

MON REPOS EASTERN CO-OPERATIVE CREDIT UNION (1968) LTD.

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(EXPRESSED IN EASTERN CARIBBEAN DOLLARS)

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Mon Repos Eastern Co-operative Credit Union (1968) LTD.

Unqualified Opinion

We have audited the financial statements of Mon Repos Eastern Co-operative Credit Union (1968) Ltd. ('The Company'), which comprise the statement of financial position as at December 31, 2025, and the statement of comprehensive income, statement of changes in 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 Mon Repos Eastern Co-operative Credit Union as of December 31, 2025, and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Unqualified Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under these 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 Mon Repos Eastern Co-operative Credit Union in accordance with the ethical requirements that are relevant to our audit of the financial statements in Saint Lucia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

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

Audit | Tax | Consulting

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INDEPENDENT AUDITORS' REPORT, continued

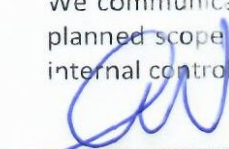
Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error.
- Design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control.
- Obtain an understanding of the 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company 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 of the Company 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.



UHY Walcott & Associates
Chartered Accountants
20 August 2026

Mon Repos Eastern Co-operative Credit Union (1968) Ltd.

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Statement of Financial Position

As at December 31, 2025

(Expressed in Eastern Caribbean Dollars)

	Note	2025 \$	2024 \$
ASSETS			
Cash on Hand		4,438,900	2,805,501
Cash in Bank	7	47,731,219	25,483,376
Held-to-Maturity Financial Assets		61,160	-
Investments	9	18,037,241	17,930,564
Accounts Receivable	10	3,557,759	2,668,060
Members' Loans	11	127,297,333	121,868,639
Property, Plant, and Equipment	3e&15	1,752,988	1,753,694
		202,876,600	172,509,833
LIABILITIES			
Accounts Payable and Accruals	12	3,168,270	2,945,969
Members' Deposits	14	67,553,130	53,046,361
Members' Fixed Deposits	16	57,140,582	52,493,885
Members' Regular Shares	17	54,269,926	43,290,839
		182,131,908	151,777,054
MEMBERS' EQUITY			
Members' Equity Shares	18	6,560,057	5,445,365
Member Funds		8,688	-
Stabilization Fund	20	236,775	1,006,730
Fair Value Reserve	21	1,210,526	1,210,526
Statutory Reserve	22	11,566,921	9,241,180
Retained Earnings		1,161,725	3,828,977
		20,744,692	20,732,779
		202,876,600	172,509,833

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

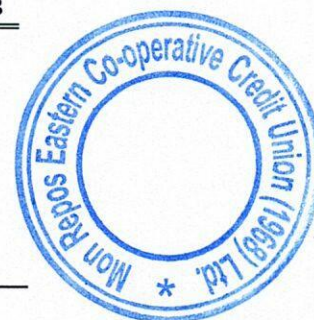
APPROVED ON BEHALF OF THE BOARD:



President



Secretary



Mon Repos Eastern Co-operative Credit Union (1968) Ltd.

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Statement of Changes in Member Equity

For the Year Ended December 31, 2025

(Expressed in Eastern Caribbean Dollars)

	2025	2024
	\$	\$
MEMBER FUNDS		
Stabilization Fund		
Opening Balance	1,006,730	820,175
Add 10% of Net Surplus for the year	236,775	186,556
Less Transfer to Statutory Reserves	1,006,730	-
Closing Balance	236,775	1,006,730
Members Equity Shares		
Opening Balance	5,686,153	4,908,815
Net Share purchase	873,904	536,550
Closing Balance	6,560,057	5,445,365
Member Fund		
Education fund		
At beginning of year	8,688	-
Add: Other	-	-
At end of year	8,688	-
Statutory Reserves		
Opening Balance	9,254,480	8,398,233
Add 55% of Net Surplus for the year	1,302,261	-
Add 45% of Net Surplus for the year	-	839,502
Transfer from Stabilization Fund	1,006,730	-
Entrance Fees	3,450	3,445
Closing Balance	11,566,921	9,241,180
Fair Value Reserve		
Opening Balance	1,210,526	1,210,526
Add: Contributions for the year	-	-
Closing Balance	1,210,526	1,210,526
Retained Earnings		
Opening Balance	865,373	3,625,443
Total Comprehensive Income for the Year	2,493,368	1,865,560
Appropriations to Member Reserves	(1,539,035)	(1,026,058)
Dividends and Patronage Payments	(657,981)	(635,967)
Closing Balance	1,161,725	3,828,977

Mon Repos Eastern Co-operative Credit Union (1968) Ltd.

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Statement of Comprehensive Income

For the Year Ended December 31, 2025

(Expressed in Eastern Caribbean Dollars)

	2025	2024
	\$	\$
Income		
Interest on Members Loans	9,582,986	9,042,761
Interest on Investment and Deposits	747,086	740,451
Interest Income	10,330,072	9,783,212
Interest Expense		
Interest on Regular Shares and Deposits	2,025,768	1,798,890
Interest on Fixed Deposits	1,726,396	2,199,916
	3,752,164	3,998,806
Net Interest Income	6,577,908	5,784,406
Other Income (Note 24)	1,273,848	1,135,521
Net Interest and Other Income	7,851,756	6,919,927
Operating Expenses		
Salaries, Benefits, and Allowances	2,164,980	2,012,370
Other Expenses (Note 25)	2,135,822	1,960,153
Utilities	214,865	200,481
Stationery, Office Supplies, and Expenses	207,731	133,031
Depreciation	193,084	177,977
Rent	192,000	138,000
Interest and Bank Charges	53,210	39,273
	5,161,692	4,661,284
Net Surplus before Bad Debt Expenses	2,690,064	2,258,643
Bad Debt Expense	(238,210)	(418,899)
Net Surplus for the Year	2,451,854	1,839,745
Other Comprehensive Income:		
(Loss) on Disposal of Assets	(8,470)	(3,720)
Gain on Other Investment	49,984	29,536
Total Comprehensive Income for the Year	2,493,368	1,865,560

Mon Repos Eastern Co-operative Credit Union (1968) Ltd.

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Statement of Cash Flows

For the Year Ended December 31, 2025

(Expressed in Eastern Caribbean Dollars)

	2025 \$	2024 \$
Cash Flows from Operating Activities		
Total Comprehensive Income for the year	2,493,368	1,865,560
Adjustments for :		
Amortization	32,688	30,228
Depreciation	160,396	147,749
Provision for Impairment of Loans	238,210	418,899
Loss on Asset Disposal	8,470	3,720
Provision for Impairment of Investments	(49,984)	(29,536)
Adjustments for prior year	3	-
	<u>2,883,151</u>	<u>2,436,620</u>
Operating Profit/(Loss) before working capital items		
(Increase) in Accounts Receivable	(605,046)	(1,048,118)
(Increase) in Investments	(4,553)	(4,465)
(Increase) in Short Term Investments	(1,781)	-
(Increase) in Members Loans	(3,580,361)	(8,831,917)
Increase in Members Deposits	20,572,543	14,242,612
(Decrease)/Increase in Payables and Accruals	145,926	424,167
Cash flows from/(used) in operations	<u>19,409,879</u>	<u>7,218,898</u>
Cash Flows from Investing Activity		
Purchase of Equipment	(96,064)	(78,594)
Cash flows used in investing activities	<u>(96,064)</u>	<u>(78,594)</u>
Cash Flow from Financing Activities		
Increase in Members Shares	873,904	536,550
Payments of Dividends and Patronage	(657,981)	(635,967)
Increase in Members Fixed Deposits	-	-
Entrance Fees	3,450	3,445
Net cash flow from financing activities	<u>219,373</u>	<u>(95,972)</u>
Net Increase in Cash and Cash Equivalents	19,533,188	7,044,332
Cash and Cash Equivalents - beginning of the year	32,636,931	21,244,545
Cash and Cash Equivalents - end of year	<u><u>52,170,119</u></u>	<u><u>28,288,877</u></u>
Represented by:		
Cash in Bank	52,170,119	28,288,877
	<u><u>52,170,119</u></u>	<u><u>28,288,877</u></u>

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1. Status of The Credit Union

The Mon Repos Eastern Co-operative Credit Union (1968) Limited came into being as a result of a merger between the Mon Repos Community Credit Union (1968) Limited and the Micoud Co-operative Credit Union Limited, as of January 01, 2007. The former Societies were registered under the Co-operative Societies Ordinance/Act #82 and had obtained Certificates of Continuance from the Registrar of Co-operative Societies under the new Act #28 of 1999. The new entity operates in compliance with this new Act. The registered office of the Credit Union is Mon Repos, Micoud.

These financial statements comprise the Credit Union and its wholly-owned subsidiary, First Community Credit Union.

The Credit Union's principal business activity is to provide cost-effective financial services to its members through loan facilities and deposit instruments.

2. Acquisition of WCCU

The Mon Repos Eastern Co-operative Credit Union (1968) Limited ("MRECCU") fully absorbed (100%) the assets and liabilities of West Coast Credit Union as of November 1, 2025. The Mon Repos Eastern Co-operative Credit Union (1968) Ltd ("MRECCU") is the name of the consolidated entity. First Community Credit Union (FCCU) is a geographic identifier and would be treated as a branch of MRECCU.

A resolution was passed on 15th May 2022 where the members of the West Coast Credit Union Society Ltd agreed to transfer the assets and liabilities of the West Coast Credit Union Society Ltd to the Mon Repos Eastern Co-operative Credit Union (1968) Ltd. The members of the Mon Repos Eastern Co-operative Credit Union (1968) Ltd have accepted the assets and liabilities of the West Coast Credit Union Society Ltd by resolution passed on 5th June 2022.

Therefore, the FSRA deregistered the WCCU on October 30, 2025, and allowed WCCU to be integrated into MRECCU. As of November 1, 2025, all committees, policies, and processes would become the same as MRECCU.

3. Summary of Significant Accounting Policies

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

a) Basis of preparation

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and under the historical cost convention, except for available-for-sale financial assets that are measured at fair value. The methods used to measure fair value are discussed further in Note 3.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Credit Union's accounting policies and the reported amounts of assets, liabilities, and expenses. Actual results may differ from these estimates.

3. Summary of Significant Accounting Policies (Cont'd)**a) Basis of preparation (Cont'd)**

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the revisions are made and in any future period that they affect.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates in applying accounting policies are significant to the amounts recognized in the financial statements, are reported in the notes on property and equipment, provision for loan losses, financial instruments classification, and impairment.

Intra-group balances and transactions, and any unrealized income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions are eliminated.

b) Income recognition

Interest income is recognized in the statement of comprehensive income for all interest-bearing instruments on the accrual basis, via the effective interest method. Interest income includes interest on members' loans, cash deposits, and other investment securities.

Dividend income is realized in the statement of comprehensive income on the date that the Co-operative's right to receive the dividend is established, which is the dividend declaration date in the case of listed securities. Income from commissions and fees is recognized on an accrual basis, and income on non-productive loans is realized when received.

c) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and cash in bank.

d) Members' loans

The Credit Union's loans and advances are made by disbursement of funds to its members with fixed or determinable payments that are not quoted in an active market and are stated net of the allowance for loan losses. Specific and general provisions for loan losses are based on the end-of-year appraisal of individual loan balances. The specific provision relates to the facilities that are identified as being bad and/or doubtful, whereas the general provision is made for those facilities that are inherently weak in the portfolio, but have not been specifically identified. Loans are written down to the estimated realizable value when the normal financing arrangement with the borrower has ceased. Interest on the facility up to that time is credited to operations, and a provision is made as deemed appropriate. Fees and other incidental legal expenses incurred in securing the loans are expensed.

A credit risk provision for impairment is made if there is objective evidence that the Co-operative will not be able to collect all amounts that are due according to the original contractual terms of the loan. Objective evidence includes observable data, default or delinquency in interest or principal payments, and information that the borrower is experiencing financial difficulty. The amount of the provision is the difference between the carrying amount and the present value of the estimated future cash flows

3. Summary of Significant Accounting Policies (Cont'd)**d) Members' loans (Cont'd)**

discounted at the loan's original interest rate, including amounts recoverable from guarantees and collateral held.

e) Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. The cost of software that is integral to the functioning of related equipment is included in the cost of that equipment.

Parts of an item of property and equipment that have different lives are accounted for as separate items (major components) of property and equipment. Gains and losses on the disposal of items of property and equipment are determined by comparing the proceeds with the carrying amount of the items and are realized at the net amount as "other operating income/expenses" in the statement of comprehensive income. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

The cost of replacing an item of property and equipment is recognized in the carrying amount of the item when it is probable that future economic benefits embodied in the part will flow to the Co-operative and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The cost of repairs and replacements of a routine nature are recognized in the statement of comprehensive income at the time they are incurred.

Land and buildings comprise the main office. Land is not depreciated. Depreciation expense is recognized in the statement of comprehensive income and is computed on the straight-line basis to allocate the cost of each part of an item of property and equipment to their residual values over their estimated useful lives as follows:

Building	5%
Leasehold Improvements	2% - 20%
Furniture and equipment	10% - 15%
Computer hardware and software	20% & 25%
Motor Vehicle	20%

f) Provisions

A provision is established if, as a result of a past event, the Credit Union has a present legal or constructive obligation that can be reliably estimated, and it is probable that an outflow of economic resources will be required to settle it. Provisions are determined by discounting the expected future cash flows at the pre-tax rate, which reflects the current market assessments of the time value of money, and where appropriate, the risks specifically related to the liability.

3. Summary of Significant Accounting Policies (Cont'd)

g) Foreign currency transactions

Transactions in foreign currencies are translated into Eastern Caribbean Dollars (EC dollars), the Co-operative's functional currency, at exchange rates on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the financial position date (balance sheet) are translated to EC dollars at that date's prevailing exchange rate. Foreign currency differences arising on retranslation are recognized in the statement of comprehensive income. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

h) Income tax

The Credit Union is exempt from income tax under Section 25 (1)(p) of the Income Tax Act of St. Lucia.

i) Finance income and expenses

Finance income and expenses comprise interest income on funds invested, gains and losses on the disposal of available-for-sale financial assets, and changes in the fair value of financial assets at fair value through profit or loss that are recognized in profit or loss. Interest income is realized as it accrues in the statement of comprehensive income, using the effective interest method.

j) Interest-bearing borrowings

Interest-bearing borrowings are recognized initially at cost, less attributed transaction costs. Subsequent to the initial recognition, interest-bearing borrowings are stated at amortized cost, with any differences between cost and redemption value being recognized in the statement of comprehensive income over the period of the borrowing using the effective interest method.

k) Members' equity shares

The market value of members' equity shares is at the nominal value of \$5.00 per share in accordance with the By-Laws of the Credit Union. Members are requested to have a minimum of twenty shares in the Credit Union to be considered as full financial members.

l) Members' regular shares

Members' regular shares are classified as a liability as they are redeemable at the option of the members. In the previous year, dividends declared on them were treated as an accrued expense and was reported in the statement of changes in members' equity, as a deduction from retained earnings. This year, interest paid on them is expensed and reflected in the statement of comprehensive income.

m) Financial instruments

The Credit Union has no derivative or compound financial instruments.

3. Summary of Significant Accounting Policies (Cont'd)

n) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, cash and cash equivalents, accounts receivable, members' loans, bank overdraft, accounts payable and accruals, members' deposits, members' fixed deposits, members' withdrawable shares, and loans payable. Non-derivative financial instruments are recognized initially at fair value plus any directly attributable transaction costs. Subsequently, they are accounted for depending on their classification as either held-to-maturity, fair value through profit or loss, or available for sale.

o) Held-to-maturity investments

Held-to-maturity investments are non-derivative assets with fixed or determinable payments and fixed maturities that the Co-operative has the positive intent and ability to hold to maturity, and which are not designated at fair value through profit or loss, or available-for-sale. They are measured at amortized cost using the effective interest method, less any impairment losses.

Any sale or reclassification of a significant amount of held-to-maturity investments, not close to their maturity date, would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Co-operative from classifying investment securities as held-to-maturity, for the current and the following two financial years.

p) Financial assets at fair value through profit or loss

An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Co-operative manages such investments and makes purchase and sale decisions based on their fair value, in accordance with the Credit Union's documented risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognized in the statement of comprehensive income when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in the statement of comprehensive income.

q) Available-for-sale financial assets

Available-for-sale investments are non-derivative investments that are not designated as another category of financial assets. The Credit Union's investment in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to their initial recognition, they are measured at fair value, and changes therein, other than impairment losses and foreign currency differences on available-for-sale monetary items, are recognized directly into equity. When an investment is derecognized, the cumulative gain or loss in equity is transferred to the statement of comprehensive income.

Unlisted securities whose fair value cannot be reliably measured are carried at cost. Other non-derivative financial instruments are measured at amortized cost using the effective interest method, less any impaired losses.

3. Summary of Significant Accounting Policies (Cont'd)

r) Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. It is deemed to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the assets.

For a financial asset measured at amortized cost, an impairment loss is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss for an available-for-sale financial asset is computed in relation to its fair value.

Individual financial assets of significant value are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in the statement of comprehensive income. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to the statement of comprehensive income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognized directly in equity.

s) Impairment of non-financial assets

The carrying amounts of the Credit Union's non-financial assets are reviewed at each reporting date to determine if there is any indication of impairment. If any such impairment exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to get it sold. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to that asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets (cash-generating unit) that generates cash inflows from continuing use, which are largely independent of cash inflows of other assets or other cash-generating units.

An impairment loss is recognized in the statement of comprehensive income if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of other assets in the unit on a pro rata basis.

3. Summary of Significant Accounting Policies (Cont'd)

s) Impairment of non-financial assets (Cont'd)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount, and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

t) IFRS 9

The introduction of IFRS 9 brings about fundamental changes to accounting for financial instruments. This standard replaces IAS 39 with amendments for classification and measurement, impairment methodology, and hedge accounting.

An amendment involves classifications based on two tests:

- (1) Business model
- (2) Contractual cash flow test (loan and interest payments)

Financial assets are measured in either of the following ways: fair value through profit and loss (FVTPL), fair value through other comprehensive income (FVTOCI), or amortized cost.

Financial liabilities are measured at either amortized cost or fair value through profit and loss (FVTPL).

IFRS 9 also includes the impairment model for financial assets and is based on the premise of expected losses, with recognition in three stages:

Stage 1

On initial recognition, 12-month expected credit losses are measured through profit and loss or loss allowance.

Stage 2

Significant increases in credit risk whereby credit risk is not considered to be low. Full lifetime expected losses are expected to be recognized through profit and loss.

Stage 3

Where credit risk increases significantly, and the asset is considered to be credit impaired, interest revenue is calculated based on the carrying value of the asset net of the loss allowance.

3. Summary of Significant Accounting Policies (Cont'd)

t) IFRS 9 (Cont'd)

Stage 3 (Cont'd)

The MRECCU's simplified approach to the implementation of IFRS 9 entails using a "Three Stage/ Bucket Approach" where the MRECCU's loan book is reserved for using three phases of credit deterioration. The following is a breakdown of the "Three Stage/Bucket Approach" the MRECCU has used to recognize credit impairment and how the provision for expected loan losses is made:

- Bucket 1: Loans without signs of credit impairment, i.e., loans never in arrears ≥ 30 days.
 - Bucket 1 recognizes expected losses within the next 12 months, which is calculated by multiplying: (a) the percentage chance of a loan going from fully-performing to written-off within the next 12 months, by (b) the
 - expected lifetime losses on similar loans, also expressed as a percentage. This means multiplying a fraction by a fraction.
 - Bucket 1 loans are broken into particular Sub-buckets based on loan purpose (e.g., mortgages, education, personal vehicle loans, business loans, etc.), and a collective reserve amount is determined on a Sub-bucket-wide basis.
- Bucket 2: Loans that have signs of credit impairment—i.e., the loan has been in arrears for ≥ 30 days at least once (even if later cured)—but have not met the criteria for Bucket 3.
 - Bucket 2 recognizes lifetime expected losses.
 - Similarly, Bucket 2 loans are broken into particular Sub-buckets based on loan purpose (e.g., mortgages, education, personal vehicle loans, business loans, etc.), and a collective reserve amount is determined on a Sub-bucket-wide basis.
- Bucket 3: Loans with serious credit impairment as well as large exposures with a history of arrearage
 - Bucket 3 is for any loan that becomes seriously impaired, such as in the case of long-term arrearage, as well as for the institution's largest exposures that are in arrears. Each problem loan in Bucket 3 is analyzed individually
 - Loans that are ≥ 90 days in arrears (unless later cured); and any loan in arrears ≥ 30 days if it is one of the institution's largest 10 loans and/or the loan is $\geq 5\%$ of the institution's total unimpaired regulatory capital (these loans stay in Bucket 3 even if cured).
 - Bucket 3 recognizes lifetime expected losses.

3. Summary of Significant Accounting Policies (Cont'd)

u) Compliance with the Cooperatives Society Regulation

In accordance with Regulation 30 of the Cooperatives Societies Act, which relates to the calculation of loss exposure on outstanding loans that have gone into default for more than 90 days, which includes: a) Total gross loans, b) Total delinquency on loans, and c) Net loan delinquency (less cash collateral). The disclosure is as follows:

a. Total gross loans	: \$127,297,332.22
b. Total delinquency on loans	: \$11,935,835.12
c. Net loan delinquency (less cash collateral):	: \$915,421.61

In keeping with Regulation 30 (1) of the Cooperative Society Act, Chapter 12.06 (Schedule 3)

Duration of Period of overdue loans	Delinquent Loans	Collateral	Net Delinquent Loans	Percentage of Outstanding Loans Balance that is Deemed Loss Exposure	Provision
Less than 3 months	5,750,117.38	6,621,211.13	(871,093.75)	0%	-
3 months but less than 6 months	1,091,656.39	652,123.65	439,532.74	25%	109,883.19
6 months but less than 9 months	540,418.36	346,698.99	193,719.37	50%	96,859.69
9 months but less than 1 year	527,816.17	357,982.87	169,833.30	75%	127,374.98
Over 1 year	4,025,844.82	3,042,414.87	983,429.95	100%	983,429.95
Total	11,935,853.12	11,020,431.51	915,421.61		1,317,547.80

4. Determination of Fair Values

A number of the Co-operative's accounting policies and disclosures require the determination of fair value, both for financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the methods described herein. Where applicable, additional information about the assumptions made in arriving at fair values is disclosed in the notes pertinent to the asset or liability.

4. Determination of Fair Values (Cont'd)

The fair value of financial instruments that are not traded in an active market is determined by using varied valuation techniques. The Co-operative uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for loan payable. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The estimated fair value of cash and bank deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand. The estimated fair value of borrowings that have no listed market price is based on the discounted cash flows for new debt with similar years to maturity, at their stated interest rates. In the case of the accounts payable and receivable, their nominal value, less any estimated credit adjustments that may be applicable, is assured to approximate their fair values.

Estimates and adjustments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable in the circumstances.

For investments in equity and debt securities, the fair value of financial assets at fair value through profit or loss, held-to-maturity investments, and available-for-sale financial assets is determined by reference to their quoted bid price at the reporting date. The fair value of held-to-maturity investments is determined for disclosure purposes only.

The fair value of accounts and other receivables is estimated as the present value of the future cash flows, discounted at the market rate of interest at the reporting date.

In case of non-derivative financial liabilities, fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

5. Financial Risk Management

The Credit Union's activities expose it to a variety of risks, namely credit risk, market risk, and liquidity risk. The Board of Directors has overall responsibility for the oversight of the Credit Union's risk management framework.

a) Credit risk

The Credit Union is exposed to credit risk in that a member or counterparty to a financial instrument fails to meet its contractual obligations, and this arises principally from bank deposits, members' loans, accounts receivable, and investment securities.

Accounts receivable include interest due in respect of investments and also loan interest receivable. The Credit Union's bank deposits and available-for-sale financial assets are placed with highly reputable financial institutions.

Members' loans are presented net of a provision for impairment at the balance sheet date. The Credit Union is guided by its loan policy and the regulations in the Co-operative Societies Act, whilst being mindful of

5. Financial Risk Management (Cont'd)

a) Credit risk (Cont'd)

changes in the economy or in any particular segment that represents a concentration in its portfolio. Management performs periodic credit evaluations of its customers' financial condition.

b) Market risk

Market risk arises from changes in market prices, such as foreign exchange rates, interest rates, and equity prices that will affect the Credit Union's income or the value of its holdings of financial instruments. Management closely monitors the market trends and seeks to manage and control its exposure to market risk within acceptable parameters, while optimizing the returns that it earns.

c) Liquidity risks

Liquidity risk is the risk that the Credit Union will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management warrants maintaining sufficient cash flows and other committed credit facilities to meet liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation. Management does not believe that significant liquidity risk exists as at December 31, 2025.

d) Currency risk

The Credit Union is not exposed to significant currency risk as its market is local, and consequently, its transactions are in its functional currency.

e) Interest rate risk

The Credit Union is exposed to the effects of fluctuations in the prevailing levels of market interest rates, both on fair value and cash flow risks. Interest margins may increase as a result of such changes, but may also reduce or create losses in the event that unexpected movements arise. Differences in contractual repricing or the maturity dates and changes in interest rates may expose the Credit Union to interest rate risk. The Credit Union's interest-bearing deposits are at fixed interest rates and mature within one year. The Credit Union's exposure and the interest rate on its financial assets and liabilities are as stated in Notes 8 and 15.

6. Critical Accounting Estimates and Judgements

The Credit Union makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year and in the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Judgments made by management in the application of IFRSs that have a significant effect on the financial statements and estimates with a significant chance of material adjustment in the next financial year are discussed below:

6. Critical Accounting Estimates and Judgements (Cont'd)

a) Provision for loan losses

Assets accounted for at amortized cost are evaluated for impairment on the basis described previously in the accounting policy on impairment of financial assets in Note 2.

The specific counterparty component of the total allowances for impairment applies to members' loans that are individually evaluated for impairment and are based upon management's best estimate of the present value of cash flows that are expected to be received. In determining the estimates of cash flows, management makes informed judgments concerning the financial situation of the customer and the net realizable value of any collateral security that it holds. Each impaired asset is assessed on the strength of its own merit.

Assessed impairment allowances for groups of assets that cover credit losses within the portfolio with similar economic characteristics, when there is objective evidence to suggest that they contain impaired balances, but the individual impaired items cannot yet be identified. In assessing the need for the general loan loss provision, management considers particulars such as credit quality, portfolio size, concentration, and the relevant economic issues.

b) Adjustments in applying the Credit Union's accounting policies

The Credit Union's accounting policies provide scope for assets and liabilities to be designated on inception into different categories under certain circumstances.

Financial assets and liabilities are classified as "trading" if the Credit Union so determines that it meets the description of trading assets and liabilities as set out in the accounting policy in Note 2 on financial instruments.

Financial assets are classified as held-to-maturity if the Credit Union so determines that it has both the positive intention and the ability to hold the assets until their maturity dates as required by the accounting policy on financial instruments in Note 2.

c) Fair value of financial instruments

Fair value estimates are made at a specific point in time based on the market conditions and information about the financial instruments. These estimates are highly subjective, with a great degree of uncertainty, and involve issues requiring a significant amount of judgment, and therefore cannot be determined with precision. Changes in the assumptions that are made can significantly affect the estimates that are derived. The fair values of cash resources, members' deposits, accounts payable and accruals, dividend and patronage refunds payable, and loan payable are not materially different to their carrying amounts, due to their short-term to maturity.

Members' loans are stated net of the provisions for impairment. The financial liabilities have no stated maturity except for members' fixed deposits, which are repayable on demand. The fair value of loan payable is not materially different from its carrying value, as the interest rate on it is that of the market. It is impractical to determine the fair value of investments due to the availability of information on all the determinants of the fair value.

Notes to the Financial Statements

For the Year Ended December 31, 2025

(Expressed in Eastern Caribbean Dollars)

7. Cash in Bank

	2025	2024
	\$	\$
412160047 Current Account - VF	11,991,569	3,276,509
416092782 BOSL Current Account MR	31,928,637	17,365,157
416125841 Current Account - MC	498,710	2,580,760
421526885 BOSL Savings Account	458,486	458,501
430309000 BOSL Savings Account	1,802,419	1,802,449
901302600 BOSL Operating Account	1,051,398	-
	47,731,219	25,483,376

8. Provision for Loan Losses

	2025	2024
	\$	\$
Balance at the beginning of the year	(1,631,166)	(948,960)
Less: bad debts written off	(224,612)	(338,563)
Add: loans loss provision for the year	238,097	418,232
	(1,644,651)	(1,028,629)

Notes to the Financial Statements

For the Year Ended December 31, 2025

(Expressed in Eastern Caribbean Dollars)

9. Investment Securities

	2025 \$	2024 \$
Securities available-for-sale		
St. Lucia Co-operative League	372,345	320,205
Total Securities available-for-sale	372,345	320,205
Securities held-to-maturity		
Government of St. Lucia- Note	8,075,934	8,075,934
Government of St. Lucia Treasury Bill	4,000,000	4,000,000
ECHMB Investment	2,500,000	2,500,000
Government of St. Lucia 2-year Bond	2,000,000	2,000,000
Bank of St. Lucia Limited - Fixed Income Certificate	159,579	159,579
Total Securities held-to-maturity	16,735,513	16,735,513
Term Deposits		
SDA Credit Union	550,000	550,000
Bank of St. Lucia Limited	147,762	145,937
St. Lucia Co-operative League	118,022	115,293
BOSL Shares	113,600	63,616
Total Term Deposits	929,384	874,846
Total Investment Securities	18,037,241	17,930,564

The investment securities form part of the funds held to meet the liquidity requirements under Section 119(3) of the Co-operative Societies Act. The interest rates on investments range from 1.50% to 5.5%.

10. Accounts Receivable

	2025	2024
	\$	\$
Western Union Receivable	1,475,515	1,155,866
Int. Receivable on Loans	1,140,262	986,432
Accrued Interest on Loans	290,091	-
Int. Receivable - Government Securities	228,343	232,206
Prepaid Exp. & Deferred Charge	94,805	250
Prepayments - Building Rates	85,500	69,500
Inventory	56,599	11,618
Int. Receivable - Investments	38,630	30,699
Accounts Receivable	27,050	28,150
Acc Receivables - Other	27,000	68,150
Prepaid Insurance	19,045	21,054
Acc Receivables - Cuna Ins	18,330	(1,924)
Acc Receivables - West Coast CU	14,488	20,027
Returned Cheques	13,332	14,524
Commission Receivable	8,517	14,368
Phone Cards on Hand	7,315	2,154
Other Receivable	3,045	-
Other Deposits Receivables	3,000	-
Purchases Payable	2,444	-
Int. Receivable - Fixed Deposits	2,423	11,536
Interest Receivable	1,785	-
Sure pay Receivable	240	3,450
	3,557,759	2,668,060

11. Members' Loans

In 2025, the figure is \$128,941,985 net of the provision of \$1,644,652 for possible loan losses.

In the previous year, the provision for loan losses was \$1,028,628, and the loan figure was \$122,897,268.

Notes to the Financial Statements

For the Year Ended December 31, 2025

(Expressed in Eastern Caribbean Dollars)

12. Accounts Payable and Accruals

	2025	2024
	\$	\$
Accounts Payable & Accruals	3,168,270	2,945,969
	3,168,270	2,945,969

13. Dividend and Patronage Refunds

By resolution, the Board of Directors has agreed to pay dividends of 7.5% on equity shares and 3% patronage refunds for the year ended December 31, 2025. If this is ratified at the upcoming annual general meeting, it will cost the Co-operative about \$670,000.

14. Members' deposits

	2025	2024
	\$	\$
Members Savings	59,326,266	49,367,461
Member Deposits	4,255,160	-
Bright Start Savings	2,587,369	2,359,141
Clubs and Groups	1,309,860	1,269,134
Family Indemnity Plan	60,825	48,322
Deposit 2	7,123	-
ATM Deposit Account	6,470	2,303
Deposit 1	57	-
	67,553,130	53,046,361

15. Property and equipment

			Buildings				
			Under	Furniture &	Leasehold	Motor	
	Land	Buildings	Construction	Equipment	Improvements	Vehicle	Total
For the Year Ended December 31, 2025							
Cost	463,020	1,074,000	115,821	1,334,978	374,147	36,970	3,398,936
Additions	-	-	-	96,063	-	-	96,063
Disposals	-	-	-	(118,560)	-	-	(118,560)
Closing Cost	463,020	1,074,000	115,821	1,312,481	374,147	36,970	3,376,439
Opening Accum. Dep.	-	268,500	-	1,021,336	246,922	3,697	1,540,455
Charge for the period	-	53,700	-	99,303	32,687	7,394	193,084
Charge on Disposal	-	-	-	(110,088)	-	-	(110,088)
Closing Accum. Dep	-	322,200	-	1,010,551	279,609	11,091	1,623,451
Net Book Value	463,020	751,800	115,821	301,930	94,538	25,879	1,752,988
For the Year Ended December 31, 2024							
Cost	463,020	1,074,000	115,821	1,046,819	288,945	-	2,988,605
Additions	-	-	-	41,624	-	36,970	78,594
Disposals	-	-	-	(8,208)	-	-	(8,208)
Closing Cost	463,020	1,074,000	115,821	1,080,236	288,945	36,970	3,058,991
Opening Accum. Dep.	-	214,800	-	748,977	168,031	-	1,131,808
Charge for the period	-	53,700	-	90,352	30,228	3,696	177,976
Charge on Disposal	-	-	-	(4,487)	-	-	(4,487)
Closing Accum. Dep	-	268,500	-	834,842	198,259	3,696	1,305,297
Net Book Value	463,020	805,500	115,821	245,394	90,686	33,274	1,753,694

16. Members' Fixed Deposits

Members' fixed deposits are payable on demand, have varied maturity dates which become due within the next twelve months, and have effective interest rates ranging from 1.5% to 5.25%.

17. Members' Regular Shares

	2025	2024
	\$	\$
Opening balance of regular shares	43,290,839	40,688,042
Net shares purchased	10,979,087	2,602,797
Closing balance	54,269,926	43,290,839

18. Members' Equity Shares

	2025	2024
	\$	\$
Opening balance of equity shares	5,686,153	4,908,815
Net shares purchased	873,904	536,550
Closing balance	6,560,057	5,445,365

19. Member Funds

By special resolution in 2010, the Board of Directors agreed to revise the allocations that were made from the yearly surplus to more adequately distribute it, with special emphasis on building institutional capital and concern for the community. In that regard, the percentages were adjusted with 27.5% being allocated to the Statutory Reserve, 5% each for the Education and Disaster Funds, and 2.5% each for the Employment Benefit Fund, the Audit Fund, and a newly created Community Development Fund.

The FCCU has a 10% allocation of Net Surplus to the Education Fund. Contributions to the fund are from activation fees.

The newly proposed Co-operative Societies Act makes the operations of these funds obsolete. To be proactive, the Mon Repos Eastern Credit Union has adopted the fund structure as stipulated by the proposed Co-operative Societies Act.

20. Stabilization Fund

The proposed Co-operatives Societies Act makes provision for the establishment of a stabilization fund by each co-operative society. The pooled funds are to be managed in accordance with section 126 of the proposed legislation. While this legislation has not yet been enacted, its enactment is so imminent that Mon Repos Eastern Credit Union has adopted a proactive stance and established a stabilization fund requiring a ten percent of net surplus contribution annually .

21. Excess of Appraised Value of Assets

On March 14th, 2013, the Credit Union had a valuation done of the premises of the Mon Repos Branch. As a consequence of this, the estimated open market value of the land and building was stated at \$1,036,000, resulting in a revaluation surplus of \$647,494.

On September 13th and December 5th, 2019, the Credit Union had a valuation done of the property of the Mon Repos Branch as well as the Micoud Branch. As a consequence of this, the estimated open market value of the land at the Mon Repos and Micoud Branch collectively was stated at \$1,537,020, resulting in a revaluation surplus of \$563,032, giving a total revaluation surplus of \$1,210,526.

22. Statutory Reserve

Under Section 119(2) of the Co-operative Societies Act No. 28 of 1999, the Credit Union is required to appropriate at least 20% of the net surplus for each financial year to the statutory reserve fund. From 2010, the Credit Union made a resolution to credit 27.5% of its yearly surplus to that reserve fund. Management decided to make an additional allocation of \$300,000.00 in 2012, from the net surplus to this reserve. From the year ended 2013, by way of resolution, management has allocated 45% of profits annually to the statutory reserves, to ensure compliance with section 125 of the proposed Co-operative Societies Act.

The board has approved a transfer of 55% of the surplus to the statutory reserves for the 2025 financial year. The opening balance of the stabilization fund, amounting to \$1,006,730.47, was transferred to the statutory reserve. In 2025, 10% was allocated to the stabilization fund.

23. Commitments and Contingencies

As at the year-end date, total loans approved by the Co-operative but not fully disbursed at the end of 2025 were \$3,554,440.62. At the previous year-end in 2024, the figure was \$8,422,278.01. The Credit Union did not have any contingencies at the year-end date.

Notes to the Financial Statements

For the Year Ended December 31, 2025

(Expressed in Eastern Caribbean Dollars)

24. Other Income

	2025	2024
	\$	\$
Credit Risk Fee	381,000	347,484
Loan Processing Fees	308,686	270,439
Bad Debts Recovered	220,528	211,322
Commissions	196,792	180,686
ATM Income	58,270	53,490
Gain/Loss Foreign Exchange	45,531	23,500
Other Income	26,284	14,346
Legacy	14,950	18,610
Other Income - Statements	5,080	3,325
Pass Book Sales	5,435	3,765
Phone Cards	3,611	4,873
Cheque Fee Income	3,471	-
Income from Shares/Deposits/Cert	2,876	-
Withdrawal Fees	1,675	-
ACH Fees	127	-
Cashing of Cheque Fees	24	-
Foreign Exchange Fees	6	-
Flow Top Up	(13)	741
Digicel	(485)	2,941
	1,273,848	1,135,521

25. Other Expenses

	2025	2024
	\$	\$
Cuna Insurance	783,754	760,518.68
Credit Life Insurance	494,782	479,900
Repairs and Maintenance	181,141	146,859
ATM Costs	112,968	107,466
League Dues	75,000	75,000
Legal and Professional Fees	68,327	52,719
Travelling Expenses	64,487	38,224
Honoraria	55,000	55,000
Sponsorship	50,230	-
Audit Fees	43,000	32,125
Insurance	36,387	25,188
Annual General Meeting	28,138	22,100
Donations	27,755	18,862
Special Events	23,868	20,157
Miscellaneous Expenses	22,067	25,437
Scholarship and Education Expenses	18,230	18,890
Advertising and Promotions	17,389	44,290
Board and Committee Expenses	15,130	9,815
Staff and Officers Insurance	8,531	8,930
Uniforms	4,814	14,297
Property Taxes	3,420	3,420
Shortages/ Overages	1,405	952
	2,135,822	1,960,153

26. Gain on Other Investments

	2025	2024
	\$	\$
Gain on Other Investments	49,984	29,536
	49,984	29,536

27. Related Party Transactions

A party is related to the Credit Union if that party directly or indirectly controls it, is controlled by it, or is under common control with it; and if the party has an interest in the Credit Union that gives it significant influence over it or has joint control over the Credit Union.

In addition, a party is related to the Credit Union if the party is a member of the key management personnel of the Credit Union; is a close relative of the family of that member, or has close relations to that member, or any of the parties referred to in the preceding paragraph; or the party is a post-employment benefit plan for the benefit of employees of the Credit Union or any Credit Union that is a related party of the Credit Union.

Several transactions have been entered into with related parties in the normal course of business. These transactions were conducted at market rates or on commercial terms and conditions.

Included in members' loans at the year-end date were loans to directors and staff totaling \$5,308,636. (2024 - \$5,089,850).

Shares and deposits held by directors and staff at that date totaled \$1,792,277. (2024 - \$1,689,782).

28. Directors' Responsibilities

The Directors are responsible for the preparation and presentation of these financial statements.

29. Comparative Figures

Where changes have been made in the presentation of the current year's figures, comparative amounts have been reclassified. The prior year's figures represent the Mon Repos Eastern Co-operative Credit Union (1968) Ltd. results alone. The current year's figures represent the combined results of the Mon Repos Eastern Co-operative Credit Union (1968) Ltd and First Community Credit Union Ltd. As a result, the prior year figures are not directly comparable to the current year figures, as the current balances include the financial position and performance of First Community Credit Union Ltd, which was not reflected in the prior year's Mon Repos Eastern Co-operative Credit Union only figures.