in St. Kitts & Nevis
- The holder of a minimum of five hundred (500) fully paid shares equivalent to five hundred dollars (\$500.00) and savings of twelve hundred dollars (\$1,200) in the PCCU, and
- Of financial soundness and good character.

Nominees were also required to complete the following documents:

- Director and Committee Member Nomination Form
- Director and Committee Member Disclosure Agreement
- Director and Committee Member Declaration of Interest Form; and the
- Fitness and Probity Questionnaire for Management Officials.

The nominees were submitted for review and approval by the Financial Services Regulatory Commission (FSRC). The Nominating Committee reports that the candidates nominated have met the criteria for selection

to form part of the executive body.

Executives Term in Office and Nominees

Names	Executive Body	Status	Nominees	Term
Mr. David Allen	Board of Directors	Resigned	Magistrate Karen Hill-Hector	1 st
Mr. Leroy Percival	Board of Directors	Resigned	Mr. Timothy Martin	1 st
Mr. P. Kayode Sutton	Board of Directors	Retired	Ms. Desiree Connor	1 st

Sincere gratitude is hereby expressed to the retiring and resigning volunteers for their stellar contributions to the continued development of the Police Cooperative Credit Union (St. Christopher and Nevis) Ltd. Your unwavering commitment and dedication to the growth of the institution will always be remembered.



.....
 Director Leah Francis
 Nominations Committee, Chairperson

**Independent Auditor's Report
To the Members of
Police Co-operative Credit Union (St. Christopher & Nevis) Limited**

Opinion

We have audited the financial statements of the **Police Co-operative Credit Union (St. Christopher & Nevis) Limited** (the "Credit Union") which comprise the statement of financial position as at December 31, 2025, and the statement of comprehensive income, statement of changes in members' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Credit Union as at December 31, 2025 and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Credit Union in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Eastern Caribbean, and we have fulfilled our other ethical responsibilities in accordance with the requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the IFRS Accounting Standards as issued by the IASB, 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Credit Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Credit Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Credit Union to cease to continue as a going concern.
- 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.

MNWCCA

Chartered Accountants
March 23, 2026
Basseterre
St. Kitts

Police Co-operative Credit Union (St. Christopher & Nevis) Limited

Statement of Financial Position

As at December 31, 2025

(expressed in Eastern Caribbean dollars)

	Notes	2025 \$	2024 \$
Assets			
Cash and cash equivalents	7	5,199,961	6,663,486
Loans to members	8	40,037,744	37,409,190
Investment securities	9	13,654,010	14,609,952
Investment properties	10	5,684,923	5,719,553
Property and equipment	11	140,526	126,161
Intangible assets	12	9,433	34,581
Other assets		205,539	43,375
Total assets		64,932,136	64,606,298
Liabilities and members' equity			
Liabilities			
Members' deposits	14	37,519,430	38,083,879
Accounts payable and other liabilities	15	1,394,882	1,651,006
Total liabilities		38,914,312	39,734,885
Members' equity			
Members' share	16	5,376,165	5,187,800
Reserves	17	8,235,271	8,171,573
Special reserve funds	18	4,427,717	4,414,978
Retained earnings		7,978,671	7,097,062
Total members' equity		26,017,824	24,871,413
Total liabilities and members' equity		64,932,136	64,606,298

The accompanying notes are an integral part of these financial statements.

Approved for issue by the Board of Directors on March 23, 2026.


Ervin Williams
Acting President




Rodney Browne
Treasurer

Police Co-operative Credit Union (St. Christopher & Nevis) Limited

Statement of Comprehensive Income

For the year ended December 31, 2025

(expressed in Eastern Caribbean dollars)

	Notes	2025 \$	2024 \$
Interest income	19	4,283,446	3,772,392
Interest expense	20	(979,900)	(874,032)
Net interest income		3,303,546	2,898,360
Other income	21	419,510	666,303
Operating income		3,723,056	3,564,663
Operating expenses			
General and administrative expenses	22	(1,013,683)	(994,518)
Employee costs	23	(960,351)	(1,029,208)
Provision for expected credit losses	8	(427,819)	(260,994)
Depreciation	11 & 13	(29,514)	(81,400)
Amortisation	12	(25,148)	(25,388)
Finance cost	13	-	(277)
Total operating expenses		(2,456,515)	(2,391,785)
Profit for the year		1,266,541	1,172,878
Other comprehensive income			
Unrealised fair value losses on financial assets at fair value through other comprehensive income (FVOCI)	10	7,421	-
Total comprehensive income for the year		1,273,962	1,172,878

The accompanying notes are an integral part of these financial statements.

Police Co-operative Credit Union (St. Christopher & Nevis) Limited

Statement of Changes in Members' Equity
For the year ended December 31, 2025

(expressed in Eastern Caribbean dollars)

	Notes	Members' shares	Reserves	Special reserve funds	Retained earnings	Total
		\$	\$	\$	\$	\$
Balance at December 31, 2023		4,617,105	8,112,929	4,403,249	6,338,307	23,471,590
Comprehensive income						
Issuance of permanent shares	16	570,695	-	-	-	570,695
Transfer to development fund		-	-	11,729	(11,729)	-
Transfer to statutory reserves		-	58,644	-	(58,644)	-
Dividends paid		-	-	-	(343,750)	(343,750)
Profit for the year		-	-	-	1,172,878	1,172,878
Balance at December 31, 2024		5,187,800	8,171,573	4,414,978	7,097,062	24,871,413
Comprehensive income						
Issuance of permanent shares	16	188,365	-	-	-	188,365
Transfer to development fund		-	-	12,739	(12,739)	-
Transfer to statutory reserves		-	63,698	-	(63,698)	-
Dividends paid		-	-	-	(315,916)	(315,916)
Profit for the year		-	-	-	1,266,541	1,266,541
FVOCI reserve		-	-	-	7,421	7,421
Balance at December 31, 2025		5,376,165	8,235,271	4,427,717	7,978,671	26,017,824

The accompanying notes are an integral part of these financial statements.

Police Co-operative Credit Union (St. Christopher & Nevis) Limited

Statement of Cash Flows

For the year ended December 31, 2025

(expressed in Eastern Caribbean dollars)

	Notes	2025 \$	2024 \$
Cash flows from operating activities			
Profit for the year		1,266,541	1,172,878
Items not affecting cash:			
Interest expense		979,900	874,032
Provision for expected credit losses		427,819	260,994
Depreciation	11 & 13	29,514	81,400
Amortisation		25,148	25,388
Interest income		(3,776,256)	(3,772,392)
Operating loss before changes in operating assets and liabilities		(1,047,334)	(1,357,700)
(Increase)/decrease in operating assets:			
Loans to members		(3,056,373)	(9,143,375)
Other assets		(162,164)	52,469
Increase/(decrease) in operating liabilities:			
Members' deposits		(564,449)	4,941,538
Accounts payable and other liabilities		(256,124)	(351,416)
Cash used in operations		(5,086,444)	(5,858,484)
Interest received		4,553,625	3,227,459
Interest expense		(979,900)	(874,032)
Net cash used in operating activities		(1,512,719)	(3,505,057)
Cash flows from investing activities			
Interest received from investment securities		173,565	309,153
Gain/(loss) on investment		39,638	(125,676)
Purchase of investment securities		-	(117,580)
Unrealized fair value losses on financial assets at fair value through other comprehensive income (FVOCI)		7,421	-
Purchase of property and equipment	11	(43,879)	(55,965)
Net cash flows from investing activities		176,745	9,932
Cash flows from financing activities			
Proceeds from issuance of shares		188,365	570,695
Interest paid on lease liability		-	277
Repayment of lease liability		-	(30,450)
Dividends paid		(315,916)	(343,750)
Net cash (used in)/ generated from financing activities		(127,551)	196,772
Net increase in cash and cash equivalents		(1,463,525)	(3,298,353)
Cash and cash equivalents, beginning of year		6,663,486	9,961,839
Cash and cash equivalents, end of year	7	5,199,961	6,663,486

The accompanying notes are an integral part of these financial statements.

Police Co-operative Credit Union (St. Christopher & Nevis) Limited

Notes to Financial Statements

December 31, 2025

(expressed in Eastern Caribbean dollars)

1 Nature of operations

The principal activity of the Police Co-Operative Credit Union (St. Christopher & Nevis) Limited ("the Credit Union") is to promote thrift among, and to create a source of credit for its members at a reasonable rate of interest for provident and productive purposes.

2 General information and statement of compliance with International Financial Reporting Standards (IFRS)

The Credit Union was registered on January 20, 1984 under the provisions of the Co-operative Societies Ordinance, Chapter 120 of the laws of St Christopher and Nevis. The Ordinance was subsequently repealed and replaced by the Co-operative Societies Act of 1995. Following that Act, the Credit Union was re-registered under Section 241 of the said Act on October 14, 1998. The 1995 Act was replaced by the Co-operatives Societies Act No. 30 of 2011, and the Credit Union was automatically re-registered on October 17, 2011.

The Credit Union is regulated by the Financial Services Regulatory Commission - St. Kitts Branch.

The registered office of the Credit Union is situated at Cayon Street, Basseterre, St Kitts.

Statement of Compliance

The accompanying financial statements of the Credit Union have been prepared under the historical cost convention in accordance with IFRS and International Financial Reporting Standards Interpretations Committee (IFRIC) interpretations as issued by the International Accounting Standards Board (IASB).

These financial statements were approved by the Board of Directors on March 23, 2026.

Going concern

These financial statements have been prepared on the going concern basis, which assumes that the Credit Union will continue in operation for the foreseeable future. They do not purport to give effect to adjustments, if any, that may be necessary should the Credit Union be unable to realise its assets and discharge its liabilities in other than the ordinary course of business.

3 Changes in accounting policies

New and amended standards and interpretations effective for the financial year beginning January 1, 2025

The accounting policies adopted are consistent with those of the previous financial year with the exception of those impacted by new and amended standards and interpretations which were effective for annual period beginning on or after January 1, 2025 (unless otherwise stated).

Police Co-operative Credit Union (St. Christopher & Nevis) Limited

Notes to Financial Statements

December 31, 2025

(expressed in Eastern Caribbean dollars)

3 Changes in accounting policies ...continued

New and amended standards and interpretations effective for the financial year beginning January 1, 2025...continued

- Definition of Accounting Estimates (Amendments to IAS 8);
- Disclosure of Accounting Policies (Amendments to IAS 1 and Practice Statement 2);
- IFRS 17, Insurance Contracts;
- Amendments to IFRS 17 Insurance Contracts;
- Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4);
- *Lease Liability in a Sale and Leaseback – (Amendments to IFRS 16)*;
- *Lack of Exchangeability – (Amendments to IAS 21)*;
- *Supplier Finance Arrangements – (Amendments to IAS 7 and IFRS 7)*; and
- International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12).

The adoption of these new and amended standards and interpretations did not have a material impact on the Credit Union's financial statements as at and for the year ended December 31, 2025, therefore the disclosures have not been made.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Credit Union

At the date of authorisation of these financial statements, certain new standards, and amendments to existing standards have been published by the IASB that are not yet effective and have not been adopted early by the Credit Union. Information on those expected to be relevant to the Credit Union's financial statements is provided below.

Management anticipates that all relevant pronouncements will be adopted in the Credit Union's accounting policies, if applicable, for the first period beginning after the effective date of the pronouncement. These standards are not expected to have a material impact on the Credit Union's financial statements in future reporting periods and on foreseeable future transactions.

(1) IFRS 18 Presentation and Disclosure in Financial Statements – Effective January 1, 2027.

4 Summary of significant accounting policies

The financial statements have been prepared using the significant accounting policies and measurement bases summarized below.

a) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Credit Union operates (the "functional currency"). The financial statements are presented in Eastern Caribbean dollars, which is the Credit Union's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income within 'Other income' or 'General and administrative expenses'.

Police Co-operative Credit Union (St. Christopher & Nevis) Limited

Notes to Financial Statements

December 31, 2025

(expressed in Eastern Caribbean dollars)

4 Summary of significant accounting policies ...continued

b) Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Credit Union becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Measurement methods

Amortised cost is the amount at which the financial asset or financial liability is measured at 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 loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset (i.e., its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees. For purchased or originated credit-impaired ("POCI") financial assets – assets, credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

When the Credit Union revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

Classification and measurement of financial assets

At initial recognition, the Credit Union initially measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expenses in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

Police Co-operative Credit Union (St. Christopher & Nevis) Limited

Notes to Financial Statements

December 31, 2025

(expressed in Eastern Caribbean dollars)

4 Summary of significant accounting policies ...continued

b) Financial instruments ...continued

Classification and measurement of financial assets ...continued

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

- When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e., a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.
- In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realized through settlement.

Financial assets are classified into the following categories:

- amortised cost;
- fair value through profit or loss (FVTPL); or
- fair value through other comprehensive income (FVOCI).

In the current and prior periods presented, the Credit Union does not have any financial assets categorised as FVTPL. All income and expenses relating to financial assets that are recognised in the statement of income are presented within interest income whereas loss allowance is presented within operating expenses and are presented in the statement of comprehensive income.

The classification requirements for debt and equity instruments are described below.

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from members in factoring arrangements without recourse.

The classification and subsequent measurement of debt instruments is determined by both:

- the Credit Union's business model for managing the financial asset and,
- the contractual cash flow characteristics of the financial assets.

Based on these factors the Credit Union classifies its debt instruments into the measurement category of amortised cost.

Police Co-operative Credit Union (St. Christopher & Nevis) Limited

Notes to Financial Statements

December 31, 2025

(expressed in Eastern Caribbean dollars)

4 Summary of significant accounting policies ...continued

b) Financial instruments ...continued

Financial assets at amortised cost and effective interest rate

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

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

Business model

The business model reflects how the Credit Union manages the assets in order to generate cash flows. That is, whether the Credit Union's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g., financial assets are held for trading purposes), then the financial assets are classified as part of the 'other' business model and measured at FVTPL. Factors considered by the Credit Union in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

SPPI

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Credit Union assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI' test). In making this assessment, the Credit Union considers whether the contractual cash flows are consistent with a basic lending arrangement i.e., interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Credit Union reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

Police Co-operative Credit Union (St. Christopher & Nevis) Limited

Notes to Financial Statements

December 31, 2025

(expressed in Eastern Caribbean dollars)

4 Summary of significant accounting policies ...continued

b) Financial instruments ...continued

Financial assets at amortised cost and effective interest rate ...continued

Impairment of financial assets

The Credit Union uses the IFRS 9's impairment requirement which assesses on a forward-looking basis, the expected credit losses – the 'expected credit loss (ECL) model' on its financial assets carried at amortised cost and with the exposure arising from loan commitments. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans to members and other debt-type financial assets measured at amortised cost and FVOCI, receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Credit Union first identifying a credit loss event. Instead, the Credit Union considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The Credit Union makes use of the 12-month expected credit loss approach in accounting for other financial assets at amortised cost and lifetime expected credit loss approach for long-term interest-bearing loans to members and investment securities and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating the expected credit losses, the Credit Union uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses.

The Credit Union assesses loss allowance of financial assets at amortised cost on a collective basis as they possess shared credit risk characteristics based on the days past due.

Police Co-operative Credit Union (St. Christopher & Nevis) Limited

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(expressed in Eastern Caribbean dollars)

4 Summary of significant accounting policies ...continued

b) Financial instruments ...continued

Modification of loans

The Credit Union sometimes renegotiates or otherwise modifies the contractual cash flows of loans to members. When this happens, the Credit Union assesses whether or not the new terms are substantially different to the original terms. The Credit Union does this by considering, among others, the following factors:

- If the member is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the member is expected to be able to pay;
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan;
- Significant extension of the loan term when the member is not in financial difficulty;
- Significant change in the interest rate;
- Change in the currency the loan is denominated in; and
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Credit Union derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Credit Union also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the member being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Credit Union recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include members shares.

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4 Summary of significant accounting policies ...continued

b) Financial instruments ...continued

Modification of loans ...continued

Fair Value through Other Comprehensive Income (FVOCI)

The Credit Union's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value.

Financial liabilities

(i) Classification and subsequent measurement

In both the current and prior periods, financial liabilities are classified as subsequently measured at amortised cost.

(ii) Derecognition

Financial liabilities are derecognised when they are extinguished (i.e., when the obligation specified in the contract is discharged, cancelled or expires). The exchange between the Credit Union and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, unrestricted balances held with banks and highly liquid financial assets with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Credit Union in the management of its short-term commitments.

Cash and cash equivalents are measured at amortised cost.

Police Co-operative Credit Union (St. Christopher & Nevis) Limited

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4 Summary of significant accounting policies ...continued

d) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

e) Property and equipment

Property and equipment are stated at historical cost less depreciation and any impairment losses. Property and equipment are initially recognised at acquisition cost, including any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Credit Union. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, 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 charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to write down the cost less estimated residual value (if any) at the following annual rates:

Furniture and fittings	10%
Office equipment	15%
Leasehold improvements	Over the remaining lease term

Gains and losses on disposal of property and equipment are determined by comparing proceeds with the carrying amount. These are included in the statement of comprehensive income in the year the assets are disposed.

The assets' residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

f) Intangible assets

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Subsequently, these intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. These costs are amortised over their estimated useful life of three (3) years (33.33% annual rate). The amortisation period and the amortisation method used for the computer software are reviewed at least at each financial year-end.

Computer software is assessed for impairment whenever there is an indication that they may be impaired. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Costs associated with maintaining computer software programmes are recognised as an expense when incurred.

Police Co-operative Credit Union (St. Christopher & Nevis) Limited

Notes to Financial Statements

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(expressed in Eastern Caribbean dollars)

4 Summary of significant accounting policies ...continued

g) Impairment of non-financial assets

Non-financial assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

h) Provisions, contingent assets and contingent liabilities

Provisions for legal disputes, onerous contracts 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 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 can be 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.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

i) Income taxes

According to section 242 (2) of the Co-operative Societies Act, 31 of 2011 and the Income Tax Act of St Christopher and Nevis, Chapter 20.22, Section 5(1)(b), with reference to Friendly Societies, the Credit Union is exempt from the payment of income taxes.

j) Leases – Credit Union as a lessee

For any new contracts entered, the Credit Union considers whether a contract is, or contains a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition the Credit Union assesses whether the contract meets three key evaluations which are whether:

1. The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Credit Union;

Police Co-operative Credit Union (St. Christopher & Nevis) Limited

Notes to Financial Statements

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4 Summary of significant accounting policies ...continued

j) Leases – Credit Union as a lessee ...continued

2. The Credit Union has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract;
3. The Credit Union has the right to direct the use of the identified asset throughout the period of use. The Credit Union assesses whether it has the right to direct how and for what purpose the asset is used throughout the period of use.

At lease commencement date, the Credit Union recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Credit Union, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). The Credit Union depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Credit Union also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Credit Union measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Credit Union's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero. The Credit Union has elected to account for short-term leases and leases of low-value assets, if any, using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term. The right-of-use assets and lease liabilities have been disclosed separately on the statement of financial position.

k) Equity, reserves and dividend payments

Member's shares

Members shares represents the proceeds of shares that have been issued.

Reserves

(i) Statutory reserves

Statutory reserve fund is a reserve fund which is required by the Co-operatives Societies Act of 2011 and article XXL, section 85 of the By-Laws of the Credit Union, which states that every Co-operative Credit Union shall maintain a reserve fund and shall, out of its surplus of each year, transfer to that fund a sum equal to not less than twenty percent of such surplus.

(ii) Financial asset revaluation reserve

Financial asset revaluation reserve comprises of unrealised gains and losses from financial assets at FVTOCI.

Police Co-operative Credit Union (St. Christopher & Nevis) Limited

Notes to Financial Statements

December 31, 2025

(expressed in Eastern Caribbean dollars)

4 Summary of significant accounting policies ...continued

k) Equity, reserves and dividend payments ...continued

Reserves ...continued

(iii) General and special reserves

General and special reserves are reserves created under the discretion of the Board of Directors. The general and special reserves represent non-distributable reserve and is not available for the payment of dividends.

Retained earnings

Retained earnings include all current and prior period retained profits as reported in the statement of comprehensive income, net of dividends.

Dividends

Dividend distributions to members are recorded in equity when the dividends have been approved by the Credit Unions members at the Annual General Meeting.

l) Interest income and expense

Interest income and expense are recognised in the statement of comprehensive income for all instruments measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Credit Union estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses.

The calculation of the effective interest rate includes transaction costs and fees paid or received that are an integral part of the effective interest rate.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

- a) POCI financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset.
- b) Financial assets that are not "POCI" but have subsequently become credit impaired (or 'stage 3'), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e., net of the expected credit loss provision).

Police Co-operative Credit Union (St. Christopher & Nevis) Limited

Notes to Financial Statements

December 31, 2025

(expressed in Eastern Caribbean dollars)

4 Summary of significant accounting policies ...continued

m) Dividend income

Dividends are recognised in the statement of comprehensive income when the Credit Union's right to receive payment is established.

n) Expenses

Expenses are recognised in the statement of comprehensive income upon utilisation of the service or as incurred.

o) Employee benefits

Short-term employee benefits

Short-term employee benefits, including holiday entitlement, are current liabilities measured at the undiscounted amount that the Credit Union expects to pay as a result of the unused entitlement.

5 Financial risk management

The Credit Union's Board of Directors has overall responsibility for the establishment and oversight of the Credit Union's risk management framework. The Board of Directors has established a Supervisory and Credit Committee for the Credit Union, which are responsible for developing and monitoring the Credit Union's risk management policies along with senior management.

The Credit Union's risk management policies are established to identify and analyse the risks faced by the Credit Union, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The risk management policies and systems are reviewed regularly to reflect changes in market conditions and Credit Union's activities. The Credit Union, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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

Police Co-operative Credit Union (St. Christopher & Nevis) Limited

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(expressed in Eastern Caribbean dollars)

5 Financial risk management ...continued

5.1 Credit risk

The Credit Union takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss to the Credit Union by failing to discharge an obligation. Credit risk arises principally from the Credit Union's cash at banks and treasury bills, loans to members, other receivables, loan commitments and investment activities that bring financial instruments into the Credit Union's asset portfolio and can also arise from credit enhancement and financial guarantees, if any.

Credit risk is the risk that the Credit Union will incur a loss because its members or counterparties fail to discharge their contractual obligations.

Credit risk is the most important risk for the Credit Union's business. Those charged with governance, therefore, carefully manages its exposure to credit risk. Credit exposures arise principally in lending activities that lead to loans to members, and investment activities that bring debt securities and other instruments into the Credit Union's asset portfolio. There is also credit risk in off-balance sheet financial instruments, such as loan commitments.

The Board of Directors has delegated responsibility for the oversight of credit risk to its Credit Committee.

Credit-related commitments

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Credit Union is potentially exposed to losses in an amount equal to the total unused commitments. However, the likely amount of losses is less than the total unused commitments, as most commitments to extend credit are contingent upon members maintaining specific credit standards.

5.1.1 Credit risk measurement

Loans to members including loan commitments and investment securities

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Company measures credit risk through various approaches using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) or a loss rate approach. The approaches used for the purposes of measuring Expected Credit Loss (ECL) under IFRS 9 are outlined in note 5.1.2 for more details.

Police Co-operative Credit Union (St. Christopher & Nevis) Limited

Notes to Financial Statements

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5 Financial risk management ...continued

5.1 Credit risk ...continued

5.1.2 Expected credit loss measurement

The Credit Union uses the Expected Credit Loss ("ECL"), to estimate the amount the Credit Union is likely to lose in the event of a default. IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

Stage 1

A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Credit Union. This stage includes financial instruments for which there is no evidence of a significant increase in credit risk since initial recognition and loans that are due to mature within 12 months of the reporting date providing that such loans were not in default.

Stage 2

If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but it is not yet deemed to be credit-impaired. This stage considers loans past due for 31 to 90 days and loans that experienced a significant increase in credit risk even if past due days threshold is not met.

Stage 3

If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. Financial instruments loans past due over 90 days and show evidence of impairment even if the 90 days threshold is not met are factored into this stage.

Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward looking information. Purchased or originated credit-impaired financial assets are those financial assets that are credit impaired on initial recognition. The ECL related to these financial assets is always measured on a lifetime basis (Stage 3).

Police Co-operative Credit Union (St. Christopher & Nevis) Limited

Notes to Financial Statements

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5 Financial risk management ...continued

5.1 Credit risk ...continued

5.1.2 Expected credit loss measurement ...continued

Significant increase in credit risk (SICR)

The Credit Union considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following qualitative or backstop criteria have been met:

Qualitative criteria:

For loans to members, if the borrower meets one or more of the following criteria:

- In short-term forbearance;
- Cancellation of direct debits established under the terms of the loan;
- Extension to the terms granted;
- Previous arrears within the last twelve (12) months;
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default; and
- Early signs of cashflow/liquidity problems such as delay in servicing contractual payments of interest and/or principal.

For investment securities, where the instrument meets one or more of the following criteria:

- Significant increase in credit spread;
- Significant adverse changes in business, financial and/or economic conditions in which the institution operates;
- Actual or expected forbearance or restructuring;
- Actual or expected significant adverse change in operating results of the institution; and
- Early signs of cashflow/liquidity problems such as delay in servicing contractual payments of interest and/or principal.

The assessment of SICR incorporates forward-looking information and is performed on an annual basis at a portfolio level for all loans to members held by the Credit Union. In relation to investment securities, the Credit Union monitors credit risk based on performance of the investment securities at the counterparty level as well as on a periodic basis. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by those charged with governance.

Definition of default and credit-impaired assets

The Credit Union defines a financial instrument as in default, which is fully aligned with the definition of being credit-impaired (Stage 3), when it meets one or more of the following criteria:

Police Co-operative Credit Union (St. Christopher & Nevis) Limited

Notes to Financial Statements

December 31, 2025

(expressed in Eastern Caribbean dollars)

5 Financial risk management ...continued

5.1 Credit risk ...continued

5.1.2 Expected credit loss measurement ...continued

Quantitative criteria

Default is deemed to have occurred where the borrower or institution is more than 90 days past due on its contractual payments.

Qualitative criteria

The borrower meets the unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- The borrower or institution is in long-term forbearance;
- The borrower is deceased;
- The borrower or institution is insolvent;
- The borrower is in breach of financial covenant(s);
- An active market for that financial asset has disappeared because of financial difficulties;
- Concessions have been made by the lender relating to the borrower's or institution's financial difficulty;
- It is becoming probable that the borrower or institution will enter bankruptcy; and
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

The criteria above have been applied to all financial instruments held by the Credit Union and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout the Credit Union's expected loss calculations. The Credit Union has not rebutted and maintains that default takes place when a financial asset is 90 days past due given its contractual obligations, which is consistent with regulatory guidelines particularly with respect to loans to members.

An instrument is considered to no longer be in default (i.e., to have cured) when it no longer meets any of the default criteria for a consecutive period of twelve (12) months. This period of twelve (12) months has been determined based on consideration given to historical performance of the financial instrument returning to default status after cure.

Maximum exposure to credit risk – Financial instruments subject to impairment

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Credit Union's maximum exposure to credit risk on these assets.

Police Co-operative Credit Union (St. Christopher & Nevis) Limited

Notes to Financial Statements

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(expressed in Eastern Caribbean dollars)

5 Financial risk management ...continued

5.1 Credit risk ...continued

5.1.3 Maximum exposure to credit risk before collateral held or other credit enhancements

	2025 \$	2024 \$
Credit risk exposures relating to on-Statement of Financial Position assets:		
Cash and cash equivalents	5,199,961	6,663,486
Loans to members	40,037,744	37,409,190
Investment securities	13,654,010	14,609,952
Other assets	205,539	43,375
Total	59,097,254	58,726,003

The above table represents a worst-case scenario of credit risk exposure to the Credit Union at December 31, 2025 and 2024, without taking account of any collateral held or other credit enhancements attached. For the statement of financial position assets, the exposures set out above are based on the net carrying amounts as reported in this statement of financial position. Based on the above figures, 68% (2024: 64%) of the total maximum exposure is derived from loans, while 23% (2024: 25%) and 9% (2024: 11%) represented investments securities and cash resources respectively.

5.1.4 Gross loans and allowance for loan losses

	Gross loans \$	ECL \$	Net loans \$
Stage 1	38,550,733	(113,664)	38,437,069
Stage 2	258,483	(17,082)	241,401
Stage 3	2,392,140	(1,146,233)	1,245,907
Balance at December 31, 2025	41,201,356	(1,276,979)	39,924,377

	Gross loans \$	ECL \$	Net loans \$
Stage 1	36,089,500	(60,009)	36,029,491
Stage 2	133,109	(16,514)	116,595
Stage 3	1,918,360	(772,637)	1,145,723
Balance at December 31, 2024	38,140,969	(849,160)	37,291,809

The Credit Union's Expected Credit Loss (ECL) is calculated using three components which includes Exposure at Default (EAD), Loss at Default (LGD) and Probability of Default (PD). ECL = EAD x LGD x PD.

Police Co-operative Credit Union (St. Christopher & Nevis) Limited

Notes to Financial Statements

December 31, 2025

(expressed in Eastern Caribbean dollars)

5 Financial risk management ...continued

5.1 Credit risk ...continued

5.1.4 Gross loans and allowance for loan losses ...continued

The Credit Union invests in Loans. It lends its Members Principal and earns Interest from the Member while the Loan Principal is repaid. The Exposure at Default (EAD) is the value of its Loan Portfolio, or unpaid Loan Principal Balance, that is liable to be lost if Members' default on their loan commitments. As loans are paid in installments into the future, the Credit Union uses the present value of the stream of principal payments that are to be paid by Members. EAD is therefore calculated by subtracted the Collateral from the Present Value of the Loan Investment Portfolio.

EAD = Present Value of Loan Portfolio – Loan Collateral

The Present Value of the stream of Members' Principal Payments is calculated using the Discounted Cash Flow (DCF) Approach given that DCF is a valuation method used to estimate the value of an investment based on its expected future cash flows. DCF analysis attempts to determine the value of an investment today, based on projections of how much money it will generate in the future. In calculating the Present Value of the Credit Unions' Loan Investment Portfolio for the purpose of calculating the Exposure of Default, a Discount Factor of 10% is applied.

5.2 Market risk

The Credit Union takes on exposure to market risks, which is the risk that the fair value of cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate and currency, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Overall authority for market risk is vested in the Board of Directors. The Board of Directors is responsible for the development of detailed risk management policies and for the day-to-day review of their implementation.

5.2.1 Foreign currency risk

The Credit Union does not face any such risk since its transactions are substantially in Eastern Caribbean Dollars, which is its functional currency.

The Credit Union takes on exposure to the effects of fluctuations in the prevailing foreign currency rates on its financial position and cash flows.

Foreign currencies held by the Credit Union are in United States dollars. The exchange rate of the Eastern Caribbean dollar (EC\$) to the United States dollar (US\$) has been formally pegged at EC\$2.7 = US\$1.00 since 1974. Therefore, the Credit union does not believe any significant foreign currency risk exists at year end.

Police Co-operative Credit Union (St. Christopher & Nevis) Limited

Notes to Financial Statements

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5 Financial risk management ...continued

5.2 Market risk ...continued

5.2.2 Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Credit Union takes on exposure to the effects of fluctuations in the prevailing level of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce losses in the event that unexpected movements arise.

The following table summarises the Credit Union's exposure to interest rate risks. It includes the Credit Union's financial instruments at carrying amounts categorised by maturity dates.

	Up to 1 year \$	1 to 5 years \$	Over 5 years \$	Non- interest bearing \$	Total \$
As at December 31, 2025					
Assets					
Cash and cash equivalents	3,507,218	–	–	1,692,743	5,199,961
Loans to members	1,468,114	10,040,487	28,529,143	–	40,037,744
Investment securities:					
<i>Deposits with non- bank institutions</i>	12,250,479	–	–	107,034	12,357,513
<i>Treasury bills</i>	1,152,000	–	–	8,000	1,160,000
<i>AFS investments – quoted</i>	–	–	–	136,497	136,497
Other assets	–	–	–	205,539	205,539
Total financial assets	18,377,811	10,040,487	28,529,143	2,149,813	59,097,254
Liabilities					
Members' deposits	37,519,430	–	–	–	37,519,430
Accounts payable and other liabilities	–	–	–	1,394,882	1,394,882
Total financial liabilities	37,519,430	–	–	1,394,882	38,914,312
Total interest repricing gap	(19,141,619)	10,040,487	28,529,143	754,931	20,182,942

Police Co-operative Credit Union (St. Christopher & Nevis) Limited

Notes to Financial Statements

December 31, 2025

(expressed in Eastern Caribbean dollars)

5 Financial risk management ...continued

5.2 Market risk ...continued

5.2.2 Interest rate risk ...continued

	Up to 1 year \$	1 to 5 years \$	Over 5 years \$	Non- interest bearing \$	Total \$
As at December 31, 2024					
Assets					
Cash and cash equivalents	6,138,589	–	–	524,897	6,663,486
Loans to members	509,961	9,030,510	27,868,719	–	37,409,190
Investment securities:					
<i>Deposits with non- bank institutions</i>	11,905,197	–	–	69,820	11,975,017
<i>Treasury bills</i>	2,476,563	–	–	15,625	2,492,188
<i>AFS investments – quoted</i>	–	–	–	142,747	142,747
Other assets	–	–	–	43,375	43,375
Total financial assets	21,030,310	9,030,510	27,868,719	796,464	58,726,003
Liabilities					
Members' deposits	38,083,879	–	–	–	38,083,879
Accounts payable and other liabilities	–	–	–	1,651,006	1,651,006
Total financial liabilities	38,083,879	–	–	1,651,006	39,734,885
Total interest repricing gap	(17,053,569)	9,030,510	27,868,719	(854,542)	18,991,118

Due to limited volatility in the securities markets in which the Credit Union's investments are held, the Credit Union is not unduly exposed to fair value interest rate risk.

Police Co-operative Credit Union (St. Christopher & Nevis) Limited

Notes to Financial Statements

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(expressed in Eastern Caribbean dollars)

5 Financial risk management ...continued

5.3 Liquidity risk

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 stress circumstances. The Credit Union's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Credit Union's reputation. The key elements of the Credit Union's liquidity strategy are as follows:

- Carrying a portfolio of highly liquid assets, diversified by maturity; and
- Monitoring liquidity ratios, liquidity stress testing using PEARLS-specific ratios, maturity mismatches and the extent to which the Credit Union's assets are encumbered and thus not available as potential collateral for obtaining funding.

The Board of Directors sets the Credit Union's strategy for managing liquidity risk and delegates responsibility for oversight of the implementation of this policy to the Supervisory Committee.

Non-derivative cash flows

The table below presents the cash flows payable by the Credit Union under non-derivative financial liabilities by remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual and undiscounted cash flows, whereas the Credit Union manages the inherent liquidity risk based on expected undiscounted cash flows.

As at December 31, 2025	\$
Members' deposits	37,519,430
Accounts payable and other liabilities	<u>1,394,882</u>
Total financial liabilities	<u>38,914,312</u>
As at December 31, 2024	\$
Members' deposits	38,083,879
Accounts payable and other liabilities	<u>1,651,006</u>
Total financial liabilities	<u>39,734,885</u>

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash and cash equivalents, investment securities, other assets and loans due to the Credit Union by its members. The Credit Union would also be able to meet unexpected net cash outflows by selling securities and accessing additional funding sources.

Police Co-operative Credit Union (St. Christopher & Nevis) Limited

Notes to Financial Statements

December 31, 2025

(expressed in Eastern Caribbean dollars)

5 Financial risk management ...continued

5.3 Liquidity risk ...continued

Off-balance sheet financial instrument

Capital commitments

The Credit Union had no contractual capital commitments at December 31, 2025 and 2024.

5.4 Fair value of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between participants at the measurement date.

Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

Cash and cash equivalents

Cash and cash equivalents represent the estimated value of deposits with no stated maturity or terms to maturity of 90 days or less, which includes non-interest-bearing deposits and is the amount repayable on demand. The fair values of these financial assets equal their carrying values due to their relatively short-term nature.

Loans to members

Loans to members are net of charges for impairment. The estimated fair value of loans to members represents the discounted amount of estimated future cash flows expected to be received. The interest rates on loans reflect the market interest rates, hence the carrying values are considered to approximate the fair values.

Investment securities

Investment securities include assets classified as FVOCI and at amortised. Cost is used for unquoted AFS financial assets once they are not impaired. Investment securities classified as loans and receivables are composed of fixed deposit instruments and treasury bills that are interest-bearing. The fair values of these securities equal their carrying values due to their relatively short-term nature.

Members' deposits

The estimated fair value of fixed interest-bearing deposits not quoted in an active market is based on discounted cash flows using market interest rates for new deposits with similar remaining maturity.

Other receivables and accounts payable and other liabilities

The fair values of other receivables and accounts payable and other liabilities equal their carrying values due to their relatively short-term nature.

Police Co-operative Credit Union (St. Christopher & Nevis) Limited

Notes to Financial Statements

December 31, 2025

(expressed in Eastern Caribbean dollars)

5 Financial risk management ...continued

5.4 Fair value of financial assets and liabilities ...continued

The table below summarises the carrying amounts and fair values of the Credit Union's financial assets and liabilities. Only investment securities measured at FVOCI (equity instruments) are measured at fair value.

	Carrying value		Fair value	
	2025 \$	2024 \$	2025 \$	2024 \$
Financial assets				
Cash and cash equivalents	5,199,961	6,663,486	5,199,961	6,663,486
Loans to members	40,037,744	37,409,190	40,037,744	37,409,190
Investment securities	13,654,010	14,609,952	13,654,010	14,609,952
Other assets	205,539	43,375	205,539	43,375
	59,097,254	58,726,003	59,097,254	58,726,003
Financial liabilities				
Members' deposits	37,519,430	38,083,879	37,519,430	38,083,879
Accounts payable and other liabilities	1,394,882	1,651,006	1,394,882	1,651,006
	38,914,312	39,734,885	38,914,312	39,734,885

5.5 Fair value measurement of financial assets

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Credit Union's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1: Quoted prices in active markets for identical assets and liabilities. This level includes equity securities and debt instruments listed on exchanges.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the assets or liabilities that are not based on observable market data. This level includes equity investments and debt instruments with significant unobservable components.

The hierarchy requires the use of observable market data when available. The Credit Union considers relevant and observable market prices in valuations where possible.

Police Co-operative Credit Union (St. Christopher & Nevis) Limited

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5 Financial risk management ...continued

5.6 Capital management

The Credit Union manages and monitors capital from several perspectives including operational capital requirements and regulatory capital requirements. In order to support the entity and to provide its members with a source of finance, the primary objectives of the Credit Union's capital management policy are to ensure:

- i) the Credit Union complies with capital requirements set by regulatory requirements of the Co-operative Societies Act and the PEARLS regulations; and
- ii) maintains strong credit ratings and healthy capital ratios.

The Credit Union manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board of Directors along with the capital adequacy and the use of regulatory capital of the Credit Union.

The Credit Union regulatory capital as managed by those charged with governance and is outlined in the two tiers noted below:

- Tier 1 Capital: members capital, retained earnings and reserves created by appropriation of retained earnings; and
- Tier 2 Capital: qualifying subordinated loan capital, collective impairment allowance and unrealised gains arising on the fair valuation of security instruments held as available for sale.

The table below summarises the composition of regulatory capital of the Credit Union for the two-year presentation. During those two years, the Credit Union complied with externally imposed capital requirements to which it must comply.

	2025 \$	2024 \$
Tier 1 capital		
Members' share	5,376,165	5,187,800
Reserves	8,235,271	8,171,573
Special reserve funds	4,427,717	4,414,978
Retained earnings	7,978,671	7,097,062
Total qualifying Tier 1 capital	26,017,824	24,871,413
Tier 2 capital		
Accumulated impairment allowance	1,276,979	849,160
Total regulatory capital	27,294,803	25,720,573

Police Co-operative Credit Union (St. Christopher & Nevis) Limited

Notes to Financial Statements

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6 Significant management judgment in applying accounting policies and estimation uncertainty

When preparing the financial statements, those charged with governance make a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. Estimates and judgements 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. Actual results may be substantially different.

i) Fair value of financial instruments

Those charged with governance apply valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires those charged with governance to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, those charged with governance uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

ii) Evaluation of business model applied in managing financial instruments

Upon adoption of IFRS 9, the Credit Union developed business models which reflect how it manages its portfolio of financial instruments. The Credit Union's business models need not be assessed at entity level or as a whole but shall be applied at the level of a portfolio of financial instruments (i.e., group of financial instruments that are managed together by the Credit Union) and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of individual financial instrument).

In determining the classification of a financial instrument under IFRS 9, the Credit Union evaluates in which business model a financial instrument or a portfolio of financial instruments belong to taking into consideration the objectives of each business model established by the Credit Union (e.g., held-for-trading, generating accrual income, direct matching to a specific liability) as those relate to the Credit Union's investment and trading strategies.

iii) Testing of cash flow characteristics of financial assets and continuing evaluation of the business model (2025)

In determining the classification of financial assets under IFRS 9, the Credit Union assesses whether the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI on the principal outstanding, with interest representing time value of money and credit risk associated with the principal amount outstanding. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents time value of money and credit risk) does not meet the amortised cost criteria. In cases where the relationship between the passage of time and the interest rate of the financial instrument may be imperfect, known as modified time value of money, the Credit Union assesses the modified time value of money feature to determine whether the financial instrument still meets the SPPI criterion. The objective of the assessment is to determine how different the undiscounted contractual cash flows could be from the undiscounted cash flows that would arise if the time

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6 Significant management judgment in applying accounting policies and estimation uncertainty

...continued

iii) *Testing of cash flow characteristics of financial assets and continuing evaluation of the business model (2025)*

...continued

value of money element was not modified (the benchmark cash flows). If the resulting difference is significant, the SPPI criterion is not met. In view of this, the Credit Union considers the effect of the modified time value of money element in each reporting period and cumulatively over the life of the financial instrument.

In addition, IFRS 9 emphasizes that if more than an infrequent sale is made out of a portfolio of financial assets carried at amortised cost, an entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Credit Union considers certain circumstances documented in its business model manual to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessarily inconsistent with a held-to-collect business model if the Credit Union can explain the reasons for those sales and why those sales do not reflect a change in the Credit Union's objective for the business model.

iv) *Measurement of the expected credit loss allowance*

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g., the likelihood of customers defaulting and the resulting losses).

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

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

The most significant assumptions affecting the ECL allowance are as follows:

- The determination of the estimated time to sell the underlying collateral securing the financial assets;
- The determination of the fair value of the underlying collateral securing the financial assets; and
- The determination of the probabilities of default utilized in the assessment of 12-month and lifetime credit losses.

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7 Cash and cash equivalents

Cash and cash equivalents include the following:

	2025 \$	2024 \$
Cash on hand	179,943	40,809
Cash at bank	1,512,800	484,088
Cash at other Credit Unions	1,665,010	136,442
Total cash	3,357,753	661,339
Short-term deposits	1,842,208	6,002,147
Total cash and cash equivalents	5,199,961	6,663,486

Cash at bank is held in non-interest-bearing current accounts at the St. Kitts-Nevis-Anguilla National Bank Limited. Cash at other Credit Unions are held with the St. Kitts Co-operative Credit Union Limited, Nevis Co-operative Credit Union Limited and First Federal St. Kitts Co-operative Union Limited with interest rates ranging from 0% to 2.52%. (2024: 0% to 2.52%).

Short-term deposit is as follows:

	2025 \$	2024 \$
90-day term deposit at St. Kitts-Nevis-Anguilla National Bank Limited maturing on March 14, 2024 with an interest rate of 1% (2024: 1%).	1,842,208	6,002,147

8 Loans to members

	2025 \$	2024 \$
General	28,431,238	27,167,258
Mortgages loans	12,770,118	10,973,711
	41,201,356	38,140,969
Interest receivable	113,367	117,381
Gross loans to members	41,314,723	38,258,350
Allowance for loan impairment	(1,276,979)	(849,160)
Total loans to members	40,037,744	37,409,190
Current	1,468,114	509,961
Non-current	38,569,630	36,899,229
	40,037,744	37,409,190

Police Co-operative Credit Union (St. Christopher & Nevis) Limited

Notes to Financial Statements

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8 Loans to members ...continued

The effective interest rates on productive loans to members at amortised cost as at December 31, 2025 is 5% to 15% (2024: 5% to 15%).

The movement in the impairment losses on loans to members during the year is as follows:

	2025 \$	2024 \$
Movement in impairment losses on loans to members:		
Balance at beginning of the year	(849,160)	(588,165)
ECL Loan provision adjustment	(484,359)	(308,464)
Expected credit recovery for the year	56,540	47,469
Balance at end of the year	(1,276,979)	(849,160)

Based on guidelines from the PEARLS methodology, the Credit Union provides for loan losses at the rate of thirty-five (35%) percent on balances less than twelve (12) months old and one hundred (100%) percent on balances more than twelve (12) months old on the net amount of delinquent loans according to the policy set by the Board of Directors. The PEARLS methodology is the basis of provision required by the Co-operatives Societies Act, No. 31 of 2011. Where the PEARLS loan loss provision is greater than the loan loss provision calculated under IFRS 9, the difference is set aside in a special loan loss reserve account in equity. As at December 31, 2025, the provision for credit losses in accordance with the PEARLS methodology amounted to \$1,937,483 (2024: \$1,509,664).

Police Co-operative Credit Union (St. Christopher & Nevis) Limited

Notes to Financial Statements

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9 Investment securities

	2025 \$	2024 \$
Financial assets fair value through other comprehensive income (FVOCI)		
-Quoted equity securities		
St. Kitts-Nevis-Anguilla National Bank Limited 34,999 ordinary shares at \$2.80 per share (2024: 34,999 ordinary shares at \$2.80 per share)	97,997	97,997
The Bank of Nevis Limited 12,500 ordinary shares at \$3.00 per share (2024: \$3.50 per share)	37,500	43,750
First Federal Co-operative Credit Union Ltd. 1,000 ordinary shares at \$1.00 per share	1,000	1,000
Total financial assets fair value through other comprehensive income	136,497	142,747
Financial assets at amortised cost		
Treasury bills		
Two (2) treasury bills from the Government of St. Kitts and Nevis treasury bills maturing on October 11, 2026 with an interest rate of 4% (2024: 3.75%)	1,152,000	2,476,563
Term deposits		
The Bank of Nevis Limited		
One year term deposit maturing December 31, 2026 with an interest rate of 3% (2024: 3%)	1,618,268	1,571,134
St. Kitts Co-Operative Credit Union Limited		
One year term deposit maturing November 29, 2026 with an interest rate of 3% (2024: 3%)	600,267	583,020
Six months term deposit maturing June 11, 2026 with an interest rate of 3% (2024: 3%)	139,023	135,000
First Federal Co-operative Credit Union Limited		
One year term deposit maturing December 31, 2026 with an interest rate of 3% (2024: 3%)	5,861,489	5,610,265
Six month term deposit maturing February 7, 2026 with an interest rate of 3.00% (2024: 3%)	2,154,481	2,154,481
Two year term deposit maturing January 1, 2026 with an interest rate of 3.25% (2024: 3.25%)	1,065,000	1,065,000
One year term deposit maturing May 26, 2026 with an interest rate of 3.25% (2024: 3.25%)	432,801	419,178
TDC Financial Services Limited		
Six months term deposit maturing June 30, 2026 with an interest rate of 3.25% (2024: 3.25%)	379,150	367,121
Total financial assets at amortised cost	13,402,479	14,381,762
Total investment securities	13,538,976	14,524,509
Interest receivable	115,034	85,443
Total investment securities, net	13,654,010	14,609,952

Police Co-operative Credit Union (St. Christopher & Nevis) Limited

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9 Investment securities ...continued

	2025	2024
	\$	\$
Current	13,508,138	14,464,080
Non-current	145,872	145,872
	<u>13,654,010</u>	<u>14,609,952</u>

10 Investment properties

	2025	2024
	\$	\$
Investment properties	<u>5,684,923</u>	<u>5,719,553</u>

Revaluation reserve

Revaluation reserve represents the excess of appraised values over the cost of the Credit Union's land purchased as investment properties based on the results of a professional valuation. The Credit Union's investment properties revaluation was performed by an independent professional qualified valuer on December 28, 2023, for properties located at Wingfield Estate and Mattingly Farm, resulting in revalued amounts of \$1,398,102 and \$4,192,650 respectively. The Board of Directors decided to perform the valuations as at December 28, 2023 on the basis that there were no significant events or circumstances that would have affected the valuations between the year end and the valuation dates.

During the year, the Credit Union disposed of a parcel of land classified as investment property. This disposal was completed in the ordinary course of operations.

Police Co-operative Credit Union (St. Christopher & Nevis) Limited

Notes to Financial Statements

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11 Property and equipment

	Leasehold improvements \$	Furniture & fittings \$	Office equipment \$	Total \$
Year Ended December 31, 2024				
Opening net book amount	25,886	28,528	69,171	123,585
Additions	–	10,393	45,572	55,965
Depreciation charge	(25,886)	(8,995)	(18,508)	(53,389)
Closing net book amount	–	29,926	96,235	126,161
At December 31, 2024				
Cost	310,624	127,059	257,635	695,318
Accumulated depreciation	(310,624)	(97,133)	(161,400)	(569,157)
Net book amount	–	29,926	96,235	126,161
Year Ended December 31, 2025				
Opening net book amount	–	29,926	96,235	126,161
Additions	–	6,438	37,441	43,879
Disposal of asset	(310,624)	–	–	(310,624)
Depreciation charge	–	(8,863)	(20,651)	(29,514)
Derecognition of accumulated depreciation	310,624	–	–	310,624
Closing net book amount	–	27,501	113,025	140,526
At December 31, 2025				
Cost	–	133,497	295,076	428,573
Accumulated depreciation	–	(105,996)	(182,051)	(288,047)
Net book amount	–	27,501	113,025	140,526

Leasehold improvements are depreciated over the shorter of the lease term and their useful life. Leasehold improvements were fully depreciated in year 2024. The related lease agreement in relation to the asset expired and therefore no carrying value remains at the reporting date.

Police Co-operative Credit Union (St. Christopher & Nevis) Limited

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12 Intangible assets

	Computer software \$
Year ended December 31, 2024	
Opening net book amount	59,969
Amortisation charge	<u>(25,388)</u>
Closing net book value	<u>34,581</u>
At December 31, 2024	
Cost	179,324
Accumulated amortisation	<u>(144,743)</u>
Net book amount	<u>34,581</u>
Year ended December 31, 2025	
Opening net book amount	34,581
Amortisation charge	<u>(25,148)</u>
Closing net book value	<u>9,433</u>
At December 31, 2025	
Cost	179,324
Accumulated amortisation	<u>(169,891)</u>
Net book amount	<u>9,433</u>

Police Co-operative Credit Union (St. Christopher & Nevis) Limited

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13 Leases

The Credit Union leases office premises under contractual arrangements with a lease term of one (1) year as at December 31, 2025 (2024: three (3) years).

Accordingly, lease payments are recognized as an expense on a straight-line basis over the lease term. No right-of-use asset or lease liability is recognised in the statement of financial position for these leases.

In the prior year, the Credit Union recognised a right-of-use asset and lease liability in relation to a lease agreement with a term exceeding twelve months. This arrangement was not renewed under similar terms in the current year.

Information about the lease for which the Credit Union is a lessee is presented below.

(i) Amounts recognised in the statement of financial position:

	2025 \$	2024 \$
Right of use assets		
Opening net book value	–	28,011
Depreciation charge	–	(28,011)
Closing net book value	–	–
Cost	–	336,138
Accumulated depreciation	–	(336,138)
Balance	–	–
Lease liabilities		
Opening balance	–	30,173
Interest expense	–	277
Lease payments	–	(30,450)
Balance at end of year	–	–
Current	–	–
Non-current	–	–

(ii) Amounts recognised in the statement of comprehensive income:

	2025 \$	2024 \$
Depreciation charge on right-of-use assets	–	28,011
Interest expenses on lease liabilities	–	277
	–	28,288

Police Co-operative Credit Union (St. Christopher & Nevis) Limited

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13 Leases ...continued

The table below describes the nature of the Credit Union leasing activity by type of right-of-use asset recognised on the statement of financial position.

Right-of-use Assets	Right-of-use asset Leased	Range of remaining term	Average remaining lease term	Leases with extension option	Leases with termination options
Office Buildings	1	Less than 1 year	3 months	Yes	Yes

Lease payments not recognized as a liability

The Credit Union has elected not to recognise a lease liability for short-term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. The Credit Union applies the short-term lease exemption under IFRS 16.

14 Members' deposits

	2025 \$	2024 \$
Regular savings	20,344,840	20,590,338
Certificate of deposit	8,604,461	8,242,263
Special savings	7,464,349	7,698,900
Youth savings	571,008	563,085
Business savings	355,804	778,085
Line of credit	140,784	178,009
Christmas savings	20,232	21,103
Insurance savings	17,952	12,096
Total members' deposits	37,519,430	38,083,879
Current	34,819,430	35,383,879
Non-current	2,700,000	2,700,000
	37,519,430	38,083,879

The Credit Union pays interest on all categories of members' deposits with interest rates ranging from 2% to 4% (2024: 2% to 4%).

Police Co-operative Credit Union (St. Christopher & Nevis) Limited

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15 Accounts payable and other liabilities

	2025 \$	2024 \$
Non-member deposits	912,508	1,138,840
Accrued expenses	388,580	450,701
Accounts payable	68,712	49,448
Accounts payable and other liabilities	25,082	12,017
Total accounts payable and other liabilities	1,394,882	1,651,006
Current	1,394,882	1,651,006

Non-member deposits represent funds deposited by individuals who are yet to purchase shares and become a member. These accounts are non-interest bearing.

16 Members' share

	2025 \$	2024 \$
Balance at the beginning of the year	5,187,800	4,617,105
Issued during the year	188,365	570,695
Total members' share	5,376,165	5,187,800

Dividends

On July 8, 2025, at the Credit Union's 41st Annual General Meeting for the year ended December 31, 2024, the Board of Directors approved the declaration of dividends of 6.5% amounting to \$315,915. The dividends were paid on July 9, 2025. Dividends for the year ended December 31, 2025 will be determined at the 42nd Annual General Meeting.

17 Reserves

	2025 \$	2024 \$
Statutory reserve	8,194,238	8,130,540
General reserve	61,553	61,553
Financial assets revaluation reserve	(20,520)	(20,520)
Total reserves	8,235,271	8,171,573

Police Co-operative Credit Union (St. Christopher & Nevis) Limited

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17 Reserves ...continued

In accordance with Section 125 of the Co-operatives Societies Act, No. 31 of 2011 and Article XXI, Section 85 of the By-Laws of the Police Co-Operative Credit Union (St Christopher & Nevis) Limited, the Credit Union is required to maintain a non-distributable reserve fund in which not less than 20% of its net surplus before dividends shall be carried.

Statutory reserves and other institutional capital reserves shall at no stage be less than 10% of the Credit Union's total assets. If at the end of any financial year the statutory and other capital reserves before any transfers are less than 10% of total assets, the Credit Union shall transfer to statutory reserves no less than 25% of its surplus for that year or a lesser sum required to increase the reserves to 10% total assets. As of 31 December 2025, the ratio of reserves to total assets was 19% (2024: 19%), therefore the Board of Directors decided the Credit Union has opted to transfer five (5%) percent of its surplus to statutory reserves for the year ended December 31, 2025.

a) Statutory reserve

	2025 \$	2024 \$
Balance at beginning of year	8,130,540	8,071,896
Transfers during the year	63,698	58,644
Balance at end of year	8,194,238	8,130,540

The statutory reserve fund may be used for the business of the society, including unforeseen losses; unexpected shortfalls in liquid cash; capital retention, improved earnings, financing of non-earning assets, repair and maintenance; and the avoidance of external borrowing. As at December 31, 2025, the Board of Directors has opted to transfer one percent (1%) of its surplus to the Credit Unions Development Fund.

b) General reserve

	2025 \$	2024 \$
Balance at beginning of year	61,553	61,553
Transfers during the year	-	-
Balance at end of year	61,553	61,553

General reserve represents cumulative amounts appropriated from retained earnings based on the discretion of the Board of Directors for general efficient and administrative purposes.

Police Co-operative Credit Union (St. Christopher & Nevis) Limited

Notes to Financial Statements

December 31, 2025

(expressed in Eastern Caribbean dollars)

17 Reserves ...continued

c) Financial assets revaluation reserve

	2025 \$	2024 \$
Balance at beginning of year	(20,520)	(20,520)
Revaluation during the year	-	-
Balance at end of year	(20,520)	(20,520)

Financial assets revaluation reserve represents unrealised fair value gain or loss on financial assets at FVTOCI.

18 Special reserves

Special reserves represent cumulative amounts appropriated from retained earnings based on the discretion of the Board of Directors based on the Credit Unions By-Laws and guidance from the Regulators. It is the policy of the Board of Directors to periodically transfer amounts from retained earnings to special reserve as part of the Credit Union risk management. Special reserve represents a non-distributable reserve and is not available for the payment of dividends.

19 Interest income

	2025 \$	2024 \$
Loans to members	3,776,256	3,262,284
Investment securities	507,190	510,108
Total interest income	4,283,446	3,772,392

20 Interest expense

	2025 \$	2024 \$
Deposits	979,900	874,032

Police Co-operative Credit Union (St. Christopher & Nevis) Limited

Notes to Financial Statements

December 31, 2025

(expressed in Eastern Caribbean dollars)

21 Other income

	2025 \$	2024 \$
Fees and commissions	349,920	512,459
Miscellaneous income	69,590	152,034
Dividends income	–	1,810
Total other income	419,510	666,303

22 General and administrative expenses

	2025 \$	2024 \$
Insurance - members' loans & deposits	126,984	104,722
Rent	121,800	91,350
Conventions and conferences	78,394	25,099
Audit and professional fees	71,110	85,028
Executive honorarium	70,000	70,000
Educational assistance	63,939	32,165
League dues	49,628	34,338
Donations and sponsorship	49,361	9,890
IT maintenance	41,725	33,878
Annual general and special meetings	37,203	20,000
Executive expenses	33,448	33,967
Software annual licence	29,398	20,826
Printing	29,379	34,230
Utilities	29,074	27,262
Miscellaneous	28,171	5,134
Marketing and advertisement	24,561	101,090
IT subscriptions	24,242	19,420
Cleaner wages	19,660	18,516
Bank charges	18,069	11,800
Internet, telephone and cable	17,998	18,427
Office expenses	15,000	34,253
Financial services registration fee	10,000	10,000
Legal and consultation fees	8,878	11,813
Social events	6,700	7,896
Waste disposal	5,460	5,184
Parking fees	1,800	1,800
Property tax	1,701	2,543
40th Annual Celebrations	–	121,476
Stationery, postage and office supplies	–	2,411
Total general and administrative expenses	1,013,683	994,518

Police Co-operative Credit Union (St. Christopher & Nevis) Limited

Notes to Financial Statements

December 31, 2025

(expressed in Eastern Caribbean dollars)

23 Employee costs

	2025 \$	2024 \$
Salaries and wages	763,019	774,715
Social security and levy contributions	71,561	68,422
Bonus	70,925	26,775
Other staff benefits	40,792	135,661
Training	14,054	23,635
Total employee costs	960,351	1,029,208

24 Related party transactions and balances

Related party relationship exists when one party has the ability to control directly or indirectly, through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between or among entities under common control, with the reporting enterprise and its key management personnel, directors and members.

a) Related party balances

The outstanding balances at year end are as follows:

	2025 \$	2024 \$
Loans		
Board of directors	1,057,908	1,070,861
Supervisory and compliance committee	701,590	631,405
Credit committee	396,963	505,613
Total related party loans	2,156,461	2,207,879

	2025 \$	2024 \$
Deposits		
Board of directors	802,259	527,481
Supervisory and compliance committee	289,865	316,830
Credit committee	81,461	121,271
Total related party deposits	1,173,585	965,582

	2025 \$	2024 \$
Executive honorarium	78,320	70,000

Police Co-operative Credit Union (St. Christopher & Nevis) Limited

Notes to Financial Statements

December 31, 2025

(expressed in Eastern Caribbean dollars)

24 Related party transactions and balances ...continued

b) Key management

Key management balances

	2025	2024
	\$	\$
Deposits	<u>33,706</u>	<u>52,237</u>

Key management compensation

During the year, salaries and allowances of \$351,650 (2024: \$204,401) were paid to the Credit Union's key management.



YEAR IN



REVIEW





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