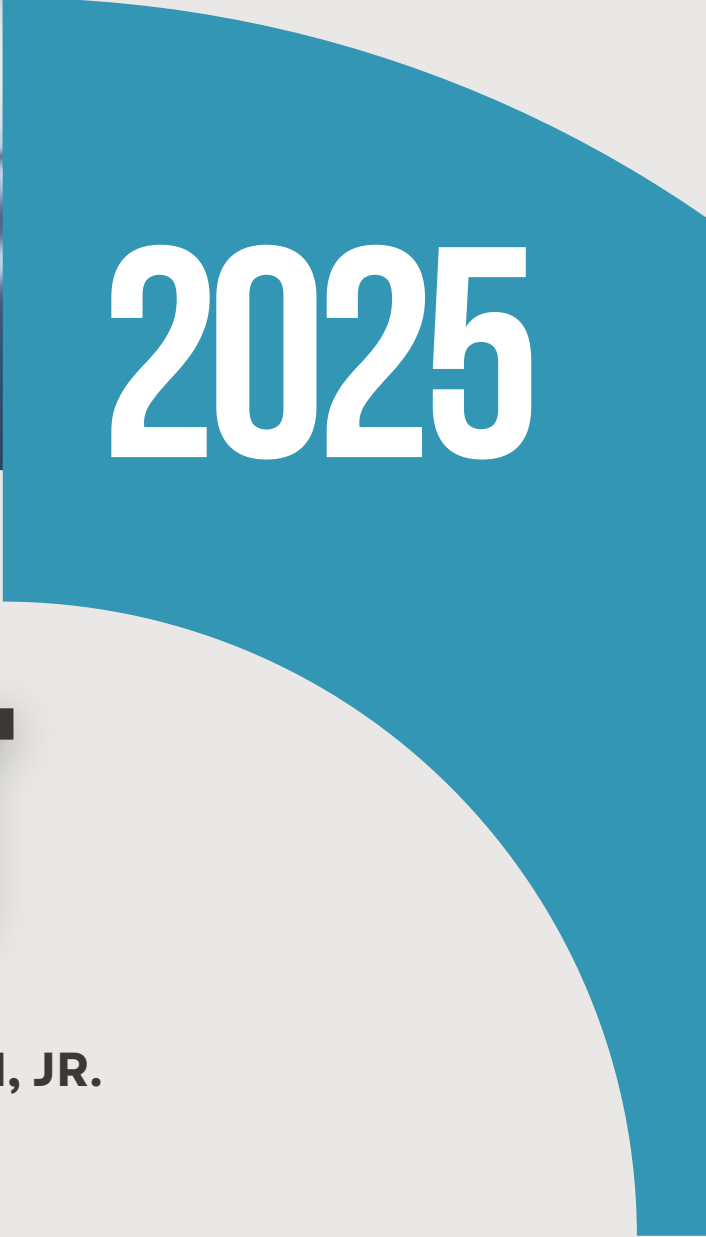




COOPERATIVA
Rafael Carrión, Jr.



2025

ANNUAL REPORT

COOP. A/C RAFAEL CARRIÓN, JR.

April 25, 2026



VISION

Our vision is to expand our service capabilities until we become the main financial center for our Members.

MISSION

Provide financial services of excellence, under the most favorable market conditions, improve the quality of life of our Members, encourage the habit of saving and the prudent use of credit and promote the development and strengthening of our Cooperative.

AGENDA

- Determination of Quorum
- Reflection
- Anthems of the United States, Puerto Rico and Cooperativism (cooperativism)
- Presentation Board Members, Executive Chairman and members.
- Beginning of the works
- Rules of the Meeting
- Reading and approval of 2024 Annual Meeting minutes
- President of the Board and Executive President Report
- Reading and approval of the audited Financial Statements on December 31, 2025, comparative 2024
- Election of District delegates
- Raffle
- End of 2025 Annual Meeting



ASSEMBLY RULES

To achieve the greatest effectiveness of the Assembly, the adoption of the following rules is proposed. Once approved, they will govern the debate.

- Every member shall have a legitimate opportunity to speak, provided that their participation is in accordance with the Agenda established at the beginning of the Assembly.
- No member may speak without first being recognized by the Presidency.
- Before speaking, every member must identify themselves by name and membership number.
- Members shall have voice and vote in the Assembly and may present motions or resolutions for consideration by the body, provided they are current in the payment of their dues.
- In the deliberation of matters, the member who proposes a motion has the right to open and close the debate on it, without prejudice to the provisions set forth in the previous Rule of Debate.
- Speaking turns shall be granted by the Presidency under equal conditions and shall not exceed a maximum of two minutes per turn, nor more than two turns per matter.
- The debate shall be strictly limited to the topic under discussion.
- No member may interrupt another who is speaking, except in those instances permitted by parliamentary procedure.
- Arguments in favor of or against a motion shall be prohibited once voting has begun.
- No member or participant in the Assembly shall engage in personal attacks.
- When the Presidency declares the expression “out of order,” the member must immediately cease speaking and return to their seat.



MESSAGE

PRESIDENT OF THE BOARD OF DIRECTORS AND THE EXECUTIVE PRESIDENT

It is an honor to extend the warmest welcome to you at this 2025 Members' Assembly of the Cooperativa Rafael Carrión Jr. (CRCJr.). To you, our members, we thank you for your presence and commitment; always know that your participation is fundamental to our growth and strength. We also thank our distinguished guests for joining us.

During this morning, we will be presenting issues of great importance, where you will be called upon to make key decisions for the continued progress of this Cooperative. We also wish to emphasize that this continued progress would not be possible without the involvement of the Delegates, in whom you placed your trust at the last Assembly, to collaborate either on the Board of Directors or on the Committees. Likewise, this progress extends to other volunteer leaders appointed by the Board of Directors as collaborators.

We especially recognize that this continued progress is made possible thanks to the employees of the Cooperative, led by our Executive President, Mr. José Cruz Vélez. They are the ones who make this possible day in and day out through their ongoing dedication, trust, and commitment.

Welcome to everyone and thank you very much for your valuable collaboration.

This Assembly, where the 2025 financial statements will be discussed, has been organized for everyone's enjoyment, so that you may receive first-hand information about the finances of our Cooperative.

We want to inform you that this Board of Directors and the Administration wish to render a well-deserved recognition to an exemplary former employee, whose career has been distinguished by commitment, professionalism, and a true vocation for service.

This former employee and member is Mr. Rafael A. Vera, who for the past 43 years has demonstrated dedication, commitment, and exemplary effort in service to our Cooperative. Your work has been fundamental to the growth, continuity, and success of our cooperativist family.

We dedicate this Assembly as a token of our profound gratitude for your steadfast dedication, your sense of responsibility, and the positive impact you have had on our Cooperative and on each one of our members.

In the name of the members, the Administration, and the entire work team, we express our sincerest recognition and reiterate our gratitude for your contributions.

With great pride, we dedicate the 2025 Members' Assembly to you!

MESSAGE

PRESIDENT OF THE BOARD OF DIRECTORS AND THE EXECUTIVE PRESIDENT

OPERATIONAL ACHIEVEMENTS

During 2025, our Cooperative achieved significant operational milestones that reflect the commitment, discipline, and continuous effort of our entire work team—employees, the Board of Directors, and working committees.

Among the main achievements are technological improvements that help strengthen quality, security, and regulatory compliance, particularly in cybersecurity. These efforts are aligned with our strategic objectives and with our regulatory authority, COSSEC.

We deeply appreciate the dedication and professionalism of all our collaborators, whose work was essential in closing the year with positive results and moving forward confidently toward new challenges.

Financial Information

It is important to highlight the stability of our Cooperative's total assets, which amount to \$68,060,881, as well as the increase in the loan portfolio of \$565,760, which has remained consistent in recent years. This growth is thanks to your continued support in choosing the Cooperative as your best option for obtaining credit. The high level of diligence of our Credit Committee, the Administration, and the collaboration of the Supervisory Committee has been fundamental to achieving these results.

We also encourage you to continue investing in Cooperative shares, which increased by \$553,798 compared to the previous year.

Meetings

In compliance with Law 255, the Credit Union and Cooperative Societies Act of 2002, the Board of Directors convened its regular monthly meetings, holding a total of twelve (12) meetings, all of which met the legally required quorum for decision-making. Additionally, two (2) Special Board Meetings and two (2) Delegates' Assemblies were convened.

Likewise, the Chair of the Board and the Executive President participated in meetings of the Education Committee, Lending Standards Committee, Scholarship Committee, employee meetings, technology-related project meetings, and training sessions addressing matters directly related to our responsibilities.

Our directors and employees regularly receive financial statements, as required by Law 255. We recognize that this practice is fundamental to transparency, trust, and responsible decision-making, for the benefit of our Cooperative and its members.

Training

We participated in the training programs required by COSSEC, reinforcing critical topics such as banking secrecy, fraud prevention, regulatory compliance, Law 255, investments, ethics, among others.

MESSAGE

**PRESIDENT OF THE BOARD OF DIRECTORS AND
THE EXECUTIVE PRESIDENT**

Dividend Distribution

At the last Members' Assembly, held on April 26, 2025, members were informed that the operational surplus available for distribution as of December 31, 2024, amounted to \$691,371.85.

At the Delegates' Assembly held on May 3, 2025, the distribution of the surplus was approved as follows:

- 40% in dividends
- 60% in patronage dividends

Subsequently, it was approved by COSSEC.

On May 7, 2025, the amounts were capitalized into members' share accounts. We appreciate your continued patronage and support of this, your Cooperative. Your best benefit!

COSSEC Follow-Up Audit

As we informed you at the previous Assembly, COSSEC conducted a Financial and Operational Evaluation Audit, with findings related to changes in the Core Banking System and system stability. As previously reported, the most critical matters were those related to cybersecurity. We continue to improve and strengthen data protection safeguards.

Another finding was related to reporting Type 2 member loans to credit reporting agencies, which, due to limitations of the previous core banking system, could not be reported. At this time, we inform you that the tests required by the credit agencies have already been completed and that these loans will soon be reported to the credit bureaus.

Supervisory Committee Intervention

The Supervisory Committee, in fulfillment of its duty to oversee the Cooperative's economic and social activities and to ensure that the Board of Directors complies with the law, bylaws, regulations, and Assembly resolutions, carried out an intervention at the Cooperative. This review covered the period from October 1, 2024, through September 30, 2025. In its report, the Committee concluded that the Cooperative complies with all legal requirements.

We thank the Supervisory Committee and its members for their continued support of the Board and the Administration. Their contributions allow us to perform more effectively for the benefit of our members.

MESSAGE

PRESIDENT OF THE BOARD OF DIRECTORS AND THE EXECUTIVE PRESIDENT

Cooperative Movement Assemblies

We continue to promote the name of the Rafael Carrión Jr. Cooperative in leading cooperative forums. Members of the Board of Directors and the Administration have participated in the assemblies and meetings of the organizations of which we are members, including:

- COSSEC Assembly
- Assembly of the Multiple Insurance Cooperative
- Annual Congress of the League of Cooperatives
- Assembly of the Metropolitan Council of the League of Cooperatives
- National Convention of Cooperative Executives of Puerto Rico
- Monthly meetings of the Metropolitan Council, a structure of the League of Cooperatives of Puerto Rico

It should be noted that our Cooperative's representative, Mr. Juan Cruz, through his participation in the Metropolitan Council meetings, was nominated for a position on the Metropolitan Council's Board of Directors. By vote, our director won the position. We are very proud of this achievement and of the representation attained by our Cooperative.

PROJECTS AND CHANGES

Bylaws

We once again inform you that our amended Bylaws are available on the Cooperative's website at www.cooprafaelcarrionjr.com.

Policy Review

As an annual project, we continue with the periodic review of the Cooperative's policies, with the sole purpose of keeping them current and up to date, for the benefit of all and in compliance with COSSEC.

Core Banking System – NCUS Web

As you know, our core banking system, NCUS Web, under its provider Helvetia del Caribe (HDC), continues to provide the service that you, our members, expect and need.

We recognize the benefits of the system and the advanced technology it provides, including speed and security.

Once again, we encourage our members to register for and use the Home Banking service via computer or mobile phone. This service already has 3,306 registered members, allowing users to check balances, view account statements digitally, request balance certifications, among other services.

One of the previously announced achievements that will be implemented in the coming months includes:

- Acceptance of deposits into savings accounts outside of payroll contributions
- Reporting loan experiences to credit bureaus
- Text message notifications via mobile phone

MESSAGE

PRESIDENT OF THE BOARD OF DIRECTORS AND THE EXECUTIVE PRESIDENT

October – Cooperative Month

This year, in addition to the traditional Scholarship Award Ceremony, our Education Committee organized and carried out the Cooperative Month Trivia.

- Our traditional Cooperative Month activity was the Scholarship Award Ceremony, during which—this year and with approval from the Board of Directors—22 university students, children of members, were awarded educational scholarships in accordance with the established policies. We extend our gratitude to the Scholarship Committee and the Administration for their dedication and commitment in achieving this goal.
- Cooperative Month Trivia – a new and fun activity that gave our members and potential members the opportunity to learn more about cooperativism by answering questions whose answers are available on the Cooperative’s website. A total of \$2,500 in prizes was awarded. We also thank the Education Committee for this outstanding activity.

Achievement Activity

Traditionally, the Cooperative annually celebrates the Achievement Activity among members of the Governing Bodies, Delegates, Employees, and Collaborators. This is a way to express our appreciation for the time invested in carrying out projects, meetings, plans, activities, among others. We encourage you, our members, to take an interest in contributing to this Cooperative through its Committees or Board of Directors.

Youth Committee

In compliance with Law 255, the Cooperative is currently developing the Youth Committee, with the purpose of identifying members between the ages of 18 and 35 to become part of this Committee. You have already heard information about this initiative; we seek to identify these members and prepare them for the future so that they may become leaders within this Cooperative.

Commitment and Effort

Among the goals of the Rafael Carrión Jr. Cooperative is to improve the quality of life of its members and the community, maintaining a focus on mutual assistance, solidarity, and democratic management.

Let us always keep in mind the principles of Cooperativism:

- Address the economic, social, and cultural needs of members (employment, consumption, credit, housing, services, etc.).
- Human well-being is more important than individual economic gain.
- Each member has a voice and a vote in decision-making, regardless of the amount of capital contributed.
- Members collaborate with one another to achieve collective benefits, not to compete.
- Surpluses are distributed fairly or reinvested to strengthen the cooperative and the community.
- Contribute to the social, economic, and environmental progress of the environment in which the cooperative operates.
- Promote cooperative education, ethical values, and continuous training.

MESSAGE

PRESIDENT OF THE BOARD OF DIRECTORS AND THE EXECUTIVE PRESIDENT

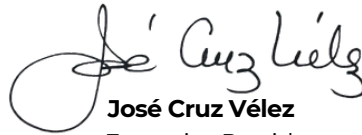
We are always grateful to our members for their continued patronage and for allowing us to remain your best financial alternative. You are the ones who keep us diligent and attentive in offering the best technological options, the best economic credit alternatives to help you achieve your financial goals, and above all, the best service so that we may continue to be **your best benefit.**

Once again, we thank God first, and each one of you, for the opportunity and the honor of leading this Cooperative from our positions as President of the Board of Directors and Executive President. Our beloved Cooperative—**Your Best Benefit!**



Brunilda Concepción

President, Board of Directors



José Cruz Vélez

Executive President

MESSAGE

SUPERVISORY AND AUDIT COMMITTEE

Report of the Supervisory and Audit Committee to the members of our Cooperativa Rafael Carrión, Jr. It is our responsibility to assist internal and external auditors in the examination of the accounts and operations of our Cooperative.

An operational review was conducted from September 2025 to December 2025, evaluating the period from October 2024 to September 2025; this review is available to any member of our Cooperative.

We have ensured that our CrCooperative complies with the recommendations contained in the audits conducted, overseeing the legality of the actions of the Board and management. We attest to the accuracy of the reports being presented to the members and to the safeguarding of the Cooperative assets.

During the year, the Supervisory Committee held at least one monthly meeting to discuss and analyze all matters of great importance to all members.

- The minutes of the monthly meetings of the Board of Directors of the Cooperativa Rafael Carrión, Jr. were reviewed.
- The monthly financial statements presented to the Board of Directors were analyzed.
- Emphasis was placed on the responsibility of Board members to comply with the requirements of Law 255 (Cooperative Act of 2002) in order to continue serving as Directors.
- We ensured that all agreements adopted by the Board of Directors were carried out.
- We confirmed that all members of the Board of Directors, Committees (Supervisory, Education, and Credit), and employees of the Cooperative comply with continuing education requirements by attending the necessary and appropriate seminars.

We would like to express our gratitude to the Board of Directors, as well as to the Administration of the Cooperative and all its staff, for their cooperation, which allowed us to fully carry out our responsibilities.

Therefore, we inform all members of the Cooperativa Rafael Carrión, Jr. that the work and responsibilities of the Board and Committees generally comply with their obligations in accordance with Law 255.

Supervisory Committee:

- Mrs. Bárbara Pérez – President
- Mrs. Sheila Pagán – Secretary
- Mrs. María D. Carvajal – Director

MESSAGE

TREASURER

Dear Members, Board of Directors, Supervisory Committee, Credit Committee, Education Committee, delegates, Cooperative Administration, and special guests: please receive a cordial greeting.

Our Cooperative's funds were managed responsibly, in accordance with internal policies, applicable laws, and cooperative principles, ensuring the protection of assets—as certified by our audit results. During the year, I had the opportunity to review the budget on three occasions alongside the Executive President and the Assistant Treasurer; this allowed us to evaluate our finances and offer recommendations to achieve our expected results.

The Cooperative's financial situation reflected stable asset performance and the strengthening of its institutional capital. This result is the product of prudent administration oriented toward compliance with our internal policies and the sound financial practices that govern the cooperative movement.

Likewise, an adequate level of liquidity was maintained, allowing the institution to meet its operational obligations and respond efficiently to our members' service needs without compromising the Cooperative's financial solidity.

Regarding the reserves required by law and applicable regulations, the Cooperative continued to comply with established levels, thereby strengthening its capital structure and ensuring its capacity to face potential financial risks in the future.

The financial statements for the reported period were evaluated by this Board of Directors and reasonably reflect the economic condition of the institution. Similarly, recommendations issued by the Supervisory and Audit Committee and external auditors were followed up on as part of our commitment to transparency and good governance.

The responsible management of income and expenses allowed for adequate control of financial operations, contributing to favorable results at the close of the fiscal year. These results support the continuity of our operations and the strengthening of services offered to our membership.

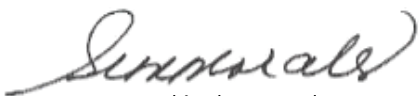
We have a safe, solid, and stable cooperative for our members with excellent results. The data from the audited financial statements as of December 31, 2025, are as follows:

Financial Highlights (as of Dec 31, 2025)

- Total Assets: \$68,060,881
- Deposits: \$34,724,355
- Shares: \$26,037,480
- Net Loan Portfolio: \$34,744,057
- Indivisible Capital Reserve: \$4,507,838
- Voluntary Reserves: \$1,028,849
- Operating Surplus: \$690,942

I thank every member for the trust placed in this Board, in each of the Committees, and in the Cooperative's employees. We will continue to work with the responsibility that falls to us for the good of our Cooperative.

I urge you to continue being part of this "Great Family" that our Cooperativa Rafael Carrión, Jr. has become.



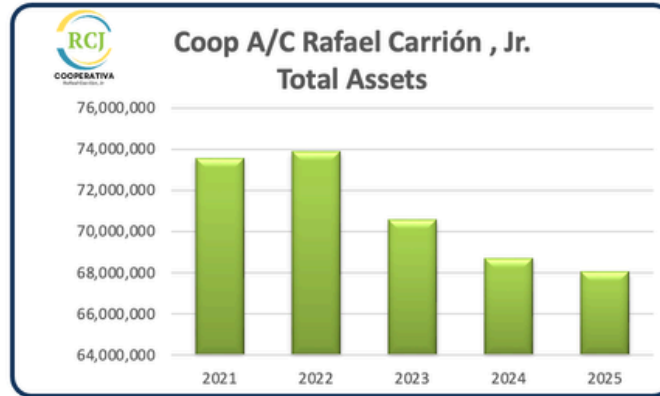
Marta L. Meléndez Morales
Treasurer, Board of Directors

ASSETS

SHARES AND SAVINGS

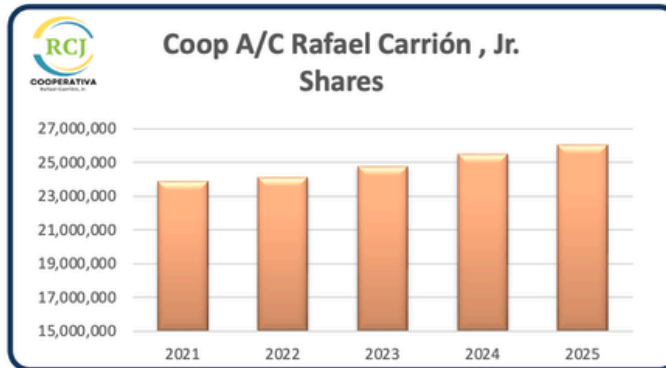
**Coop A/C Rafael Carrión , Jr.
Total Assets**

| | |
|-------------|-------------------|
| 2021 | 73,578,320 |
| 2022 | 73,902,371 |
| 2023 | 70,573,569 |
| 2024 | 68,716,707 |
| 2025 | 68,060,881 |



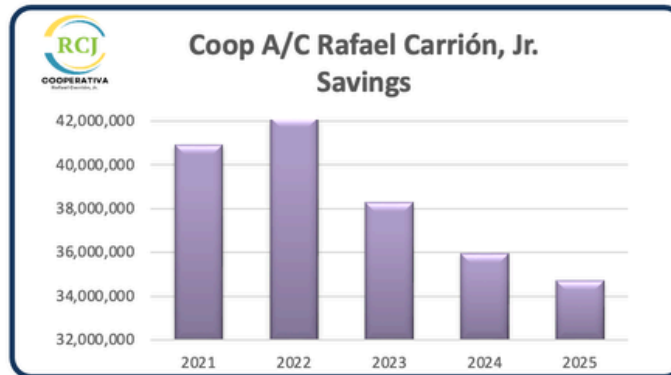
**Coop A/C Rafael Carrión , Jr.
Members Shares**

| | |
|-------------|-------------------|
| 2021 | 23,883,995 |
| 2022 | 24,124,390 |
| 2023 | 24,774,959 |
| 2024 | 25,513,682 |
| 2025 | 26,037,480 |



**Coop A/C Rafael Carrión , Jr.
Regular Savings**

| | |
|-------------|----------------------|
| 2021 | 40,911,139.31 |
| 2022 | 42,136,293.00 |
| 2023 | 38,282,825.00 |
| 2024 | 35,956,981.00 |
| 2025 | 34,724,355.00 |

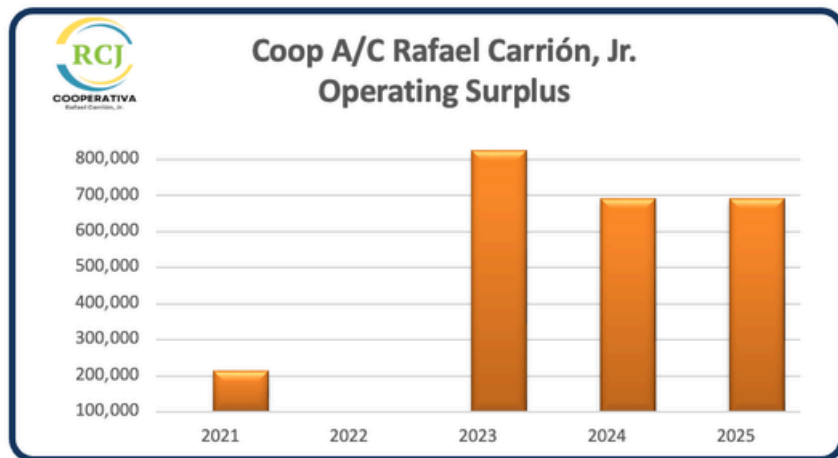


ASSETS

OPERATIONAL SURPLUS

Coop A/C Rafael Carrión , Jr. Operating Surplus

| | |
|-------------|-------------------|
| 2021 | 214,112.62 |
| 2022 | Ver Nota |
| 2023 | 825,208.00 |
| 2024 | 691,412.00 |
| 2025 | 690,942.00 |



NOTE: In the 2022 period there were no surpluses to Distribute, they were used to complete the Impairment Reserve and a Contingency Reserve. Detail explained in the last Members' Assembly and in the 2022 Audited Financial Statements.

MESSAGE

EDUCATION COMMITTEE

The Education Committee of the Cooperativa Rafael Carrión, Jr. reaffirms its steadfast commitment to the education and continuous development of its members. During the 2025–2026 cooperative year, the Committee carried out multiple initiatives aimed at providing educational resources and cooperative information, with the purpose of strengthening the participation and sense of belonging of our members.

Through various communication channels—including social media and the Cooperative’s website, as well as the distribution of flyers at Evertec and Popular offices—guidance was offered and relevant information was shared regarding the Cooperativa Rafael Carrión, Jr., its products and services, its history, and the benefits individuals obtain by becoming members. Similarly, educational visits were made to various Evertec and Popular facilities at ILS Cupey, Evertec, and Señorial as part of our outreach and cooperative education efforts.

As part of our commitment to continuing education, all Committee members—both new and existing—completed the training hours required by COSSEC. Additionally, some delegates participated in informative talks offered by Seguros Múltiples, thereby expanding their knowledge in complementary areas of cooperative interest.

In the area of educational support, scholarships were awarded to 22 outstanding students who are children of Cooperative members. As part of the Committee’s duties, the essays submitted for the scholarship activity were evaluated, and three outstanding essays were awarded to young people who presented innovative proposals on how to support the Cooperative through strategies aimed at connecting youth with the cooperative model.

Furthermore, as part of the efforts to promote the cooperative message, values, and institutional mission, the Committee organized an educational trivia event in which 748 members and 64 potential members (employees of Evertec and Banco Popular) participated. This initiative aimed to educate people on what it means to be a member of the Cooperativa Rafael Carrión, Jr. As a result of the activity, 26 prizes of \$75 were awarded to members who answered all questions correctly, and 8 prizes of \$25 were awarded to potential members who also correctly completed the trivia.

Looking toward the future, the Education Committee’s next steps include continuing to evaluate innovative methods and alternatives so that members can continue strengthening their knowledge of the Cooperative’s values, principles, and benefits. Among the initiatives under consideration is the organization of an interactive and informative event focused on financial education, which would also allow members who are business owners to present their products, share experiences, and foster fellowship among the membership.

Finally, the members of the Education Committee express their most sincere gratitude to all Cooperative staff, the Board of Directors, and the other working committees for the backing and support provided throughout the year.

Committee Members:

- Christopher Serrano Blanco
- Adalgisa Gotier
- Carmen Barceló
- Evelyn Falcón
- Luz María Kepis
- Carmen Rodríguez
- Cindy Galarza (Board Representative)



Christopher Serrano Blanco
President, Education Committee

MESSAGE

CREDIT COMMITTEE

Greetings, fellow members/owners:

In compliance with Law 255 of 2002, the Board of Directors appoints the officers who will comprise the Credit Committee every year. During the year 2025, the Committee was composed as follows:

- Efraín Hernández Torres – President
- María de los A. López – Secretary
- Magda Cana – Member
- Maite Zulueta – Alternate
- Mayra Pelegrí – Alternate

The credit officers in the office are:

- Isabel Cruz Olivares
- Noemí Benítez Menéndez

The established Credit Committee meets once a week to analyze applications that present any exception to the parameters set for credit approval. A decision is then made, and at the end of the meeting, minutes are prepared covering the work performed. Other matters are also included if they arise. We collaborate with the Board of Directors on amendments to and reviews of the Credit Policy. We are also responsible for preparing monthly reports on loans received, approved, denied, counter-offered, and pending. This report is presented to the Board by Mr. José Cruz, our Executive President, at their monthly meeting.

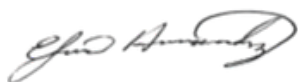
Attached are the Loan Report, graphs, and active loans as of December 31, 2025.

Throughout the year, the Credit Committee has been meeting to review Lending Standards to adapt them to the current economic situation, along with amendments to the credit policy. These recommendations will be presented to the Board of Directors and will be implemented following their approval during this year, 2026.

Many thanks to all our colleagues in the office for their cooperation with this Committee. We will continue our commitment to achieving the best performance for the benefit of our fellow members/owners and to complying with established credit laws and regulations.

We urge you to continue patronizing our Cooperative; it is a magnificent benefit.

Sincerely,



Efraín Hernández Torres
President, Credit Committee



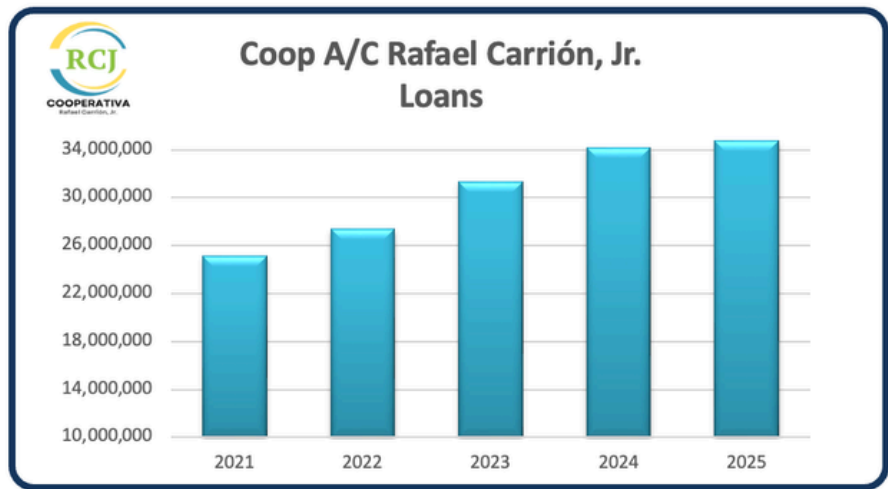
María de los A. López Falcón
Secretary, Credit Committee

LOANS

PORTFOLIO

Coop A/C Rafael Carrión , Jr. Loans

| | |
|-------------|-------------------|
| 2021 | 25,161,558 |
| 2022 | 27,387,891 |
| 2023 | 31,329,436 |
| 2024 | 34,178,297 |
| 2025 | 34,744,057 |





BOARD OF DIRECTORS

- Brunilda Concepción - President
- Carlos A. Aponte - Vicepresident
- Alexandra Soto - Secretary
- Juan G. Cruz - Sub-Secretary
- Marta Meléndez - Treasurer
- María T. Zulueta - Sub-Treasurer
- Cindy E. Galarza - Director
- José Orta Meléndez - Director
- Rafael A. Nieves - Director
- María O. Hernández - Director
- Iliana Pardo - Overseas District Director



- José A. Cruz – Chief Executive Officer
- Gabriel Maldonado – Operations Officer
- Pedro A. Rodríguez – Accounting Officer
- Isabel Cruz Olivares – Loan Officer
- Rosa Agosto – Compliance Officer
- Francisco Correa – Collections Officer
- Xiomara Vázquez – Service Representative
- Noemi Benítez – Operations Assistant



SUPERVISORY COMMITTEE

- Barbara Pérez - Presidenta
- Sheila Pagán - Secretaria
- Dolores Carvajal - Directora



CREDIT COMMITTEE

- Efraín Hernández – President
- María de los A. López – Secretary
- María T. Zulueta – Alternate
- Magda Cana – Alternate
- Mayra Pelegrí – Alternate



EDUCATION COMMITTEE

- Christopher Serrano – President
- Adalgisa Gotier – Vice President
- Carmen Barceló – Secretary
- Luz M. Kepis – Member
- Evelyn Falcón – Member
- Carmen Rodríguez – Member
- Cindy E. Galarza – Board of Directors Representative

WHAT IS A DELEGATE?

He is the representative of the other members of the same District. It brings the concerns of its delegates to the Assembly and then transmits its agreements to them. It is a link between the Cooperative and the members.

TO BE A DELEGATE YOU MUST:

Be over 21 years of age, to participate with voice and vote in district assemblies, on the basis of equality, mutual respect and decorum.

Elect and be elected to hold positions in the Governing Bodies of the Cooperative, including the election of directors.

Elect and be elected to serve as a Delegate for your district.

Be informed of the State of the Financial Situation of the Cooperative and the operations and activities that it carries out through corresponding reports.

Use the services of the Cooperative.

Stay up to date with your commitments in the Cooperative.

Attend the Assembly of Delegates to which you were elected and exercise your right to vote.

Receive and discuss in district assemblies and delegates (if elected) the Reports submitted by the Board of Directors and Committees.

Make recommendations to the Board of Directors about the programs to be developed in the Cooperative.

Make recommendations, through its delegates, on the expansion projections and creation of new services in the Cooperative.



INTERNET BANKING

Take advantage of the convenience of Our Internet Banking.

Access your accounts from the comfort of your home with Home Banking.

Manage your money wherever you want, whenever you want. From your computer, tablet or cell phone you can use Home Banking to:

- Check balances and transactions
- Make payments on your loans (from savings in the Cooperative)
- Receive alerts and account statements

If you are not yet registered, you can register at www.cooprafaelcarrionjr.com.

Easy, fast and secure!

REGISTRATION

The registration process is simple.



Visit our website:
www.cooprafaelcarrionjr.com



Click on the
“Access”
button at the
top right of
the page



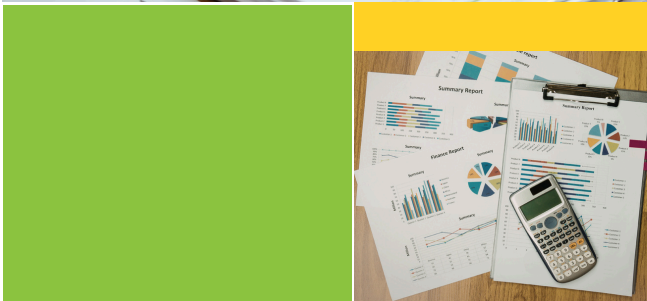
Select the
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registered?
Click here to
sign up.”



Accept the
terms and
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FINANCIAL STATEMENTS

AUDITED



Prepared by:
CPA. Agustín Rodríguez
Certified Public Accountant



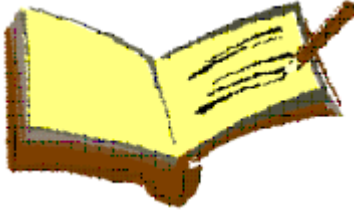
**COOPERATIVA DE AHORRO Y CRÉDITO
RAFAEL CARRIÓN JR.**

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2025 AND 2024**

**COOPERATIVA DE AHORRO Y CRÉDITO
RAFAEL CARRIÓN JR.
FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

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MEMBERS:
AMERICAN INSTITUTE OF CERTIFIED PUBLIC
ACCOUNTANTS (AICPA)
PUERTO RICO SOCIETY OF CERTIFIED PUBLIC
ACCOUNTANTS

CPA AGUSTÍN RODRÍGUEZ NIEVES
CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITORS' REPORT

Board of Directors
Cooperativa de Ahorro y Crédito
Rafael Carrión Jr.
Corporación para la Supervisión y Seguro
de Cooperativas de Puerto Rico
San Juan, Puerto Rico

Opinion

I have audited the financial statement of Cooperativa de Ahorro y Crédito Rafael Carrión, Jr. (a cooperative), which comprise the statement of financial condition as of December 31, 2025 and 2024, and the related statements of income and expenses, changes in Members' Equity and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, due to the significant of issues discussed in the Basis for Adverse Opinion paragraph, the financial statements referred to above not present fairly, in all material respect, the financial condition of Cooperativa de Ahorro y Crédito Rafael Carrión, Jr. as of December 31, 2025 and 2024, and the results of its operations, changes in partners equity and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for the Adverse Opinion

As described in the Note 1 of the financial statements, the cooperative presented the financial statements conformity with Law 255 of October 28, 2002, as amended, which is considered a base of accounting practices different to them accounting principles generally accepted in the United States of America.

Board of Directors
Cooperativa de Ahorro y Crédito Rafael Carrión, Jr.

The effect on the financial statements of the variances between the regulatory base and accounting principles generally accepted in the United States of America are significant. If the financial statements had been classified in accordance with generally accepted accounting principles, the total assets would decrease by \$0 and \$587,591; the liabilities would increase by \$25,352,826 and \$24,916,312 and the participation of the members equity would decrease by \$25,352,826 and \$24,916,312 for the years ended on December 31, 2025 and 2024. For the year ending December 31, 2025, the operating result would change from a net income of \$381,830 to a net loss of \$386,800 and for the year ended December 31, 2024 the operating result would change to a net loss of \$200,791.

I conducted my audits in accordance with auditing standards generally accepted in the United States of America (GAAS). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Cooperativa de Ahorro y Crédito Rafael Carrión, Jr. and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for our audit opinion.

ENFASIS OF A MATTER - Special Investments - Puerto Rico Bonds

During the year 2018, the Cooperative disposed (Sold) of all the special investments (Bonds of Puerto Rico) that it had. In the sale of all special investments, losses were generated in the amount of \$ 6,115,119. At December 31, 2025 stills a remaining balance of \$0 in the account of "Impairment Law 220". According to Law 220, Accounting Requirements in Special Investments, any loss attributable to special investments may be amortized for a period not to exceed 15 years. See investment notes, number 6 and Number 8 of other assets.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Cooperativa de Ahorro y Crédito Rafael Carrión, Jr.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Board of Directors
Cooperativa de Ahorro y Crédito Rafael Carrión, Jr.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. 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. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 Instrumentation Services, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Instrumentation Services, Inc.'s ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

Opinion on the Regulatory Basis of Accounting

In my opinion, the financial statements referred to above present fairly, in all material respect, the financial condition of Cooperativa de Ahorro y Crédito Rafael Carrión, Jr. as of December 31, 2025 and 2024 and the results of its operations, changes in member's equity and cash flows for the year then ended in conformity with the base regulatory described in the note 1 of the financial statements.

Board of Directors
Cooperativa de Ahorro y Crédito Rafael Carrión, Jr.

Regulatory Basis of Accounting

As described in the Note 1 of the financial statements, the cooperative presented the financial statements in conformity with Law 255 of October 28, 2002, as amended.



D4314-50

Cooperativa de Ahorro y Crédito Rafael Carrión, Jr.

A handwritten signature in blue ink, appearing to read "A. R. C.", located below the CPA seal.

Toa Alta, Puerto Rico
March 13, 2026

CPA Agustín Rodríguez Nieves
Expire December 1, 2028
License 4314

**COOPERATIVA DE AHORRO Y CRÉDITO RAFAEL CARRIÓN JR.
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2025 AND 2024**

ASSETS

| | 2025 | 2024 |
|---|--------------|--------------|
| CASH AND CASH EQUIVALENTS | \$ 3,610,207 | \$ 1,480,710 |
| TIME DEPOSITS (MATURITY OF THREE MONTHS OR MORE) | 7,750,000 | 10,250,000 |
| LOANS, NET OF ALLOWANCE FOR LOANS LOSSES | 34,744,057 | 34,178,297 |
| MARKETABLE SECURITIES HELD TO MATURITY | 20,178,090 | 20,438,660 |
| FURNITURE AND EQUIPMENTS, NET | 245,665 | 277,713 |
| INVESTMENTS IN COOPERATIVE ENTITIES | 1,075,215 | 1,055,553 |
| OTHER ASSETS | | |
| IMPAIRMENT LAW 220 (REALIZED LOSS) | - | 587,591 |
| INTEREST RECEIVABLE | 226,587 | 230,136 |
| PREPAID INSURANCE AND PREPARE EXPENSES | 231,060 | 218,047 |
| | 457,647 | 1,035,774 |
| Total assets | \$68,060,881 | \$68,716,707 |

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

**COOPERATIVA DE AHORRO Y CRÉDITO RAFAEL CARRIÓN JR.
STATEMENTS OF FINANCIAL CONTITION (CONTINUED)
DECEMBER 31, 2025 AND 2024**

LIABILITIES AND PARTNERS' EQUITY

| | 2025 | 2024 |
|--|--------------|--------------|
| LIABILITIES | | |
| Deposits of partners and non-partners | | |
| Savings accounts | \$33,359,125 | \$34,854,122 |
| Christmas Club, Taxes Club and Summer Club | 1,365,230 | 1,102,859 |
| Total deposits | 34,724,355 | 35,956,981 |
| Scholarship programs | 203,761 | 209,161 |
| Accounts payable | 867,656 | 499,712 |
| | 1,071,417 | 708,873 |
| Total liabilities | 35,795,772 | 36,665,854 |
| PARTNERS' EQUITY | | |
| Shares \$10.00, par value | 26,037,480 | 25,513,682 |
| Surplus restricted: | | |
| Reserve for risk capital | 4,507,838 | 4,494,405 |
| Contingency Reserve | 852,775 | 587,729 |
| Voluntary Reserve | 176,074 | 176,074 |
| Special temporality reserve-Required by COSSEC | - | 587,591 |
| Surplus unrestricted | 690,942 | 691,142 |
| Total partners' equity | 32,265,109 | 32,050,853 |
| Total liabilities and partners' equity | \$68,060,881 | \$68,716,707 |

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

**COOPERATIVA DE AHORRO Y CRÉDITO RAFAEL CARRIÓN JR.
STATEMENTS OF INCOME AND EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

| | 2025 | 2024 |
|--|--------------|--------------|
| INCOME FROM FINANCING OPERATIONS | | |
| Interests income | | |
| Loans | \$ 2,024,578 | \$ 1,873,652 |
| Savings and time deposits | 809,570 | 944,413 |
| Total interests income | 2,834,148 | 2,818,065 |
| Less interests expenses: | | |
| Saving account and time deposits | 496,034 | 517,322 |
| Net interest income before allowance for loans and accounts receivable losses | 2,338,114 | 2,300,743 |
| Allowance for uncollectible loans and accounts receivable | 270,000 | 120,000 |
| Total net interest income | 2,068,114 | 2,180,743 |
| OTHER INCOME | 137,452 | 18,126 |
| Total income | 2,205,566 | 2,198,869 |
| GENERAL AND ADMINISTRATIVE EXPENSES | 1,236,145 | 1,244,477 |
| NET INCOME BEFORE LOSSES UNDER SPECIAL AMORTIZATON | 969,421 | 974,392 |
| LOSSES IN INVESTMENTS UNDER SPECIAL AMORTIZATON | 587,591 | 587,592 |
| NET INCOME | \$ 381,830 | \$ 386,800 |

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

**COOPERATIVA DE AHORRO Y CRÉDITO RAFAEL CARRIÓN JR.
STATEMENTS OF CHANGES IN PARTNERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

| | Shares | Reserve for Capital risk | Contingency Reserve | Voluntary Reserve | Special Temporarily Reserve by COSSEC | Surplus | Total partner's Equity |
|--|---------------------|-----------------------------|------------------------|----------------------|--|-------------------|---------------------------|
| BALANCE AS OF DECEMBER 31, 2023 | \$24,774,959 | \$4,475,065 | \$ 99,049 | \$176,074 | \$1,175,183 | \$ 825,208 | \$ 31,535,538 |
| Member additional investment | 1,474,157 | | | | | | 1,474,157 |
| Member withdrawals | (1,332,804) | | | | | | (1,332,804) |
| Capitalize surplus | 597,370 | | | | | (597,370) | |
| Transfer to account payable | | | | | | (2,838) | |
| Transfer to reserve | | | | | (587,592) | 587,592 | |
| Transfer from surplus | | 19,340 | 488,680 | | | (507,940) | |
| Net income | | | | | | 386,800 | 386,800 |
| BALANCE AS OF DECEMBER 31, 2024 | 25,513,682 | 4,494,405 | 587,729 | 176,074 | 587,591 | 691,412 | 32,050,853 |
| Member additional investment | 1,372,450 | | | | | | 1,372,450 |
| Member withdrawals | (1,533,306) | | | | | | (1,533,306) |
| Capitalize surplus | 684,654 | | | | | (684,654) | |
| Transfer to account payable | | | | | | (6,758) | |
| Transfer to reserve | | | | | (587,591) | 587,591 | |
| Transfer from surplus | | 13,433 | 265,046 | | | (278,479) | |
| Net income | | | | | | 381,830 | 381,830 |
| BALANCE A OF DE DECEMBER 31, 2025 | \$26,037,480 | \$4,507,838 | \$ 852,775 | \$176,074 | \$ - | \$ 690,942 | \$ 32,265,109 |

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

**COOPERATIVA DE AHORRO Y CRÉDITO RAFAEL CARRIÓN JR.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

| | 2025 | 2024 |
|--|-------------|-------------|
| INCREASE IN CASH AND CASH EQUIVALENTS | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income | \$ 381,830 | \$ 386,800 |
| Adjustments to reconcile net income to net cash provided (used) by operating activities: | | |
| Depreciation and amortization | 93,276 | 60,231 |
| Provision for loan losses | 270,000 | 120,000 |
| Loss for special amortization-Law 220 | 587,591 | 587,592 |
| Stock dividends from Cooperative organisms | (19,662) | (17,880) |
| Decrease (increase) in interest receivable | 3,549 | (50,578) |
| (Increase) in prepaid expenses | (13,013) | (70,173) |
| Increase (decrease) in accounts payable | 355,826 | (59,171) |
| Total adjustments | 1,277,567 | 570,021 |
| Net cash provided by operating activities | 1,659,397 | 956,821 |
| CASH FLOWS INVESTING ACTIVITIES | | |
| Decrease in certificate of deposits | 2,500,000 | 2,000,000 |
| (Increase) in loans, net | (888,381) | (3,004,633) |
| Recoveries (from loan charged to reserve) | 52,621 | 35,772 |
| Purchase of fixed assets | (61,228) | (64,631) |
| Decrease in securities | 260,570 | 2,320,013 |
| Net cash provided by investment activities | 1,863,582 | 1,286,521 |

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

**COOPERATIVA DE AHORRO Y CRÉDITO RAFAEL CARRIÓN JR.
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

| | 2025 | 2024 |
|---|---------------|---------------|
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| (Decrease) in members savings account | (\$1,232,626) | (\$2,325,845) |
| (Decrease) in shares | (160,856) | 141,353 |
| Net cash by (used) financing activities | (1,393,482 | (2,184,491) |
| INCREASE IN CASH AND CASH EQUIVALENTS | 2,129,497 | 58,851 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 1,480,710 | 1,421,859 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | \$3,610,207 | \$1,480,710 |

ADDITIONAL DISCLOSURES TO THE STATEMENTS OF CASH FLOWS

1. The Cooperative policy is to consider as cash equivalents investments in saving certificates with maturity of three months or less.
2. During the year ended December 31, 2025 and 2024, the Cooperative paid in stock dividend amounting to \$684,654 and \$597,370, respectively.

SUPPLEMENTARY INFORMATION

The Cooperative paid \$499,765 and \$449,042 for interests over its saving and time deposits accounts during the years ended December 31, 2025 and 2024, respectively.

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

COOPERATIVA DE AHORRO Y CRÉDITO RAFAEL CARRIÓN JR.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Organization

The Cooperative was created under the Law of General Credit Union Societies as amended. It is also regulated by Law 255 of October 28, 2002. These entities are engaged principally in collecting investments in shares and deposits from its members and to provide them financing services. This institution is a closed Cooperative whose members are exclusively employees and pensioners of Banco Popular de Puerto Rico, subsidiary and main company.

b. Summary of Significant Accounting Policies

1) Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

2) Interest income and expenses

Interest income over loans is recorded using the simple-interest method on a principal outstanding amount. Interest receivable is accrued for a period not exceeding ninety days. Expenses are recorded using the accrual basis of accounting.

3) Surplus distribution

Each Credit Union should distribute its year end surplus after deducting an amount equal to 5% for the years 2025 and 2024 and to be provided to the Risk Capital Reserve. Such surplus can be distributed in form interest over shares paid but not withdrawn at the end of year or as patronage dividends based on interest paid by members over loans.

**COOPERATIVA DE AHORRO Y CRÉDITO RAFAEL CARRIÓN JR.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

4) Provision for uncollectible loans and accounts receivable

The allowance for loan losses is increase by charges to income and decrease by charge offs (net of recoveries). Managements' periodic evaluation of the adequacy of the allowance is based on the Credit Union past loan-loss experience, known and inherent risk in the portfolios adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and current economic condition.

5) Investments in cooperative entities

The Cooperative has investments in other Cooperatives, they are stated at cost plus any stock dividend declared.

6) Furniture, equipment, and depreciation

Furniture and equipment are carried at cost. The depreciation is provided using the straight-line method with monthly charges to the operations of the Cooperative during the estimated useful life of the assets.

7) Investments in marketable securities

The Cooperative accounts for its investments in marketable securities using the FASB ASC 320, Debts and Equity Securities.

Available for sale securities – Investments in this classification is stated at market value. Net unrealized gains or losses are recognized through a valuation allowance that is shown as a reduction or addition in the carrying value of the related securities and as a corresponding reduction or addition in member equity.

Should any security be sold, the cost of the securities for purposes of computing gain and losses are determined by the specific identification method.

Held to Maturity – Investments in this classification are stated at amortized cost. The Cooperative has both the positive intent and ability to hold its investment to maturity.

**COOPERATIVA DE AHORRO Y CRÉDITO RAFAEL CARRIÓN JR.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

8) Members' shares

Members' shares are accounted using the cash method. This method is generally accepted for Cooperatives in Puerto Rico. The Cooperative does not issue share certificates. However, it maintains a statement of account for each member which shows their participation in the Cooperative capital. There is no limitation in the amount that each member can invest in shares. The Cooperative internal policies stipulate that each member should subscribe to at least twelve shares in a year. The Cooperative member can withdraw shares only if they are not given as collateral for loans granted to members. Share withdrawals are approved by the Board of Directors. The par value of shares should not be less than \$10.

9) Industry accounting practices that differ from accounting principles generally accepted in the United States of America

Shares and surplus

Credit Unions in Puerto Rico present their shares in the members' equity section of the balance sheet. Accounting principles generally accepted in the United States of America require that such amounts be presented in the liability section of the balance sheet. Therefore, any payment over such balances should be recorded as interest expense and the Credit Union recognizes them as a dividend distribution of year-end earnings, the total of the deposits would increase, and the participation of members' equity would decrease by \$26,037,480 and \$25,513,682 as of December 31, 2025 and 2024, respectively. Also, the economy net would decrease, and the expenses of interests would increase by the amount of \$499,765 and \$449,042 as of December 31, 2025 and 2024, respectively.

The Cooperative records its loans origination fees as income for the year in which the loans are granted. Accounting principles generally in the United States of America require that such fees and certain direct loan origination costs, be deferred using the interest method over the contractual life of the loans adjusted for estimated prepayment based on the Credit Union historical prepayment experience.

Also, the Credit Union is permitted to create reserves from its net earnings which are consumed through charges to it based on its purposes. Accounting principles generally accepted in the United States of America require that any reserve should be created with charges to operation.

**COOPERATIVA DE AHORRO Y CRÉDITO RAFAEL CARRIÓN JR.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

2. LOANS AND ACCOUNTS RECEIVABLE

The loan portfolio of the Cooperative consists principally of personal loans, financing the acquisition of stocks, and home improvements. The loans are granted from a period of 1 to 120 months, depending of the type of loan, nevertheless, a significant portion of the personal loans is renewed before their maturity. The annual interest varies from 2% to 12% depending also on the type of loan. Most of these loans are collateralized by shares and deposits of debtor's members and other members (co debtors) that unconditionally guaranty the debt.

The following is a list of loans and accounts receivable portfolios by category as of December 31, 2025 and 2024:

| | <u>2025</u> | <u>2024</u> |
|--|----------------------|----------------------|
| Personal | \$ 27,934,372 | \$ 27,273,202 |
| Collateral | <u>7,559,777</u> | <u>7,611,921</u> |
| | 35,494,149 | 34,885,123 |
| Less provision for doubtful accounts (Note 3) | <u>(750,092)</u> | <u>(706,826)</u> |
| | <u>\$ 34,744,057</u> | <u>\$ 34,178,297</u> |

3. ANALYSIS OF THE ACCUMULATED ALLOWANCE FOR LOAN LOSSES

The change in the allowance for loans losses as of December 31, 2025 and 2024 is as follows:

| | <u>2025</u> | <u>2024</u> |
|--------------------------|-------------------|-------------------|
| Beginning balance | \$ 706,826 | \$ 671,801 |
| Allowance for the period | 270,000 | 120,000 |
| Charge off | (279,355) | (120,747) |
| Recoveries | <u>56,621</u> | <u>35,772</u> |
| Ending balance | <u>\$ 750,092</u> | <u>\$ 706,826</u> |

**COOPERATIVA DE AHORRO Y CRÉDITO RAFAEL CARRIÓN JR.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

4. OTHER ASSETS

At December 31, 2025 and 2024 the details of the Other Assets were as follows:

| | <u>2025</u> | <u>2024</u> |
|---|------------------|--------------------|
| Impairment Law 220 (Realized loss) | \$ - | \$587,591 |
| Interest receivables | 226,587 | 230,136 |
| Prepaid insurances and prepaid expenses | <u>231,060</u> | <u>218,047</u> |
| | <u>\$457,647</u> | <u>\$1,035,774</u> |

5. CASH RESTRICTED

The General Law of Cooperative Organism (Law 255) requires the following:

- a. A 25% should be segregated annually from the net incomes of the period to be provided for a Risk Capital Reserve.
- b. The Cooperative should segregate and maintain 15% of the demand deposits in liquid funds.
- c. The Cooperative should segregate and maintain 15% of its time deposits with maturities more than 30 days in liquid funds. Also, 25% segregation is required for those time deposits with maturities of 30 days or less, net of those pledges with loans.
- d. The Cooperative will accumulate monthly an 8.33% from these special deposit's accounts (Christmas Club and Summer Club) up to accumulate a 100% and segregate that portion in liquid funds.

As a result of above requirements, the Cooperative maintained as of December 31, 2025 and 2024 and approximate amount of \$6,821,848 and \$7,017,500, respectively, in time deposits and savings accounts that are not available for the normal operations of the entity. They are as follows:

**COOPERATIVA DE AHORRO Y CRÉDITO RAFAEL CARRIÓN JR.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

| | 2025 | 2024 |
|---|---------------------|---------------------|
| AVAILABLE | | |
| Savings and interests | \$11,451,960 | \$10,061,836 |
| Security investment | 17,345,228 | 18,547,543 |
| | 28,797,188 | 26,609,379 |
| REQUIRED | | |
| Reserved for risk capital | 1,577,743 | 1,573,042 |
| Demand deposits and interest (15%) | 4,790,406 | 4,971,668 |
| Special deposit accounts | | |
| Christmas Club | 38,668 | 40,784 |
| Summer Club | 415,031 | 432,006 |
| | 6,821,848 | 7,017,500 |
| EXCESS OF AVAILABLE FUND OVER LAW REQUIREMENTS | \$21,975,340 | \$19,591,879 |

6. INVESTMENTS

The Cooperative maintained the following investment classified held to maturity securities at December 31, 2025:

| Type of investment | Book Value | Unrealized Gain or (Loss) | Market Value |
|---------------------|--------------|---------------------------|--------------|
| Bonds: | | | |
| FHLB | \$ 6,488,890 | (\$1,098,545) | \$ 5,390,345 |
| GNMA | 908,035 | (116,653) | 791,382 |
| FNMA | 8,917,554 | (1,072,589) | 7,844,965 |
| Federal Farm Credit | 3,114,704 | (419,005) | 2,695,699 |
| FHLM | 748,907 | (126,071) | 622,836 |
| | \$20,178,090 | (\$2,832,863) | \$17,345,227 |

**COOPERATIVA DE AHORRO Y CRÉDITO RAFAEL CARRIÓN JR.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

The Cooperative maintained the following investments classified held to maturity securities at December 31, 2024:

| <u>Type of Investment</u> | <u>Book Value</u> | <u>Unrealized Gain</u> | <u>Market Value</u> |
|---------------------------|---------------------|------------------------|---------------------|
| Bonds: | | | |
| FHLB | \$ 6,485,936 | (\$1,476,381) | \$ 5,009,555 |
| GNMA | 970,861 | (150,779) | 820,082 |
| FNMA | 9,068,523 | (1,498,825) | 7,569,698 |
| Federal Farm Credit | 3,112,938 | (589,947) | 2,522,991 |
| FHLM | 800,401 | (175,453) | 624,948 |
| | <u>\$20,438,659</u> | <u>(\$3,891,385)</u> | <u>\$16,547,274</u> |

The stated maturity of marketable securities is as follows. Expected maturity will differ from contractual maturities because borrowers may have the right to call or prepay obligations without call or prepayment penalties. At December 31, 2025 and 2024 the maturities are the follows:

| <u>Maturity</u> | 2025 | | 2024 | |
|--------------------|-----------------------|---------------------|-----------------------|---------------------|
| | <u>Amortized Cost</u> | <u>Market Value</u> | <u>Amortized Cost</u> | <u>Market Value</u> |
| Less than one year | \$ 1,565,677 | \$ 1,544,354 | \$ - | \$ - |
| 1-5 years | 1,738,486 | 1,593,003 | 1,795,126 | 1,723,355 |
| 6-10 years | 14,467,753 | 12,244,794 | 11,127,770 | 9,144,657 |
| Over 10 years | 2,406,174 | 1,963,076 | 7,515,763 | 5,679,262 |
| | <u>\$20,178,090</u> | <u>\$17,345,227</u> | <u>\$20,438,659</u> | <u>\$16,547,274</u> |

**COOPERATIVA DE AHORRO Y CRÉDITO RAFAEL CARRIÓN JR.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

Special Investments Bonds of Puerto Rico:

During the year 2018, the Cooperative disposed (sold) all of its special investments in bonds of Puerto Rico.

Law 220 adopted by the Cooperative during the year ended December 31, 2016 allows any loss attributable to special investments in the sale (disposal), retention or related to the application of a pronouncement of the generally accepted principles of accounting be amortized for a period not to exceed 15 years, to be named as Losses under Special Amortization.

The realized loss in the sale of the special investments is as follows:

| | <u>Selling Price</u> | <u>Amortized Cost (Before any impairment)</u> | <u>Realized Loss</u> | <u>Amortization of Loss - years 2017 - 2025</u> | <u>Realized loss classified as Reserve of Impairment in Other Assets Law 220</u> |
|----------------------|----------------------|---|--------------------------|---|--|
| Bonds of Puerto Rico | <u>\$5,084,881</u> | <u>\$11,200,000</u> | <u>\$6,115,119</u> | <u>(\$6,115,119)</u> | <u>\$-</u> |

7. INVESTMENT IN COOPETATIVE ENTITIES

| | <u>2025</u> | <u>2024</u> |
|----------------------------------|--------------------|--------------------|
| COSSEC | \$ 725,851 | \$ 707,268 |
| FIDECOOP | 221,796 | 221,796 |
| Cooperativa de Seguros de Vida | 111,791 | 111,791 |
| Cooperativa de Seguros Múltiples | 14,567 | 13,488 |
| Liga de Cooperativas | 1,210 | 1,210 |
| | <u>\$1,075,215</u> | <u>\$1,055,553</u> |

**COOPERATIVA DE AHORRO Y CRÉDITO RAFAEL CARRIÓN JR.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

8. THE LAW OF CORPORACIÓN PARA LA SUPERVISIÓN Y SEGURO DE COOPERATIVA DE PUERTO RICO (COSSEC)

On August 17, 2001, the Law No. 114 of Corporación para la Supervisión y Seguro de Cooperativas de Puerto Rico (COSSEC) as amended, states the following:

- a. Starting with the first day of the following month this law was created, the maximum quantity combines with shares and deposits of members and non-members account will be insured up to \$250,000 for 2025 and 2024, respectively.
- b. The insurance company will have the obligation to decree and establish the maximum insurance coverage mentioned above, on the dates that are stipulated in this Article. Nevertheless, the Board will have the authority not to approve such an increase when based on experiences of the losses reported on insurance coverage of shares and deposits, the economic condition or then increased will not be favorable.
- c. Each Cooperative insured must be maintained in the Corporation as a capital contribution and as determined by the Corporation an equal amount of 1% of the total shares and deposits that each Cooperative holds each June 30 of each year of operations. As presented in a certified statement of shares and deposits on in the certified balance sheets required by this law. The Corporation will establish the rules and procedures to determine the annual amount of the deposits to be considered as contributed capital that should be maintained by each insured Cooperative. Also, will establish rules and procedures to determine the annual increase of the contribution based on the related increase in shares and deposits of its insured.
- d. When the sum of unrestricted reserves not segregated for the payment of losses and the total capital of the insurance company exceeds 2% of the total shares and deposits insured, the insurance company will use the excess for the payment of interest over capital. Such interest is determined based in the average yield of total assets of the insurance Company for the period of twelve months before the date in which payments will occur reduced by 1%.

Each cooperative will pay an annual insurance premium that fluctuates between .180509% up to .276539% of the total of shares and deposits held at each June 30 of each year. The insurance premium is based on the cooperative's CAEL classification of the quarterly march report of every year.

**COOPERATIVA DE AHORRO Y CRÉDITO RAFAEL CARRIÓN JR.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

9. DEPOSITS

The savings account pays annual interest that is paid quarterly. The interest is accumulated monthly and is calculated based on an average daily balance. It is a policy of the Cooperative to allow deposit withdrawals on any working day, but the Board of Directors may require 30 days advance notification of withdrawals interest in those situations they may believe is necessary. The annual interest paid was 1.25% to 1.75% for the year 2025 and 2024, respectively.

The balances of Taxes Club, Christmas Club and Summer Club are paid in April, May and November, respectively, and pay an annual interest of .75% the year 2025 and 2024, respectively.

10. ACCOUNT PAYABLE COOPERATIVE LEAGUE

The Credit Union is required by Law to contribute on tenth of 1% of its operational volume of business and up to a limit of \$4,000 and another 5% of its net income up to a maximum of \$6,000 when the volume of business is more than \$4,000,000 to the Cooperative League of Puerto Rico to be used for educational and promotional purposes. The amount is payable to the league and must not exceed \$10,000.

11. ACCOUNTS PAYABLE

Accounts payable as of December 31, 2025 and 2024 consist of the following:

| | 2025 | 2024 |
|--|------------------|------------------|
| Collections (Payroll) from members to be distributed | \$632,125 | \$271,295 |
| Accrued expenses | 117,636 | 151,345 |
| Interest payable | 4,406 | 8,138 |
| Accrued vacations leave | 4,962 | 4,962 |
| Loan insurance | (2,841) | (2,841) |
| Outstanding checks | 111,368 | 66,813 |
| | \$867,656 | \$499,712 |

12. LINE OF CREDIT

The Cooperative has a line of credit amounting to \$250,000 approved by Banco Popular de Puerto Rico, interest at prime rate.

**COOPERATIVA DE AHORRO Y CRÉDITO RAFAEL CARRIÓN JR.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

13. SCHOLARSHIP PROGRAM

During 1982 the Cooperative established a scholarship program. The purpose of the program is to grant members' sons a scholarship to those who are university students and qualify under the program requirements. For this program, the Cooperative has been segregated the amount of \$532,782 plus the interest generated by the fund. The Cooperative which is invested in accounts time deposits saving accounts and federal bonds. Program disbursements are limited only to the scholarships granted. During 2025 and 2024 they granted scholarships amounting to \$15,000 every year.

14. CONCENTRATION RISK RESULTING FROM EXCESS OF DEPOSITS OVER INSURED AMOUNTS

The Cooperative has all of its investments and cash deposits with Banco Popular de Puerto Rico, a high credit quality bank. The accounts at the institution are covered by the Bank's Federal Deposit Insurance Corporation (FDIC) up to a maximum of \$250,000 as of December 31, 2025 and 2024, respectively. As of December 31, 2025 and 2024 the Cooperative had cash deposit in excess of the insured amounts of \$0 and \$1,149,689, respectively.

15. INDIVISIBLE CAPITAL

Article 6.02 of Act No. 255, known as "Ley de Sociedades Cooperativas de Ahorro y Crédito de 2002", provide among other things: The Cooperative will maintain a capital reserve that will be known as indivisible capital and all cooperatives that have reached a minimum of 8% of their risk assets, will have the power to reduce the contribution to the capital reserve. The 35% of indivisible capital must be kept invested in eligible liquid assets.

| | Amount |
|--|--------------------|
| DETERMINATION OF INDIVISIBLE CAPITAL | |
| Elements of Indivisible Capital: | |
| Statutory Reserve (Regular Reserve) | \$4,507,838 |
| Other Reserves | 1,028,849 |
| 15% Undivided earning | 103,641 |
| Portion of Allowance for loss for non-arrear loans | 199,591 |
| Total of indivisible capital | \$5,839,919 |

**COOPERATIVA DE AHORRO Y CRÉDITO RAFAEL CARRIÓN JR.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

DETERMINATION OF ASSETS SUBJECTS TO RISK

Elements of assets subjects to risk:

| | |
|---|--------------|
| Total assets with reserve for loan losses | \$68,810,973 |
| Less: | |

ZERO PERCENT RISK WEIGHT

Amount

Cash on hand including increase (decrease) of fund in transit

100% Debt obligations and securities, and the portions of claims that are issued, insured or unconditionally guaranteed, by the Commonwealth of Puerto Rico and agencies, or US Central Government and agencies, but whose debt obligations are not explicitly guaranteed by the full faith and credit of the US or Puerto Rico Government. including the *Reserve Federal Banks, Government National Mortgage Association (GNMA), Veterans Administration (VA), Federal Housing Administration (FHA), Farmers Home Administration (FmHA), Export-Import Bank (Exim Bank), Overseas Private Investment Corporation (OPIC), Commodity Credit Corporation (CCC), y Small Business Administration.*

\$4,452,365

100% Loans, and the portions of claims that are issued, insured or unconditionally guaranteed, by the Commonwealth of Puerto Rico and agencies, or US Central Government and agencies, but whose debt obligations are not explicitly guaranteed by the full faith and credit of the US or Puerto Rico Government. including the *Reserve Federal Banks, Government National Mortgage Association (GNMA), Veterans Administration (VA), Federal Housing Administration (FHA), Farmers Home Administration (FmHA), Export-Import Bank (Exim Bank), Overseas Private Investment Corporation (OPIC), Commodity Credit Corporation (CCC), y Small Business Administration.*

Student guaranteed loans

100% The portion of shares and deposits on guaranteed of loans.

11,050,264

Investment in COSSEC.

725,851

Other assets risk weights for balance sheet assets authorized by COSSEC.

Total non-risk assets per zero percent risk weight

\$16,228,480

20 PERCENT RISK WEITH

Amount

80% Cash items in process of collections (including demand deposits)

\$ 2,277,444

80% Interest in process of collection

80% Portions of non-members loans with liquid collateral described by Law 255, Articles (a) (2),

**COOPERATIVA DE AHORRO Y CRÉDITO RAFAEL CARRIÓN JR.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

| | |
|--|---|
| <p>80% Debt obligations and securities, and the portion of claims that are issued, insured or unconditionally guaranteed by Commonwealth of Puerto Rico and agencies, or US Central Government and agencies but whose debt obligations are not explicitly guaranteed by the full faith and credit of US or Puerto Rico Government. These agencies include <i>Federal Home Loan Mortgage Corporation (FHLMC)</i>, <i>Federal National Mortgage Association (FNMA)</i>, <i>Farm Credit System</i>, <i>Federal Home Loan Bank System</i>, and <i>Student Loan Marketing Association (SLMA)</i>.</p> | 12,580,580 |
| <p>80% Loans and the portion of claims that are issued, insured or unconditionally guaranteed by the Commonwealth of Puerto Rico and agencies, or US Central Government and agencies but whose debt obligations are not explicitly guaranteed by the full faith and credit of US or Puerto Rico Government. These agencies include <i>Federal Home Loan Mortgage Corporation (FHLMC)</i>, <i>Federal National Mortgage Association (FNMA)</i>, <i>Farm Credit System</i>, <i>Federal Home Loan Bank System</i>, and <i>Student Loan Marketing Association (SLMA)</i>.</p> | |
| <p>80% Deposits, loans, debt obligations and securities, and the portions of claims, that are issued, insured or unconditionally guaranteed by Commonwealth of Puerto Rico or US Central Government, including Cooperative Bank of Puerto Rico. Shares of non-profit organizations are excluded.</p> | 6,800,000 |
| <p>80% Of the real estate book value or appraised real estate's value appraisal, whichever is lower. This real estate or credit union should be used as its office, branch, service center, parking or other facility and net of debt and charge.</p> | |
| <p>80% Of the shares and preferred shares backing in the following Credit Union Institutions: Cooperative Bank, Seguros Múltiples and COSVI Life Insurance, subject to that they maintain the par value, according to audit financial statements and may be redeemable.</p> | |
| <p>80% Prepaid insurances to cover institution risk.</p> | 101,087 |
| <p>80% Other assets weights for balance sheets authorized by COSSEC.</p> | |
| <p>Total non-risk assets per 20 percent risk weight</p> | <hr style="border: 0.5px solid black;"/> \$21,759,111 |

50 PERCENT RISK WEIGHT

| | Amount |
|---|---|
| <p>50% of Loans are fully secured by first liens on one to four family's residential property, such loans do not comply with requirements to be sold in the secondary market. These loans cannot past 90 days due or accounted for in nonaccrual status. The loan amount cannot exceed 80 percent of the value (loan to value).</p> | |
| <p>50% Investment that represents loan participation described in the previous statement.</p> | |
| <p>50% Investments in shares in Central Credit Union Institutions if they don't have deficit or undivided loss.</p> | \$605 |
| <p>50% Other risk weights for balance sheet authorized by COSSEC.</p> | |
| <p>Total non-risk assets per 50 percent risk weight</p> | <hr style="border: 0.5px solid black;"/> \$605 |
| <p>Total of risk assets</p> | <hr style="border: 0.5px solid black;"/> \$31,435,337 |
| <p>Indivisible capital to risk assets ratio</p> | <hr style="border: 0.5px solid black;"/> 18.58% |

**COOPERATIVA DE AHORRO Y CRÉDITO RAFAEL CARRIÓN JR.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

16.Reconciliation from statutory presentation to GAAP:

| STATEMENT OF FINANCIAL CONDITION | | Reclassifica- tions & Adjustments to convert to <u>GAAP</u> | <u>US GAAP</u> |
|--|-----------------------------|---|---------------------|
| ASSETS | <u>Statutory COSSEC</u> | | |
| CASH AND CASH EQUIVALENTS | \$3,610,207 | \$----- | \$3,610,207 |
| TIME DEPOSITS (MATURITY OF THREE MONTHS OR MORE) | 7,750,000 | ----- | 7,750,000 |
| INVESTMENTS-HELD TO MATURITY | 20,178,090 | ----- | 20,178,090 |
| LOANS, Net of Allowance for loan losses | 34,744,057 | ----- | 34,744,057 |
| INVESTMENTS IN COOPERATIVE ENTITIES | 1,075,215 | ----- | 1,075,215 |
| FURNITURE AND EQUIPMENTS | 245,665 | ----- | 245,665 |
| OTHER ASSETS | <u>457,647</u> | ----- | <u>457,647</u> |
| TOTAL ASSETS | <u>\$68,060,881</u> | ----- | <u>\$68,060,881</u> |
| <u>LIABILITIES & MEMBER'S EQUITY</u> | | | |
| DEPOSITS | \$34,724,355 | \$----- | \$34,724,355 |
| SHARES | ----- | 25,352,826 | 25,352,826 |
| PAYABLE, ACCRUED EXPENSES, SCHOLARSHIP | <u>1,071,417</u> | ----- | <u>1,071,417</u> |
| TOTAL LIABILITIES | 35,795,772 | 25,352,826 | 61,148,598 |
| <u>MEMBER'S EQUITY</u> | | | |
| Shares \$10.00, par value | \$25,352,826 | (25,352,826) | ----- |
| Dividends | 684,654 | ----- | 684,654 |
| Reserve for risk capital and other reserves | 5,536,687 | ----- | 5,536,687 |
| Surplus unrestricted | 309,112 | ----- | 309,112 |
| Net income (Net Loss) | <u>381,830</u> | ----- | <u>381,830</u> |
| TOTAL MEMBERS' EQUITY | <u>32,265,109</u> | <u>(25,352,826)</u> | <u>6,912,283</u> |
| TOTAL LIABILITIES & MEMBER'S EQUITY | <u>\$68,060,881</u> | <u>\$-----</u> | <u>\$68,060,881</u> |

**COOPERATIVA DE AHORRO Y CRÉDITO RAFAEL CARRIÓN JR.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

16.Reconciliation from statutory presentation to GAAP: Continuation

| STATEMENT OF INCOME AND EXPENSES | <u>Statutory COSSEC</u> | Adjustments to convert to <u>GAAP</u> | <u>US GAP</u> |
|---|-----------------------------|---|-------------------|
| INCOME FROM FINANCING OPERATIONS | | | |
| INCOME (ALL SOURCES) | \$2,971,600 | \$----- | \$2,971,600 |
| Interests' expenses (Note 1): | (496,034) | ----- | (496,034) |
| Provision for loan losses | (270,000) | | (270,000) |
| GENERAL AND ADMINISTRATIVE EXPENSES | (1,236,145) | ----- | (1,236,145) |
| Net income before Loss for special amortization-Law 220 | 969,421 | ----- | 969,421 |
| Loss for special amortization-Law 220 | <u>(587,591)</u> | ----- | <u>(587,591)</u> |
| Net Income (Net Loss) | <u>\$ 381,830</u> | <u>\$-----</u> | <u>\$ 381,830</u> |

17.Reclassifications:

Certain items in the financial statements for the year 2024 were reclassified to conform to the presentation of the year 2025. These reclassifications did not affect the results of the operations of the Cooperative.

18.Fair Market Value of Financial Instruments:

The book value of financial instruments and their estimated fair market value as of December 31, 2025 is summary as follows:

| | <u>Book Value</u> | <u>Fair Value</u> |
|-----------------------------|---------------------|---------------------|
| Cash and cash equivalents | \$11,360,207 | \$11,360,207 |
| Loans, net of reserve | 34,744,057 | 34,744,057 |
| Investments | 20,178,090 | 17,345,227 |
| Stocks-cooperative entities | 349,364 | 349,364 |
| Property, net | 245,665 | 245,665 |
| Other assets | <u>457,647</u> | <u>457,647</u> |
| | <u>\$67,335,030</u> | <u>\$64,502,167</u> |
| Liabilities: | | |
| Savings | \$34,724,355 | \$34,724,355 |
| Other liabilities | 1,071,417 | 1,071,417 |
| Common stocks | 26,037,480 | 26,037,480 |

**COOPERATIVA DE AHORRO Y CRÉDITO RAFAEL CARRIÓN JR.
GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

| | <u>2025</u> | <u>2024</u> |
|--|--------------------|--------------------|
| Salaries | \$ 328,033 | \$ 229,059 |
| Payroll taxes | 35,898 | 27,013 |
| Medical plans | 42,140 | 34,051 |
| Fringe benefits | 5,515 | 5,629 |
| Depreciation | 93,276 | 60,231 |
| Education | 15,782 | 12,915 |
| Insurance | 330,871 | 320,821 |
| Office and mailing expenses | 29,297 | 23,134 |
| Telephone | 7,204 | 5,718 |
| Repair and maintenance | 84,266 | 76,418 |
| Professional services | 94,388 | 170,768 |
| Bank charges and relates | 35,532 | 30,607 |
| Annual meeting and other activities | 70,783 | 83,564 |
| Board of directors and committees' expense | 25,039 | 28,169 |
| Rent | 120 | 120 |
| Investments losses | - | 53,055 |
| Line of credits interest' | 3,750 | 5,191 |
| Other | 34251 | 58,014 |
| | <u>\$1,236,145</u> | <u>\$1,224,477</u> |

NOTES



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