



2025 Asset Write-Down Explained Simply: What It Means for Members

Clearly Understanding The Financial Impact.

Why This Update Matters to Members

1) What changed in 2025

Explain the significant asset write-down in simple terms and why the reported figures shifted so sharply, focusing on the required accounting treatment.

2) Accounting vs. Financial Strength

Clarify that accounting results can change without changing the underlying safety of members' funds, and that this adjustment does not indicate mismanagement or poor decisions.

3) Impact on Members and Assurance

Address the 2025 proposed dividend rate.

4) Actions taken by Board & Management

Outline the steps to rebuild the Undivided Surplus over time, reinforcing AMGECU's stability and member-first commitment.



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What Actually Happened in 2025

Understanding the Accounting Standards

AMGECU Credit Union is required to comply with international accounting standards and international financial reporting standards in the preparation of its Financial Statements.

In 2025 the Credit Union was required to make an adjustment to an asset (employee benefit assets) to ensure compliance with these standards and reporting requirements.

Understanding the Accounting Standards

This adjustment was mandated by international accounting and financial reporting standards.

- **IAS 19** - is an international accounting standard that prescribes the recognition, measurement, and disclosure of all types of employee benefits, including pensions and post-employment benefits.
- **IFRIC**: It stands for the *International Financial Reporting Interpretations Committee*. This committee issues official interpretations of International Financial Reporting Standards (IFRS) to clarify how the standards should be applied in practice.

Write-Down Impact on Financial Statements

Statement of Financial Position (2025)

The Employee Benefit Asset recorded a notable decline, which contributed to a reduction in total assets. The reduction also flowed through to Undivided Surplus, which supports dividend payments.

Statement of Comprehensive Income (2025)

The adjustment was recorded as an actuarial loss in Other Comprehensive Income (OCI), not as an operating loss, highlighting that lending, investments, and member services remained profitable.

Write-Down Impact on Financial Statements

What Changed vs. What Didn't

Operating income and net surplus from normal activities increased compared to the prior year. The write-down is a one-time accounting adjustment and is not expected to recur annually unless accounting conditions change again.

How to Read the Results

The statements show a well-managed Credit Union with strong operating surpluses, even though reported members' equity (Undivided Surplus) temporarily declined. Members should focus on underlying operational performance and liquidity strength, not only headline figures.

Extract from 2025 Statement of Financial Position

Non-Current Assets:		2025	2024
Loans to members	8	101,604,129	102,838,039
Other financial assets	9	47,799,742	41,815,431
Employee benefit assets		66,000	7,433,000
Available for Sale Assets	10	3,248,828	-
Investment properties	11	13,749,891	17,113,005
Fixed assets	12	6,398,035	6,297,897
Total Non-Current Assets		172,866,625	175,497,372

Extract from 2025 Statement of Financial Position

Members' Equity:		2025	2024
Reserve Fund	18	19,934,110	19,042,204
Building Fund	19	-	7,536
Education Fund	19	200,000	200,000
Charitable Fund	19	50,000	50,000
Investment Re-measurement Reserve	20	1,687,242	2,049,424
Undivided Surplus		4,095,201	10,416,016
Total Members' Equity		25,966,553	31,765,180



Operational Performance Remains Strong



Income and Profit Trends Over Time

Financial Trend Highlights 2023 to 2025



1. Total Income: 2023 to 2025



Key message: Total Income increased each year, ending 2025 at the highest level in the three year period.



2. Net Surplus

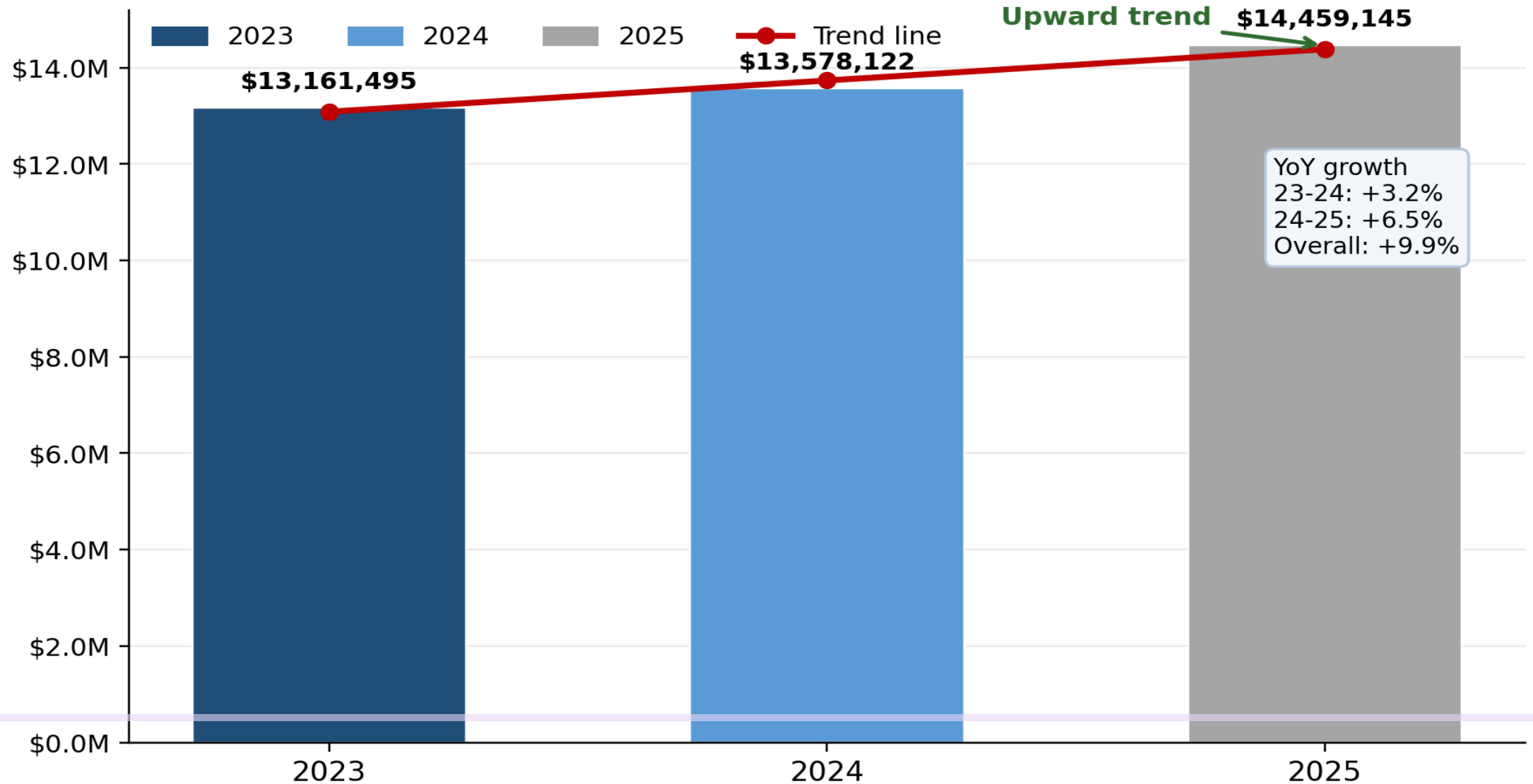


Key message: Net Surplus also rose across the period, with the strongest level recorded in 2025.

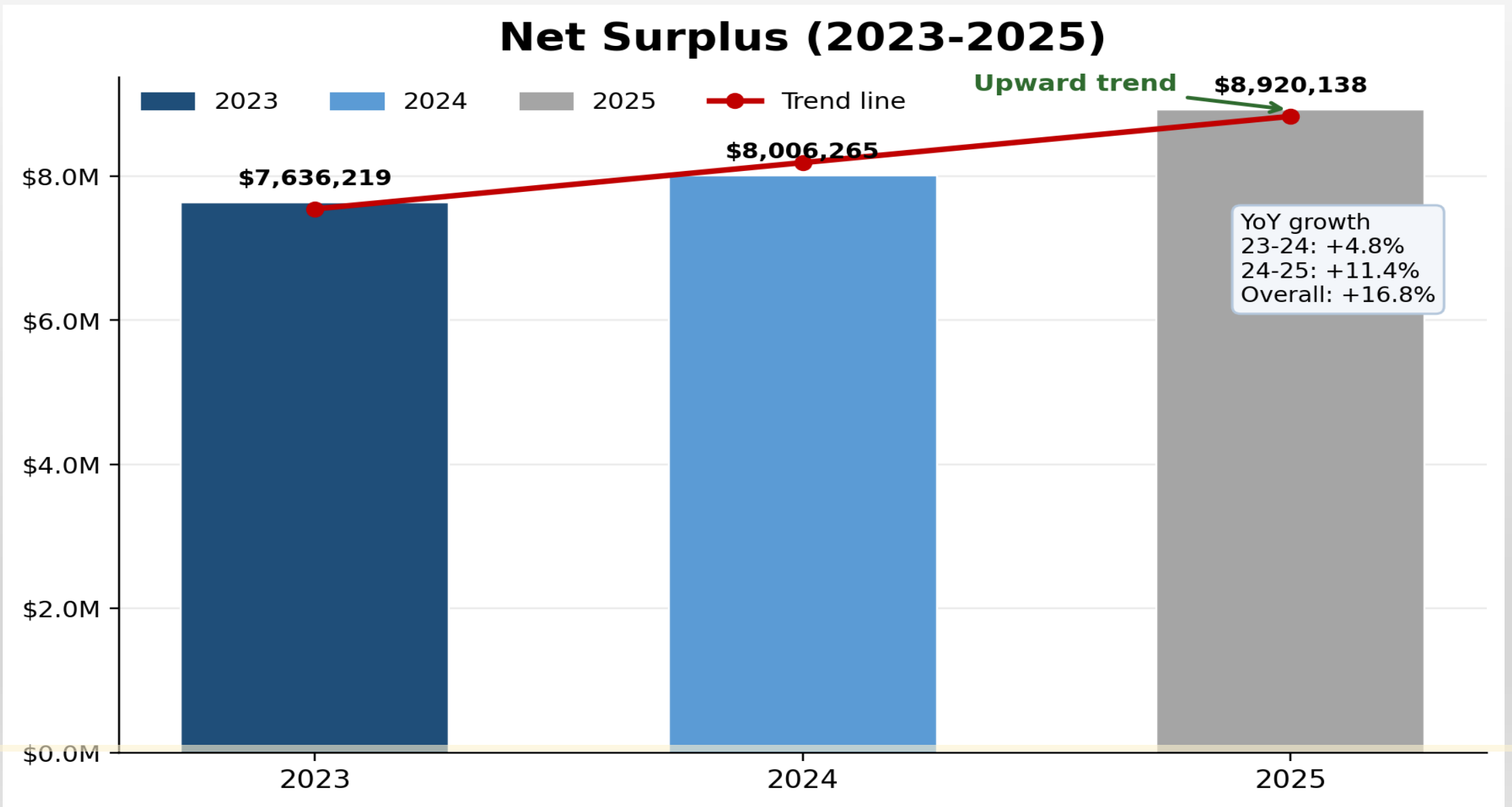


Income Continued to Grow from 2023 to 2025

Total Income (2023-2025)



Net Surplus Continued to Grow from 2023 to 2025





What This Means for Members

Dividend Impact of Write-Down

Dividend Rate Reduction

The most noticeable impact is a reduction in 2025 dividend capacity. The Undivided Surplus account is the primary source used to pay dividends, and the actuarial adjustment significantly reduced this balance, bringing the 2025 dividend rate below the recent historical range of 4% to 2.47%.

This reduction was not caused by weak operating performance; rather, it reflects accounting rules that required a large, one-time reduction in the Undivided Surplus account.

To stabilize dividends and protect confidence, the Board has taken proactive steps, by implementing a recovery plan designed to rebuild the Undivided Surplus account from 2026 onwards. While the short-term impact is disappointing, ongoing earnings and disciplined management will gradually rebuild the Undivided Surplus and support sustainable dividends over time.

Honorarium Payments

Honorarium Payments

In recognition of the impact that the accounting write-down had on the Credit Union's 2025 dividend distribution, Directors and Committee Members will not receive honorarium payments for the year ended 31st December 2025.

This action reflects the Board's commitment to accountability, responsible governance, and placing members' interests at the forefront of decision-making.



Looking Ahead with Confidence

The Board's Plan for the Future

Rebuilding Undivided Surplus through disciplined growth

The Board, Management and Staff will grow income through prudent lending and investment strategies, supported by strict cost controls and refined risk-based lending policies to protect asset quality.

Transparency, continuity, and confidence beyond 2025

Clear communication with members will continue to reinforce trust and understanding. While 2025 was a challenging reporting year (due to the asset write down), it was also a reset point, AMGECU remains committed to long-term stability, service excellence, and members' financial well-being.

2026 Budget and Dividend Projections

Income Projection - 2026

For the financial year ending 31st December 2026, AMGECU Credit Union is projecting Total Income of approximately **\$16.2 million**. This represents a projected increase of **12.3%** compared to 2025.

This projected growth reflects the Credit Union's continued focus on strengthening its core operations, enhancing revenue generation, improving operational efficiency, and positioning the organization for long-term financial sustainability.

2026 Budget and Dividend Projections

Net Surplus Projection - 2026

For the year ending 31st December 2026, AMGECU is projecting a **Net Surplus of approximately \$9.5 million**, representing an increase of **7.4%** over 2025.

The projected improvement in profitability is expected to be driven by stronger operating performance, disciplined financial management, continued cost containment initiatives, and strategic efforts aimed at growing the Credit Union's lending and income-generating activities.

2026 Budget and Dividend Projections

Dividend Projection - 2026

Based on the projected Net Surplus of **\$9.5 million**, the Credit Union is currently projecting a **minimum dividend rate of 4% for 2026**.

Following the proposed payment of dividends, the balance in the **Undivided Surplus Account** is projected to increase to approximately **\$1.6 million**, further strengthening the Credit Union's financial position and supporting future growth and stability.



Key Takeaways



Key Takeaways for Members

Write-down explained

The 2025 asset write-down reflects the application of international accounting standards; not financial losses or mismanagement.

Savings remain secure

No cash was lost. AMGECU continues to generate operating income and maintain healthy liquidity.

Dividends & actions

Although dividends are lower for 2025, a recovery plan is in place to restore higher payouts beginning in 2026.

Trust & transparency

The Board remains focused on accountability and transparent communication. AMGECU is stable, resilient, and member-first.



Video Summary



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Q & A

Questions and Answers



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