



**BAHAMA ISLANDS CO-OPERATIVE
CREDIT UNION LIMITED**

**AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2025**

BAHAMA ISLANDS CO-OPERATIVE CREDIT UNION LIMITED

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Bahama Island Co-Operative Credit Union Limited

We have audited the accompanying financial statements of Bahama Islands Co-Operative Credit Union Limited ("the Credit Union") which comprise the statement of financial position as at December 31 2025, and the statement of profit or loss and other 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 material accounting policy information.

Opinion

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

Other Auditors

The audited financial statements for the year ended December 31, 2024 were audited by other auditors who issued an unqualified opinion on the financial statements, dated April 26, 2025.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Credit Union in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in The Bahamas, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in the auditors' professional judgment, were of most significance in the audit of the financial statements as at December 31, 2025. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming the auditors' opinion thereon, and the auditors do not provide a separate opinion on these matters. We have determined that there are no such matters to be communicated in our report.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual General Meeting (AGM) Booklet, but does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

Auditors' 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 auditors' 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 ISA 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.



Auditors' Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund'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 Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

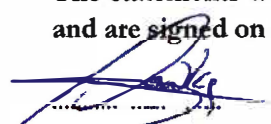
C R O W E

Crowe Bahamas
Nassau, The Bahamas
April 22, 2026

BAHAMA ISLANDS CO-OPERATIVE CREDIT UNION LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025
(Expressed in Bahamian Dollars)

	<u>Note</u>	<u>2025</u>	<u>2024</u>
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5(a)	4,128,179	8,340,267
Deposits with banks and other institutions	5(b)	4,624,986	4,569,403
Deposits with the League	6	14,885,280	13,574,076
Other receivables and prepayments	7	1,536,846	1,532,680
Financial investments, current portion	8	662,320	319,500
Loans receivable, net, current portion	9	<u>444,717</u>	<u>508,731</u>
		<u>\$26,282,328</u>	<u>\$28,844,657</u>
NON CURRENT ASSETS			
Financial investments, non-current portion	8	500,00	850,000
Loans receivable, net, non-current portion	9	46,014,924	39,156,042
Investment properties	10	4,992,000	4,992,000
Property and equipment, net	11	<u>2,762,489</u>	<u>2,242,477</u>
		<u>\$80,551,741</u>	<u>\$76,085,176</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued expenses	12	373,895	242,486
Members' deposits, current portion	13	42,269,373	38,730,242
Borrowings, current portion	14	<u>702,111</u>	<u>669,445</u>
		<u>43,345,379</u>	<u>39,642,173</u>
NON-CURRENT LIABILITIES			
Members' deposits, non-current portion	13	21,134,953	20,250,865
Borrowings, non-current portion	14	<u>3,963,661</u>	<u>4,629,946</u>
TOTAL LIABILITIES		<u>68,443,993</u>	<u>64,522,984</u>
MEMBERS' EQUITY			
	15		
Qualifying shares		2,075,600	1,995,200
Statutory reserve fund		6,365,675	4,365,675
Fair value reserve		129,785	138,165
Donated capital		156,200	112,200
Retained earnings		<u>3,380,488</u>	<u>4,950,952</u>
		<u>12,107,748</u>	<u>11,562,192</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY		<u>\$80,551,741</u>	<u>\$76,085,176</u>

The statements were approved by the board of directors and authorised for issue on April 22, 2026 and are signed on its behalf by:


 Director


 Director

The notes on pages 8 to 51 form an integral part of these financial statements.

BAHAMA ISLANDS CO-OPERATIVE CREDIT UNION LIMITED
STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>Note</u>	<u>2025</u> \$	<u>2024</u> \$
FINANCE INCOME			
Loan interest income	16	4,057,208	3,776,769
Investment interest income	16	<u>366,780</u>	<u>346,461</u>
		<u>4,423,988</u>	<u>4,123,230</u>
FINANCE COST			
Deposit interest expense	16	1,302,449	1,264,066
Interest expense on borrowings	16	<u>201,337</u>	<u>61,020</u>
		<u>1,503,786</u>	<u>1,325,086</u>
NET FINANCE INCOME BEFORE PROVISION FOR LOAN LOSSES			
Expected credit loss allowance for loan losses	9	2,920,202	2,798,144
		<u>(305,728)</u>	<u>(224,703)</u>
NET FINANCE INCOME			
Non-interest income	17	2,614,474	2,573,441
		<u>1,107,622</u>	<u>1,031,534</u>
		<u>3,722,096</u>	<u>3,604,975</u>
OPERATING EXPENSES			
Personnel	18	1,714,170	1,580,918
Occupancy	19	567,990	483,897
Members' security	20	331,834	309,348
General business	21	262,056	281,110
Organisational	22	144,590	133,171
Computer costs	23	165,875	129,391
Marketing	24	<u>26,541</u>	<u>47,427</u>
		<u>3,213,056</u>	<u>2,965,262</u>
NET INCOME FOR THE YEAR			
		509,040	639,713
OTHER COMPREHENSIVE INCOME			
Fair value gain on investments		<u>(8,380)</u>	<u>13,640</u>
TOTAL COMPREHENSIVE INCOME			
		<u>\$500,660</u>	<u>\$653,353</u>

The notes on pages 8 to 51 form an integral part of these financial statements.

BAHAMA ISLANDS CO-OPERATIVE CREDIT UNION LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>Qualifying shares</u>	<u>Statutory reserve fund</u>	<u>Fair value reserve</u>	<u>Donated capital</u>	<u>Retained earnings</u>	<u>Total</u>
	\$	\$	\$	\$	\$	\$
January 1, 2024	1,889,000	4,365,675	124,525	91,000	4,386,487	10,856,687
Additional membership	127,400	--	--	--	--	127,400
Transfer to donated capital	(21,200)	--	--	21,200	--	--
Dividend paid	--	--	--	--	(75,248)	(75,248)
Retained earnings appropriations	--	--	--	--	--	--
Comprehensive income						
Net income for the year	--	--	--	--	639,713	639,713
Other comprehensive gain						
Fair value gain on investment	--	--	13,640	--	--	13,640
Total comprehensive income	--	--	13,640	--	639,713	653,353
December 31, 2024	\$1,995,200	\$4,365,675	\$138,165	\$112,200	\$4,950,952	\$11,562,192
Additional membership	124,400	--	--	--	--	124,400
Transfer to donated capital	(44,000)	--	--	44,000	--	--
Dividend paid	--	--	--	--	(79,504)	(79,504)
Retained earnings appropriations	--	2,000,000	--	--	(2,000,000)	--
Comprehensive income						
Net income for the year	--	--	--	--	509,040	509,040
Other comprehensive income						
Fair value gain on investment	--	--	(8,380)	--	--	(8,380)
Total comprehensive income	--	--	(8,380)	--	509,040	869,865
December 31, 2025	<u>\$2,075,600</u>	<u>\$6,365,675</u>	<u>\$129,785</u>	<u>\$156,200</u>	<u>\$3,380,488</u>	<u>\$12,107,748</u>

The notes on pages 8 to 51 form an integral part of these financial statements.

BAHAMA ISLANDS CO-OPERATIVE CREDIT UNION LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>2025</u>	<u>2024</u>
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year	509,040	639,713
Adjustment for items not involving the movement of cash:		
Interest income	(4,423,988)	(4,123,230)
Interest expense	1,503,786	1,325,086
Depreciation	154,080	149,790
Provision for loan losses	<u>1,239,194</u>	<u>1,017,392</u>
Operating loss before working capital changes	(1,017,888)	(991,249)
Increase in loans receivable	(8,005,512)	(5,564,623)
Increase in other receivables and prepayments	(4,166)	(521,173)
Increase in members' deposits	4,371,042	3,745,255
Increase/(decrease) in accounts payable and accrued expenses	131,409	79,352
Interest received	4,395,438	4,114,972
Interest paid	<u>(1,451,607)</u>	<u>(1,294,258)</u>
Net cash (used)/provided by operating activities	<u>(1,581,284)</u>	<u>(431,724)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase)/decrease in deposits with banks and other institutions	(55,584)	(53,912)
Increase in deposits with League	(1,311,204)	(767,529)
Acquisition of shares in the League	(1,200)	(1,200)
Purchase of property and equipment	<u>(674,093)</u>	<u>(72,234)</u>
Net cash used by investing activities	<u>(2,042,081)</u>	<u>(894,875)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	--	5,340,398
Borrowings paid	(633,619)	(1,844,853)
Dividend paid	(79,504)	(75,248)
Issuance of members' shares	<u>124,400</u>	<u>127,400</u>
Net cash provided by financing activities	<u>(588,723)</u>	<u>3,547,697</u>
Net increase in cash and cash equivalents	(4,212,088)	2,221,098
Cash and cash equivalents at beginning of the year	<u>8,340,257</u>	<u>6,119,169</u>
Cash and cash equivalents at end of the year	<u>\$4,128,179</u>	<u>\$8,340,267</u>

The notes on pages 8 to 51 form an integral part of these financial statements.

BAHAMA ISLANDS CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

1. INCORPORATION AND ACTIVITIES

Bahama Islands Co-operative Credit Union Limited (Formerly Paradise Island Resorts & Casino Co-operative Credit Union) (“BICCU”) (the “Credit Union”) was registered on 28 May 1986 under the provisions of the Commonwealth of The Bahamas Co-operative Societies Act, 1974 (the “Act”).

Membership consists of persons not less than 16 years of age who are employed in the Bahamas.

The principal objectives of the Credit Union are as follows:

- To promote the economic interests of its members in accordance with co-operative principles;
- To promote thrift among its members by affording them an opportunity to accumulate their savings; and
- To create a source of credit to members for provident and productive purposes.

The Credit Union’s registered office is located at Rosetta & Patton Streets, Nassau, The Bahamas.

2. BASIS OF PREPARATION

Statement of compliance

These financial statements are prepared on a going concern basis and in accordance with International Financial Reporting Standards (IFRS) Accounting Standards issued by the International Accounting Standards Board (IASB).

Basis of measurement

The financial statements have also been prepared under the historical cost convention as modified by the revaluation of investments at market value.

Judgement and estimates

The preparation of the financial statements in conformity with IFRS Accounting Standards issued by the IASB requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the year. Actual results can differ from estimates.

BAHAMA ISLANDS CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

2. BASIS OF PREPARATION (Contd.)

Judgement and estimates (Contd.)

Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- The determination of impairment of member loans; assessing whether credit risk on the financial assets has increased significantly since initial recognition; and the incorporation of forward-looking information into the measurement of the expected credit loss (“ECL”) (Note 9).
- The fair value measurement of the Credit Union’s investment properties and the determination of the market observable inputs and data utilized (Note 10).

3. MATERIAL ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents are comprised of cash in banks and short-term highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

Fixed deposits

Fixed deposits represent deposit at banks with original maturities of more than 90 days. These deposits are recognised in the statement of financial position at amortised cost using the effective interest method.

Investment properties

Investment properties consist of properties that are held to earn rentals and/or for capital appreciation and are not occupied by the Credit Union. Investment properties are measured initially and at cost until 2020, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met, and excludes the costs of day-to-day servicing of an investment property.

BAHAMA ISLANDS CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. MATERIAL ACCOUNTING POLICIES (Contd.)

Investment properties (Contd.)

During 2021, the Credit Union changed its measurement basis to fair value. The change in accounting policy is reflected in the 2021 opening retained earnings. Subsequent gains or losses arising from changes in the fair value of investment property are included in net profit or loss for the period in which it arises.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Costs include expenditures that are directly related to the acquisition of the asset. Depreciation is recorded on the straight-line basis over the following estimated useful lives of the respective assets:

Buildings	25 years
Furniture and equipment	3 to 10 years
Computer hardware and software	3 to 10 years
Automated Teller Machine	7 years
Vehicles	5 years

Expenses incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged to income in the period when the costs are incurred.

In a situation where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalised as an addition to the cost of property and equipment.

When assets are retired or otherwise disposed of, the costs and related accumulated depreciation and amortisation are removed from the accounts and any resulting gain or loss is credited or charged to operations.

Financial assets and financial liabilities

Recognition and initial measurement

All financial assets and financial liabilities are recognized on the trade date, which is the date on which the Credit Union becomes a party to the contractual provisions of the instrument.

BAHAMA ISLANDS CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. MATERIAL ACCOUNTING POLICIES (Contd.)

Financial assets and financial liabilities (Contd.)

Recognition and initial measurement (Contd.)

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

Financial assets - classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortized cost, fair value through other comprehensive income (FVOCI) or FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (“SPPI”)

The Credit Union’s financial assets measured at amortized cost include cash and cash equivalents, deposits with banks and other institutions, deposits with the League, other receivables and prepayments and loans receivable. The Credit Union’s investments in Bahamas Government Registered Stock (BGRS) are measured at amortized cost. These financial assets are held to collect contractual cash flows.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

On initial recognition of an equity investment that is not held for trading, the Credit Union may irrevocably elect to present subsequent changes in fair value through OCI. This election is made on an investment-by-investment basis

BAHAMA ISLANDS CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. MATERIAL ACCOUNTING POLICIES (Contd.)

Financial assets and financial liabilities (Contd.)

Financial assets - classification and subsequent measurement (Contd.)

The Credit Union's financial assets measured at FVOCI include investments in marketable securities which are held to earn interest and gains on sale. Investments in equities were irrevocably designated to be measured at FVOCI.

The Credit Union does not have financial assets measured at FVTPL during the year.

Financial liabilities – classification and subsequent measurement

Financial liabilities are classified as measured at amortized cost or FVTPL.

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Financial liabilities at FVTPL:

- The Credit Union does not have financial liabilities measured at FVTPL.

Financial liabilities at amortized cost:

- The Credit Union's financial liabilities include accounts payable and accrued expenses, member's deposits and borrowings which are measured subsequently at amortized cost using the effective interest rate method. Discounting, however, is omitted where the effect of discounting is immaterial.

BAHAMA ISLANDS CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. MATERIAL ACCOUNTING POLICIES (Contd.)

Impairment of assets

The Credit Union recognises loss allowances for Expected Credit Losses (“ECLs”) on financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- financial assets that are determined to have low credit risk at the reporting date; and
- other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

At each reporting date, the Credit Union assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Derecognition

The Credit Union derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Credit Union neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

BAHAMA ISLANDS CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. MATERIAL ACCOUNTING POLICIES (Contd.)

Members' equity

Qualifying shares are the minimum shares required to become a member of the Credit Union as described in the Credit Union's Bye-Laws. Each member of the Credit Union is required to own a minimum of 1 share with a value of \$200 each. These shares entitled each member to 1 vote at the Annual General Meeting (AGM).

As per the Act, the Credit Union ceased the practice of allowing the withdrawal of Qualifying shares.

International Financial Reporting Interpretations Committee (IFRIC) 2 – Members' Shares in Co-operative Entities and Similar Instruments requires that the voluntary shares be classified as liabilities and that the dividends paid on these shares be classified as an expense, where there is no unconditional right of the Credit Union to refuse redemption, whether through legislation or through the Credit Union's own rules. In previous years, members of the Credit Union with no outstanding obligations due to the Credit Union can withdraw their qualifying shares upon request.

Statutory reserve fund is set up in accordance with the provisions of the Act. The proceeds of this reserve are to be deposited with the League.

Dividends on qualifying shares are recognised in equity in the period in which they are declared by the Credit Union's directors. Further, the payment of dividends is subject to the approval of members at the AGM.

Revenue and expenses recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Credit Union and the revenue can be reliably measured. Revenue is recognised when earned and expenses are recognised when incurred on an accrual basis.

Interest income and expense

Interest income and expense are recognised in the statement of profit or loss and other comprehensive income using the effective interest rate method. The effective interest rate is the rate that discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

The Credit Union ceases to accrue interest on loans past due for 90 days or more.

BAHAMA ISLANDS CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

3. MATERIAL ACCOUNTING POLICIES (Contd.)

Revenue and expenses recognition (Contd.)

Loan origination fees

Loan origination fees are recovered from the customer for the arrangement of the loan and processing the applications. These are recognised as the committed loan is serviced to the customer.

Operating expenses

Operating expenses are recognised on the accrual basis in the statement of profit or loss and other comprehensive income.

Leases

The Credit Union as Lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease period and services provided as agreed in the rent agreement.

Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which the Credit Union pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to the defined contribution plan are recognised as an expense in the statement of profit or loss and other comprehensive income in the periods during which services are rendered by employees.

The employer contributes 5% to 10% of the employees' salary each month to the pension. The employees' participation in the plan is voluntary.

The Credit Union's contributions is vested as follows:

<u>Years of service</u>	<u>Vested %</u>
Less than 1 year	0%
1 year but less than 2 years	20%
2 years but less than 3 years	40%
3 years but less than 4 years	60%
4 years but less than 5 years	80%
5 years or more	100%

BAHAMA ISLANDS CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

4. NEW AND AMENDED STANDARDS

The Credit Union has adopted the following revised Standards and Interpretations issued by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”) of the IASB that are relevant to the Credit Union’s operations and effective for the current accounting period.

Lack of Exchangeability (Amendment to IAS 21 The Effects of Changes in Foreign Exchange Rates)

The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. The amendments also introduce additional disclosure requirements to enhance transparency regarding the impact of such circumstances.

These amendments have no effect on the measurement of any items in the financial statements of the Credit Union.

The following amended accounting standards and interpretations that have been issued, but are not mandatory for financial years ended December 31, 2025, are not expected to have a significant impact on the Credit Union in the period of initial application.

Effective for the period beginning January 1, 2026

Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 Financial Instruments)

The amendments address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 Financial Instruments.

BAHAMA ISLANDS CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

4. NEW AND AMENDED STANDARDS (Contd.)

Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)

To allow companies to better reflect these contracts in the financial statements, the IASB has made targeted amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures. The amendments include:

- clarifying the application of the ‘own-use’ requirements;
- permitting hedge accounting if these contracts are used as hedging instruments; and
- adding new disclosure requirements to enable investors to understand the effect of these contracts on a Credit Union’s financial performance and cash flows.

Effective for the period beginning January 1, 2027

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 includes requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 specifies the disclosure requirements and an eligible subsidiary is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards.

The Credit Union is currently assessing the impact of these amendments in the accounting standards. The Credit Union does not expect any other standards issued by the IASB, but are yet to be effective, to have a material impact on the Credit Union.

BAHAMA ISLANDS CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

5. CASH AND CASH EQUIVALENTS AND OTHER DEPOSITS

a. Cash on hand and in banks

	Rate	<u>2025</u>	Rate	<u>2024</u>
		\$		\$
Scotiabank (Bahamas) Limited				
Operating account		1,378,474		4,234,088
Payroll account		19,332		22,141
Fidelity Bank (Bahamas) Limited				
Business savings	0.00%	1,678,862	0.50%	3,178,070
Business checking		124,921		128,025
RBC Royal Bank (Bahamas) Limited		<u>415,316</u>		<u>362,144</u>
		3,616,905		7,924,468
Cash on hand and in ATM		<u>511,274</u>		<u>415,799</u>
		<u>\$4,128,179</u>		<u>\$8,340,267</u>

The Credit Union maintains a credit line of \$50,000 with Scotiabank (Bahamas) Limited. This facility bears interest at Nassau Prime plus 2.5% (effective interest rate of 7.25%), and is secured by the hypothecation of \$50,000 of the fixed deposit in Note 5(b).

b. Deposits with banks and other institutions

	Rate	<u>2025</u>	Rate	<u>2024</u>
		\$		\$
Fidelity Bank (Bahamas) – term deposit	2.50%	2,500,000	2.00%	2,500,000
BAF Financial & Insurance	2.75%	2,073,322	2.75%	2,017,739
Scotiabank (Bahamas) – term deposit	0.08%	<u>51,664</u>	0.08%	<u>51,664</u>
		4,624,986		4,569,403
Pledged as security		<u>(50,000)</u>		<u>(50,000)</u>
		<u>\$4,574,986</u>		<u>\$4,519,403</u>

Fidelity Bank (Bahamas) Limited term deposit has an original maturity of 3 year and matures on 19 April 2026.

BAF Financial & Insurance is an annuity contract with no maturity date but will incur a penalty if surrendered within 3 years. Interest accrues at 5% for the first year and at a minimum guaranteed interest rate of Prime minus 2.2% thereafter.

BAHAMA ISLANDS CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

5. CASH AND CASH EQUIVALENTS AND OTHER DEPOSITS (Contd.)

b. Deposits with banks and other institutions (Contd.)

Scotiabank (Bahamas) term deposit has an original maturity of 1 year and matures on 14 March 2026 (2024: 14 March 2025), of which \$50,000 was pledged as security in Note 5(a).

6. DEPOSITS WITH THE LEAGUE

	Rate	<u>2025</u>	Rate	<u>2024</u>
		\$		\$
Statutory reserve deposits				
Balance, beginning	1.44%	7,552,047	1.44%	7,096,956
Net deposits and other movements		700,000		350,000
Interest earned		<u>117,197</u>		<u>105,091</u>
Balance, ending		<u>8,369,244</u>		<u>7,552,047</u>
Liquidity reserve deposits				
Balance, beginning	1.44%	6,003,781	1.44%	5,694,443
Net deposits and other movements		400,000		225,000
Interest earned		<u>90,899</u>		<u>84,338</u>
Balance, ending		<u>6,494,680</u>		<u>6,003,781</u>
Other deposits, net				
Balance, beginning	1.00%	284,404	1.00%	273,150
Net deposits		20,972		8,153
Interest earned		<u>3,108</u>		<u>3,101</u>
Balance, ending		308,484		284,404
Assigned to unapplied deposits		(171,427)		(157,373)
Dormant accounts transferred		<u>(115,701)</u>		<u>(108,783)</u>
		<u>21,356</u>		<u>18,248</u>
		<u>\$14,885,280</u>		<u>\$13,574,076</u>

During 2025, the Credit Union transferred to the League a net total of \$14,054 (2024: \$4,400) to the League representing the unapplied deposits and a net total of \$6,918 (2024: \$2,047) representing dormant account transfers.

BAHAMA ISLANDS CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

6. DEPOSITS WITH THE LEAGUE (Contd.)

Statutory reserves

Section 89 (1) of the Bye-Laws requires that annual amounts be transferred from retained earnings to the statutory reserves, before the payment of dividends. The proceeds of this reserve are held at the League.

The (shortfall)/surplus in the statutory deposits with the League are as follows:

	<u>2025</u>	<u>2024</u>
	\$	\$
Statutory reserve deposits	8,369,244	7,552,047
Less: requirement (10% of total assets)	<u>(8,055,174)</u>	<u>(7,608,518)</u>
	<u>\$314,070</u>	<u>\$(56,471)</u>

Statutory reserve deposits shall remain with the League and shall only be withdrawn for purposes stated in the Act.

Liquidity reserves

Section 65(2)(4) of the Act requires the Credit Union to ensure that not less than 10% of its members deposits are kept in a liquidity reserve deposit and that a corresponding amount be deposited and administered by the League. The surplus/(deficit) in the liquidity reserves are as follows:

	<u>2025</u>	<u>2024</u>
	\$	\$
Liquidity reserve deposits	6,494,680	6,003,781
Less: requirement (10% of members' deposit)	<u>(6,340,433)</u>	<u>(5,898,111)</u>
	<u>\$153,247</u>	<u>\$105,670</u>

BAHAMA ISLANDS CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

7. OTHER RECEIVABLES AND PREPAYMENTS

	<u>2025</u>	<u>2024</u>
	\$	\$
Members' payroll deductions receivable	1,186,568	1,220,039
Other receivables	108,844	176,841
Prepaid expenses	77,647	134,831
Accrued investments income	<u>180,702</u>	<u>124,075</u>
	1,553,761	1,655,786
Allowance for bad debts	<u>(16,915)</u>	<u>(123,106)</u>
	<u>\$1,536,846</u>	<u>\$1,532,680</u>

The movement of the allowance for bad debts follows:

	<u>2025</u>	<u>2024</u>
	\$	\$
Balance, beginning	123,106	83,869
Write-off	(130,470)	(3,368)
Provision/(recovery) for the year	<u>24,249</u>	<u>42,605</u>
Balance, ending	<u>\$16,915</u>	<u>\$123,106</u>

8. FINANCIAL INVESTMENTS

Financial investments comprised of the following:

	<u>2025</u>	<u>2024</u>
	\$	\$
Marketable securities	312,320	319,500
BGRS	<u>850,000</u>	<u>850,000</u>
	<u>\$1,162,320</u>	<u>\$1,169,500</u>

BAHAMA ISLANDS CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

8. FINANCIAL INVESTMENTS (Contd.)

Marketable securities

The Credit Union's investments in securities are ranked into Levels 1 to 3, based on the degree to which the fair value is observable:

Level 1 - Fair value measures are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 - Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	<u>Fair Value Level</u>			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
2025				
Marketable securities	<u>\$269,710</u>	<u>\$ -</u>	<u>\$42,610</u>	<u>\$312,320</u>
2024				
Marketable securities	<u>\$278,090</u>	<u>\$ -</u>	<u>\$41,410</u>	<u>\$319,500</u>

Marketable securities are comprised of the following:

	<u>Number of</u>		<u>Market</u>
	<u>shares</u>	<u>Cost</u>	<u>Value</u>
		\$	\$
2025			
Freeport Oil Holdings Company Ltd.	12,000	120	76,800
Commonwealth Bank Limited	13,500	90	68,040
Fidelity Bank (Bahamas) Limited	500	150	8,250
Cable Bahamas Limited (6.25%)	125	125,000	125,000
The Bahamas Co-operative League Limited	804	<u>42,610</u>	<u>42,610</u>
		<u>\$167,970</u>	<u>\$312,320</u>

BAHAMA ISLANDS CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

8. FINANCIAL INVESTMENTS (Contd.)

	<u>Number of</u> <u>shares</u>	<u>Cost</u> <u>\$</u>	<u>Market</u> <u>Value</u> <u>\$</u>
2024			
Freeport Oil Holdings Company Ltd.	12,000	120	76,800
Commonwealth Bank Limited	13,500	90	68,040
Fidelity Bank (Bahamas) Limited	500	150	8,250
Cable Bahamas Limited (6.25%)	125	125,000	125,000
The Bahamas Co-operative League Limited	804	<u>41,410</u>	<u>41,410</u>
		<u>\$166,770</u>	<u>\$319,500</u>

BGRS

BGRS earned interest during the year at 4.00% to 5.00% (2024: 4.00% to 5.00%), and mature as noted below:

<u>Year of maturity</u>	<u>2025</u> <u>\$</u>	<u>2024</u> <u>\$</u>
2026	350,000	350,000
2028	250,000	250,000
2038	<u>250,000</u>	<u>250,000</u>
	<u>\$850,000</u>	<u>\$850,000</u>

BAHAMA ISLANDS CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

9. LOANS RECEIVABLE, NET

Summary of classification of loans receivable is as follows:

	<u>2025</u>	<u>2024</u>
	\$	\$
Consumer	23,357,353	24,036,915
Construction and real estate	22,643,153	15,646,606
Motor vehicle	1,929,792	1,141,273
Business	<u>123,494</u>	<u>44,942</u>
	48,053,792	40,869,736
Accrued interest	<u>209,805</u>	<u>181,255</u>
	48,263,597	41,050,991
Allowance for doubtful loans	<u>(1,803,956)</u>	<u>(1,386,218)</u>
Total loans to members	<u>\$46,459,641</u>	<u>\$39,664,773</u>

Summary of changes in the loans receivable:

	<u>2025</u>	<u>2024</u>
	\$	\$
Balance, beginning	40,869,736	35,835,723
Loans disbursed during the year	16,780,701	13,097,004
Loans paid during the year	(8,775,188)	(7,532,381)
Loans written off during the year	<u>(821,457)</u>	<u>(530,610)</u>
	48,053,792	40,869,736
Accrued interest	<u>209,805</u>	<u>181,255</u>
	48,263,597	41,050,991
Allowance for doubtful loans	<u>(1,803,956)</u>	<u>(1,386,218)</u>
Total net loans to members	<u>\$46,459,641</u>	<u>\$39,664,773</u>

BAHAMA ISLANDS CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

9. LOANS RECEIVABLE, NET (Contd.)

Summary of changes in allowance for doubtful loans:

	<u>2025</u>	<u>2024</u>
	\$	\$
Balance, beginning	1,386,218	899,436
Increase in provision during the year	1,239,195	1,017,392
Loans written off during the year	<u>(821,457)</u>	<u>(530,610)</u>
Balance, ending	<u>\$1,803,956</u>	<u>\$1,386,218</u>
Provision for the year	1,239,195	1,017,392
Recoveries of bad debts	<u>(909,188)</u>	<u>(835,294)</u>
	330,007	182,098
Provision/(recoveries) of bad debts – other assets (Note 7)	<u>(24,279)</u>	<u>42,605</u>
Loan losses/(recovery)	<u>\$305,728</u>	<u>\$224,703</u>

Loans to members are partially collateralised by the members' deposits.

The Credit Union adopted the ECL Model and categorised its loans into Stage 1, Stage 2 and Stage 3, as described below:

A. Definition:

Stage 1: When loans are first recognized, the Credit Union recognises an allowance based on 12-month ECLs. Stage 1 also represents loans that are performing and have not had a significant increase in credit risk since initial recognition.

Stage 2: This represents loans that have had a significant increase in credit risk since initial recognition, and hence are under-performing, but do not have objective evidence of impairment.

Stage 3: This represents loans that have objective evidence of impairment and hence are non-performing or credit impaired.

BAHAMA ISLANDS CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

9. LOANS RECEIVABLE, NET (Contd.)

B. Stage movement criteria:

Stage 1: All member loans are initially categorized as Stage 1.

A loan instrument remains in Stage 1 if it is not more than 90 days in arrears. In the event of breaching the 30-day period, the loan instrument will be categorised as Stage 2.

Transfers between stages are intended to be symmetrical in the sense that, given a Stage 2 asset, if the credit quality of the asset sufficiently improves, it should be transferred to Stage 1.

Stage 2: The transfer of assets from Stage 1 and Stage 2, and vice-versa, is determined on the basis of the period the loan instrument is in arrears. The loan instrument will continue to be categorized as Stage 2 up to 90 days in arrears. Upon breaching the 90-day period, the loan instrument will be categorised as Stage 2.

Stage 3: The transfer of assets from Stage 2 to Stage 3 is based on whether the asset has been established as credit-impaired. The period determined for the loan instrument to be categorised as Stage 3 is more than 90 days in arrears.

C. ECL methodology:

Stage 1: The impairment is estimated based on the expected losses over the expected life of the member loans arising from default events occurring in the next 12 months (Annual ECL).

Stages 2 and 3:

Impairment is estimated based on the expected losses over the expected life of member loans arising from default events occurring in the lifetime of the instrument (Lifetime ECL).

BAHAMA ISLANDS CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

9. LOANS RECEIVABLE, NET (Contd.)

D. Assessment:

Loans are individually assessed based on the above criteria.

E. Application of ECL methodology:

The Credit Union develops ECL rates for loans in Stages 1 to 3 based on the delinquency history and loss experiences on the member loans with the consideration of economic conditions.

F. Key forward-looking information:

The Credit Union considers economic factors like GDP, employment rate, and interest rates in determining the loss rates.

The Credit Union calculates ECLs to measure the expected cash shortfalls. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

ECL per loan stage is summarised below:

	<u>Number of accounts</u>	<u>Loan balance</u>	<u>Value of security</u>	<u>Unsecured balance</u>	<u>Expected credit loss</u>
<u>2025</u>		<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Stage 1	2,462	45,505,071	32,959,612	12,545,459	378,920
Stage 2	116	911,748	220,201	691,547	127,952
Stage 3	<u>217</u>	<u>1,636,973</u>	<u>251,681</u>	<u>1,385,291</u>	<u>1,297,084</u>
	<u>2,795</u>	<u>48,053,792</u>	<u>33,431,494</u>	<u>14,622,297</u>	<u>1,803,956</u>

	<u>Number of accounts</u>	<u>Loan balance</u>	<u>Value of security</u>	<u>Unsecured balance</u>	<u>Expected credit loss</u>
<u>2024</u>		<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Stage 1	2,314	38,081,533	27,304,764	10,776,769	309,353
Stage 2	160	1,440,028	591,018	849,010	73,333
Stage 3	<u>178</u>	<u>1,348,175</u>	<u>279,871</u>	<u>1,068,304</u>	<u>1,003,532</u>
	<u>2,652</u>	<u>\$40,869,736</u>	<u>\$28,175,653</u>	<u>12,694,083</u>	<u>\$1,386,218</u>

BAHAMA ISLANDS CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

10. INVESTMENT PROPERTIES

2025

	<u>Lands</u>	<u>Building</u>	<u>Total</u>
	\$	\$	\$
Fair value, January 1, 2025 and December 31, 2025	<u>\$3,749,675</u>	<u>\$1,242,325</u>	<u>\$4,992,000</u>

2024

	<u>Lands</u>	<u>Building</u>	<u>Total</u>
	\$	\$	\$
Fair value, 1 January 2024 and December 31, 2024	<u>\$3,749,675</u>	<u>\$1,242,325</u>	<u>\$4,992,000</u>

During 2021, the Credit Union elected to remeasure its investment properties at fair value as management believes that it is a more appropriate presentation. Fair value is determined by applying the sales comparison approach, an estimate of value by comparing recent sales of similar properties in the surrounding or competing area, and investment method, an estimate which determines the value of an interest in property by the capitalisation of actual or estimated net rental income. Discount rates, expected vacancy rates, and rental growth rates are estimated by an external expert based on comparable transactions and industry data.

In 2024, independent valuers that hold professional qualification and have recent experience in the area assessed the fair value of the investment properties as at December 31, 2025. The fair value of the investment properties had been adjusted for purposes of financial statements to arrive at management's highest and best use estimate as at December 31, 2025.

The fair value of the investment properties is categorised as a level 3 recurring fair value measurement.

Management intends to assess the fair value of the investment properties at regular intervals.

BAHAMA ISLANDS CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

11. PROPERTY AND EQUIPMENT, NET

2025

	<u>Land</u>	<u>Buildings</u>	<u>Furniture and equipment</u>	<u>Computer hardware and software</u>	<u>Automated teller machine</u>	<u>Vehicles</u>	<u>Total</u>
	\$	\$	\$	\$	\$	\$	\$
COST							
1 January 2025	525,665	2,280,932	275,505	270,602	52,426	29,595	3,434,725
Additions	541,584	46,372	6,678	46,173	2,291	30,995	674,093
Disposals	-	-	-	-	-	(29,596)	(29,596)
December 31, 2025	<u>1,067,249</u>	<u>2,327,304</u>	<u>282,183</u>	<u>316,775</u>	<u>54,717</u>	<u>30,994</u>	<u>4,079,222</u>
DEPRECIATION							
1 January 2025	-	660,439	256,286	204,738	41,190	29,595	1,192,248
Charge for the year	-	93,073	11,315	36,275	7,735	5,682	154,080
Disposals	-	-	-	-	-	(29,995)	(29,995)
December 31, 2025	<u>-</u>	<u>753,512</u>	<u>267,601</u>	<u>241,013</u>	<u>48,925</u>	<u>5,682</u>	<u>1,316,733</u>
NET BOOK VALUE							
December 31, 2025	<u>\$1,067,249</u>	<u>\$1,573,792</u>	<u>\$14,582</u>	<u>\$75,762</u>	<u>\$5,792</u>	<u>\$25,312</u>	<u>\$2,762,489</u>
December 31, 2024	<u>\$525,665</u>	<u>\$1,620,493</u>	<u>\$19,219</u>	<u>\$65,864</u>	<u>\$11,236</u>	<u>\$-</u>	<u>\$2,242,477</u>

BAHAMA ISLANDS CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

11. PROPERTY AND EQUIPMENT, NET (Contd.)

2024

	<u>Land</u>	<u>Buildings</u>	<u>Furniture and equipment</u>	<u>Computer hardware and software</u>	<u>Automated teller machine</u>	<u>Vehicles</u>	<u>Total</u>
	\$	\$	\$	\$	\$	\$	\$
COST							
1 January 2024	525,665	2,251,898	266,834	236,073	52,426	29,595	3,362,491
Additions	<u>-</u>	<u>29,034</u>	<u>8,671</u>	<u>34,529</u>	<u>-</u>	<u>-</u>	<u>72,234</u>
December 31, 2024	<u>525,665</u>	<u>2,280,932</u>	<u>275,505</u>	<u>270,602</u>	<u>52,426</u>	<u>29,595</u>	<u>3,434,725</u>
DEPRECIATION							
1 January 2024	-	567,480	240,649	171,033	33,701	29,595	1,042,458
Charge for the year	<u>-</u>	<u>92,959</u>	<u>15,637</u>	<u>33,705</u>	<u>7,489</u>	<u>-</u>	<u>149,790</u>
December 31, 2024	<u>-</u>	<u>660,439</u>	<u>256,286</u>	<u>204,738</u>	<u>41,190</u>	<u>29,595</u>	<u>1,192,248</u>
NET BOOK VALUE							
December 31, 2024	<u>\$525,665</u>	<u>\$1,620,493</u>	<u>\$19,219</u>	<u>\$65,864</u>	<u>\$11,236</u>	<u>\$-</u>	<u>\$2,242,477</u>
December 31, 2023	<u>\$525,665</u>	<u>\$1,684,418</u>	<u>\$26,185</u>	<u>\$65,040</u>	<u>\$18,725</u>	<u>\$-</u>	<u>\$2,320,033</u>

BAHAMA ISLANDS CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

12. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

	<u>2025</u>	<u>2024</u>
	\$	\$
Accounts payable	137,242	77,097
Accrued expenses	154,722	65,490
Stale dated cheques	54,991	67,203
Tenants deposit	15,000	15,000
Unapplied receipts	4,808	11,210
Other payables	<u>7,132</u>	<u>6,486</u>
	<u>\$373,895</u>	<u>\$242,486</u>

13. MEMBERS' DEPOSITS

	<u>Rates</u>	<u>2025</u>	<u>2024</u>
		\$	\$
Regular deposits	2.00%	36,942,958	34,113,963
Other deposits			
Retirement savings	3.25% - 4.25%	12,073,392	11,926,545
Certificate of deposits	2.50% - 4.25%	8,053,885	7,280,586
Kall Accounts		3,100,458	2,791,424
Kids accounts	2.00%	931,968	904,573
Deposit accrued interest		837,177	784,998
Educational savings	3.00% - 4.25%	643,854	657,921
Vacation club deposits		414,285	184,252
Debit card accounts		135,043	125,994
Group insurance		95,513	88,620
School fee deposits		100,259	77,636
Master card accounts		-	26,974
Bill paying accounts		14,750	16,279
Business accounts		617	1,157
Mortgage escrow accounts		18,325	185
Christmas club accounts	2.25%	<u>41,842</u>	<u>--</u>
		<u>\$63,404,326</u>	<u>\$58,981,107</u>

Effective December 31, 2025, the members Christmas club account balances are automatically transferred to the members Kall Accounts unless otherwise specified.

BAHAMA ISLANDS CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

13. MEMBERS' DEPOSITS (Contd.)

Deposits may be transferred to another member or anyone eligible for membership with the consent of the Board of Directors. Deposits may be withdrawn in whole or in part by the member; however, the Board of Directors reserves the right at any time to require a member to give notice not exceeding 6 months, provided that no member may withdraw any deposits below the amount of his total liability to the Credit Union without approval of the Board of Directors.

14. BORROWINGS

Borrowings are comprised of the following:

	<u>2025</u>	<u>2024</u>
	\$	\$
Balance, beginning	5,299,391	1,803,846
Additional loan	--	5,340,398
Repayments	<u>(633,619)</u>	<u>(1,844,853)</u>
	<u>\$4,665,772</u>	<u>\$5,299,391</u>

These are broken down as follows:

Current portion	702,111	669,445
Long-term portion	<u>3,963,661</u>	<u>4,629,946</u>
	<u>\$4,665,772</u>	<u>\$5,299,391</u>

Teachers and Salaried Workers Co-Operative Credit Union Loan

The Credit Union entered into a loan agreement with Teachers and Salaried Workers Co-operative Credit Union Limited to borrow \$2,450,000 on February 7, 2017 for a period of 7 years. Principal and interest are to be repaid in 85 monthly instalments of \$35,307, payable at the end of each month.

The purpose of the loan was to acquire new office facilities, which the Credit Union relocated in 2017. The facility was secured by a first demand legal mortgage over land and building, which is located in the Palmdale Subdivision, Corner of Rosetta & Patton Streets, Eastern District, New Providence. The facility matured and was fully repaid in 2024.

BAHAMA ISLANDS CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

14. BORROWINGS (Contd.)

The Bahamas Co-operative League Limited Loan

On December 10, 2024, the Credit Union entered another agreement with the League to consolidate the balance of the previous loan into a new loan of \$5,340,398 bearing 4.00% fixed interest rate and payable monthly in 84 equal monthly instalments of \$72,436. The new loan was also intended as an infusion to the Credit Union's current operating liquidity. The Credit Union made an advance payment of \$41,007 in 2024.

The loan is secured by the deposits held by the League for the Credit Union as disclosed in Note 6.

15. QUALIFYING SHARES AND OTHER RESERVE

a. Qualifying shares

The movements in qualifying shares during the year are comprised of the following:

	<u>2025</u>	<u>2024</u>
	\$	\$
Balance, beginning	1,995,200	1,889,000
Issued during the year	124,400	127,400
Transfer to donated capital	<u>(44,000)</u>	<u>(21,200)</u>
	<u>\$2,075,600</u>	<u>\$1,995,200</u>

Shares in the Credit Union entitle each member 1 vote at the AGM. as at December 31, 2025, the Credit Union had 10,378 members (2024: 9,976 members).

BAHAMA ISLANDS CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

15. QUALIFYING SHARES AND OTHER RESERVE (Contd.)

b. Statutory reserve fund

The movements in statutory reserve fund during the year are comprised of the following:

	<u>2025</u>	<u>2024</u>
	\$	\$
Balance, beginning	4,365,675	4,365,675
Appropriation	<u>2,000,000</u>	<u>---</u>
Balance, ending	<u>\$6,365,675</u>	<u>\$4,365,675</u>

The Act requires that the Credit Union deposit with the League an amount equal to the statutory reserve fund. As at December 31, 2025, the Credit Union has deposited a total of \$8,369,244 (2024: \$7,552,047) with the League, which represents an excess of \$2,003,569 (2024: \$3,186,372). Effective December 31, 2025, The Board of Directors passed a resolution to transfer the amount of \$2,000,000 from retained earnings to the statutory reserve account.

The Act further requires that the Credit Union keep its statutory reserves, retained earnings and equity shares at no stage less than 10.00% of its total assets except during the phase in period as permitted by the regulations. The funds may be withdrawn by the Credit Union to meet emergency cash requirements in accordance with the policies established for the operation of the fund. The total of the statutory reserves, retained earnings, qualifying shares and donated capital of \$11,977,963 (2024: \$11,424,027) is above the minimum 10.00% total assets requirement by \$3,922,789 or 14.87% of total assets (2024: \$3,815,509 or 15.01% of total assets).

c. Fair value reserve

The movements in fair value reserve comprise:

	<u>2025</u>	<u>2024</u>
	\$	\$
Balance, beginning	138,165	124,525
Fair value gain	<u>(8,380)</u>	<u>13,640</u>
	<u>\$129,785</u>	<u>\$138,165</u>

This represents the accumulated unrealised gains arising on the revaluation of equity shares traded on the Bahamas International Stock Exchange.

BAHAMA ISLANDS CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

15. QUALIFYING SHARES AND OTHER RESERVE (Contd.)

d. Donated capital

The movements in donated capital comprise:

	<u>2025</u>	<u>2024</u>
	\$	\$
Balance, beginning	112,200	91,000
Transfer from qualifying shares	<u>44,000</u>	<u>21,200</u>
	<u>\$156,200</u>	<u>\$112,200</u>

In a resolution passed at the 2019 AGM, the members approved that the qualifying shares are no longer redeemable as per the Credit Union Act, 2015. Shares of members withdrawing from the Credit Union are retained in the Members' Equity as donated capital.

e. Retained earnings

	<u>2025</u>	<u>2024</u>
	\$	\$
Balance beginning	4,950,952	4,386,487
Dividend paid	(79,504)	(75,248)
Profit for the year	509,040	639,713
Transfer to Statutory Reserve	<u>(2,000,000)</u>	<u>--</u>
	<u>\$3,380,488</u>	<u>\$4,950,952</u>

BAHAMA ISLANDS CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

16. NET FINANCE INCOME BEFORE PROVISION FOR LOAN LOSSES

Net finance income before provision for loan losses comprises:

	<u>2025</u>	<u>2024</u>
	\$	\$
<i>Net interest on members operations</i>		
Interest earned on loan to members	4,057,208	3,776,769
Interest expense on members' deposit	<u>(1,302,449)</u>	<u>(1,264,066)</u>
	<u>2,754,759</u>	<u>2,512,703</u>
<i>Investment interest income</i>		
Statutory reserve deposits at the League	117,197	105,091
Liquidity reserve deposits with the League	90,899	84,338
Fixed deposits at the Bank	60,274	63,502
BAF Financial & Insurance (Bahamas) Ltd.	55,583	50,710
Bahamas Government Registered Stock	39,719	39,719
Other deposits at the League	<u>3,108</u>	<u>3,101</u>
	<u>366,780</u>	<u>346,461</u>
Interest expense on borrowings	<u>(201,337)</u>	<u>(61,020)</u>
	<u>\$2,920,202</u>	<u>\$2,798,144</u>

17. NON-INTEREST INCOME

	<u>2025</u>	<u>2024</u>
	\$	\$
Service charges	830,987	838,408
Rental income	90,000	90,000
League Insurance dividends	86,955	--
Bill payment fees	52,182	53,138
Entrance fees	31,000	32,050
Dividends on equity investment	7,981	12,389
Gain on sale of motor vehicle	6,001	--
Other income	<u>2,516</u>	<u>5,549</u>
	<u>\$1,107,622</u>	<u>\$1,031,534</u>

BAHAMA ISLANDS CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

18. PERSONNEL

	<u>2025</u>	<u>2024</u>
	\$	\$
Salaries	1,293,500	1,161,974
Medical and pension	311,653	291,586
National insurance	55,880	47,736
Employee training and development	23,487	20,854
Other benefits	<u>29,650</u>	<u>58,768</u>
	<u>\$1,714,170</u>	<u>\$1,580,918</u>

19. OCCUPANCY

	<u>2025</u>	<u>2024</u>
	\$	\$
General maintenance	161,996	114,563
Depreciation – building	93,073	92,959
Business licence	75,726	75,565
Security	71,745	72,407
Insurance – building	78,212	70,515
Utilities	43,938	45,339
Property tax	<u>43,300</u>	<u>12,549</u>
	<u>\$567,990</u>	<u>\$483,897</u>

20. MEMBERS' SECURITY

	<u>2025</u>	<u>2024</u>
	\$	\$
Loans and savings insurance premium, net	274,284	256,336
Share insurance	<u>57,550</u>	<u>53,012</u>
	<u>\$331,834</u>	<u>\$309,348</u>

BAHAMA ISLANDS CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

21. GENERAL BUSINESS

	<u>2025</u>	<u>2024</u>
	\$	\$
Professional and legal fees	54,095	81,214
Telephone	46,692	44,869
Other general expense	36,301	26,266
Value added tax (VAT)	28,954	25,063
Debit card expenses	13,981	23,842
Stationery and supplies	26,283	21,046
Depreciation – furniture and fixtures	11,560	15,637
Bank charges	13,432	15,065
Insurance – office liabilities	9,156	9,205
Depreciation - ATM	7,489	7,489
Depreciation – motor vehicle	5,682	--
Equipment maintenance	4,191	5,760
Motor vehicle maintenance	2,993	4,973
Insurance – motor vehicle	1,047	681
Reconciliation adjustments	<u>200</u>	<u>--</u>
	<u>\$262,056</u>	<u>\$281,110</u>

Reconciliation adjustments pertain to the general provision made by the Credit Union for the unknown and unreconciled debit balances in previous years.

22. ORGANISATIONAL

	<u>2025</u>	<u>2024</u>
	\$	\$
Board and committee meetings	94,412	90,911
Annual league dues, net	25,227	26,042
Annual general meeting	15,131	11,046
Board training	<u>9,820</u>	<u>5,172</u>
	<u>\$144,590</u>	<u>\$133,171</u>

BAHAMA ISLANDS CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

23. COMPUTER COSTS

	<u>2025</u>	<u>2024</u>
	\$	\$
Maintenance and supplies	129,599	95,686
Computer hardware – depreciation	22,866	24,645
Computer software – depreciation	<u>13,410</u>	<u>9,060</u>
	<u>\$165,875</u>	<u>\$129,391</u>

24. MARKETING

	<u>2025</u>	<u>2024</u>
	\$	\$
Advertising and promotions	15,525	35,275
Donations and gifts	<u>11,016</u>	<u>12,152</u>
	<u>\$26,541</u>	<u>\$47,427</u>

25. RELATED PARTY BALANCES AND TRANSACTIONS

Directors, committee members and staff members, including their family members, are classified as related parties and maintained the following balances and transactions with the Credit Union:

	<u>2025</u>	<u>2024</u>
	\$	\$
Directors and committee members:		
Loans including interest	1,910,821	1,435,796
Interest income	73,920	19,997
Shares and savings	1,764,867	1,282,873
Interest expense	45,121	5,418
Staff members:		
Loans including interest	1,129,798	799,028
Interest income	45,828	8,057
Shares and savings	878,047	810,992
Interest expense	12,703	3,118

BAHAMA ISLANDS CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

25. RELATED PARTY BALANCES AND TRANSACTIONS (Contd.)

	<u>2025</u>	<u>2024</u>
	\$	\$
Family members:		
Loans including interest	859,011	180,583
Interest income	34,384	16,876
Shares and savings	946,470	767,736
Interest expense	12,842	1,857

Loans are generally granted in accordance with normal lending policies applicable to other members, (i.e. rates, terms, conditions, qualifying criteria, security, etc.) with the exception of loans to those staff members who are to receive preferential rates in their employment package and are included in loans receivable on the statement of financial position.

Shares and savings accounts are maintained under the same terms and conditions as accounts of other members (i.e. rate, terms, conditions, qualifying criteria, security, etc.) and are included in members' deposits and qualifying shares on the statement of financial position.

Key management remuneration and board and committee expenses are as follows:

	<u>2025</u>	<u>2024</u>
	\$	\$
Key management remuneration:		
Salaries and wages	574,019	531,609
Statutory and other costs	154,938	130,625
Board and committee expenses:		
Committee training	9,820	5,172
Allowance	90,700	87,900
Other	3,711	3,011

26. PENSION PLAN

The Credit Union has a defined contribution retirement plan ("the Plan") administered by a financial institution, as trustee, covering the Credit Union's regular employees. The employee's participation in the plan is voluntary. The Credit Union contributes an amount equivalent to 5.00% to 10.00% (2024: 5.00% to 6.00%) of the employees' annual salaries to the Plan. Total pension cost charged to operations amounted to \$75,600 (2024: \$77,219).

BAHAMA ISLANDS CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

27. COMMITMENTS AND CONTINGENCIES

Litigation

The Credit Union is not currently involved in any actions arising from the normal course of business.

Credit card operations

The Credit Union is a party to an agreement between the League and Scotiabank (Bahamas) Limited (“Scotiabank”) with respect to the Credit Union’s issuance of credit cards to its members. As part of this agreement, the Credit Union indemnifies Scotiabank against credit losses by settling balances that become more than 90 days delinquent. The League is the intermediary where agreements and correspondence are done through them. In 2024, the Credit Union solidified its decision to discontinue administering the BCLL Mastercard Program on behalf of our members. As of February 2025, final payments were made based on the balances reported on the February 2025 trial balance and Scotiabank was instructed to block and cancel all cards associated with the program. The total balance on credit cards at the reporting date was a credit of \$22,228 (2024: \$34,494). As at December 31 2025, there were delinquent credit cards with aggregate balance of -\$1,898 (2024: \$3,101) which the members are responsible for.

Dormant Accounts

Per the Bahamas Co-operative Credit Unions Act, 2015, where a deposit account is declared dormant, the Board shall transfer the account, interest and other sums due or standing to the member’s account to a special statutory reserve account in the Credit Union’s name. After a period of five years in the special reserve fund, the Board may transfer the dormant deposit account to the Central Bank of the Bahamas (“Central Bank”) which shall maintain a separate accounting record of all such accounts. The Credit Union has not yet transferred any dormant deposit account balance to the Central Bank since the first transfer for the dormant account to the reserves was made in 2018 and the statutory period in the fund is not complete. At the December 31 2025 year-end, the Credit Union is holding dormant account balances amounting to \$115,701 (2024: \$108,783).

28. FINANCIAL RISK MANAGEMENT

By its nature, the Credit Union’s activities are principally related to the use of financial instruments. This will involve analysis, evaluation and management of some degree of risk or combination of risks. The Credit Union’s aims are, therefore, to achieve an appropriate balance between risks and return and minimise potential adverse effects on the Credit Union’s financial performance.

BAHAMA ISLANDS CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

28. FINANCIAL RISK MANAGEMENT (Contd.)

The Board of Directors (the “Board”) is ultimately responsible for the establishment and oversight of the Credit Union’s risk management framework. The Credit Union’s risk management policies are designed to identify and analyse the risk faced by the Credit Union, to set appropriate risk limits and controls, and to monitor risks and adherence to limits by means of regularly generated reports. Risk management procedures are closely integrated into all key business processes. The Credit Union regularly reviews its risk management policies, procedures and systems to reflect recommendations and best practice, as well as changes in markets and products.

The Board, through the following committees, is responsible for monitoring compliance with the Credit Union’s risk management policies and procedures:

- *Supervisory Committee*

The Supervisory Committee oversees how management monitors compliance with the Credit Union’s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Credit Union. This Committee undertakes both regular and ad hoc reviews of risk management controls and procedures, the result of which are reported to the Board.

- *Credit Committee*

The Credit Committee oversees the approval and disbursements of credit facilities to members. It is also primarily responsible for monitoring the quality of loan portfolio.

The Credit Union accepts deposits from members at agreed rates of interest and seeks to earn above average interest margins by investing these funds in high quality assets, as well as lending for longer periods at higher rates while maintaining sufficient liquidity to meet all claims that might fall due.

These activities expose the Credit Union to a variety of financial risks, the most important risks are:

- Credit Risk
- Liquidity Risk
- Market Risk (including currency risk, interest rate risk and other price risk)

BAHAMA ISLANDS CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

28. FINANCIAL RISK MANAGEMENT (Contd.)

Credit risk

Credit risk is the risk that borrowers or other counterparties will cause a financial loss for the Credit Union by failing to discharge their contractual obligations when they become due, and that any collateral provided does not cover the Credit Union's claims. Credit risk is the most important risk for the Credit Union's business. As a consequence of the Credit Union's mandate and resulting financial structure, credit risk arises principally from lending activities and are concentrated in loans to members.

For loans, credit decisions are primarily made by the Board of Directors, with some delegation of credit approval authority to the Credit Union's CEO and Loans Manager. There is a documented credit policy in place, which forms the basis for lending operations. The policy aims at maintaining a high quality loan portfolio, as well as enhancing the Credit Union's mission and strategy. The policy sets the basic criteria for acceptable risk and identifies risk areas that require special attention.

Additionally, the Credit Union is exposed to credit risk in its treasury activities, arising from financial assets that the Credit Union uses for investing its liquidity and managing currency and interest rate risks, as well as other market risks.

The Credit Union manages the levels of credit risk they undertake by placing limits on the amount of risk accepted in relation to any one borrower, or group of borrowers. Such risks are monitored on a revolving basis and subject to an annual or more frequent review. Exposure to credit risk is managed through regular analysis of the ability of the borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and personal guarantees.

The principal collateral types for loans are:

- Shares or deposits held at the Credit Union (except qualifying shares); and
- Charges over assets such as automobiles and premises.

Management monitors the fair value of collateral held during its review of the adequacy of the provision for credit losses.

Borrowers of the Credit Union are segmented into two internal classes, performing and nonperforming.

The maximum exposure to credit risk before collateral held or other credit enhancements on loans totalled \$48,053,792 (2024: \$40,869,736) as disclosed in Note 9.

BAHAMA ISLANDS CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

28. FINANCIAL RISK MANAGEMENT (Contd.)

Credit risk (Contd.)

For all other financial assets on the statement of financial position, the maximum exposure to credit risk is based on the net carrying amounts as reported in the statement of financial position. The Credit Union is also exposed to credit risk on credit card commitments and guarantees as disclosed in Note 27.

Liquidity risk

Liquidity risk, also referred to as funding risk, is the risk that the Credit Union will encounter difficulty in raising funds to meet its obligations and commitments associated with its financial liabilities when they fall due, and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

The Credit Union is exposed to daily calls on its available cash resources from general savings deposits, maturing loans draw-downs, guarantees, withdrawal of shares and operating commitments. The Credit Union does not maintain cash resources to meet all of these needs, as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty.

The liquidity management process is monitored by the Manager and includes:

- Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of the Credit Union's source of funds which includes, cash and bank balances, items in the course of collection and investment maturities in order to determine their ability to meet its commitments;
- Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruptions to cash flow;
- Maintaining committed lines of credit with its Bankers and the League;
- Monitoring statement of financial position liquidity ratios against internal and regulatory requirements. The most important of these is to maintain limits on the ratio of net liquid assets to liabilities; and
- Matching and mismatching of the maturities and interest rates of financial assets and financial liabilities. An unmatched position potentially enhances profitability, but can increase risk.

The table in the next page summarises the Credit Union's exposure to liquidity risk based on relevant contractual repayment obligations.

BAHAMA ISLANDS CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

28. FINANCIAL RISK MANAGEMENT (Contd.)

Liquidity risk (Contd.)

<u>2025</u>	<u>Within 3 Months</u> \$	<u>3 Months to 1 Year</u> \$	<u>Over 1 to 5 Years</u> \$	<u>Over 5 Years</u> \$	<u>Total</u> \$
Financial Assets:					
Cash and cash equivalents	4,128,179	--	--	--	4,128,179
Deposits with banks and other institutions	--	51,664	4,573,323	--	4,573,323
Deposits with the League	14,885,280	--	--	--	14,885,280
Other receivables	1,428,003	108,844	--	--	1,536,846
Financial investments	--	662,320	250,000	250,000	1,162,320
Loans receivable, net	<u>219,287</u>	<u>225,430</u>	<u>11,523,369</u>	<u>34,491,555</u>	<u>46,459,641</u>
	<u>20,660,749</u>	<u>1,048,258</u>	<u>16,346,692</u>	<u>34,741,555</u>	<u>72,797,253</u>
Financial Liabilities:					
Accounts payable and accrued expenses	373,895	--	--	--	373,895
Members' deposits	41,796,018	473,355	21,134,953	--	63,404,326
Borrowings	<u>172,908</u>	<u>529,203</u>	<u>3,963,662</u>	<u>--</u>	<u>4,665,772</u>
	<u>42,342,820</u>	<u>1,002,558</u>	<u>25,098,615</u>	<u>--</u>	<u>68,443,993</u>
Liquidity Gap	<u>\$(21,682,071)</u>	<u>\$45,699</u>	<u>\$(8,751,923)</u>	<u>\$34,741,555</u>	<u>\$4,353,260</u>

BAHAMA ISLANDS CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

28. FINANCIAL RISK MANAGEMENT (Contd.)

Liquidity Risk (Contd.)

<u>2024</u>	<u>Within 3 Months</u> \$	<u>3 Months to 1 Year</u> \$	<u>Over 1 to 5 Years</u> \$	<u>Over 5 Years</u> \$	<u>Total</u> \$
Financial Assets:					
Cash and cash equivalents	8,340,267	--	--	--	8,340,267
Deposits with banks and other institutions	--	51,664	4,517,739	--	4,569,403
Deposits with the League	13,574,076	--	--	--	13,574,076
Other receivables	1,221,008	176,841	--	--	1,397,849
Financial investments	--	319,500	600,000	250,000	1,169,500
Loans receivable, net	<u>190,207</u>	<u>318,524</u>	<u>11,385,813</u>	<u>27,770,229</u>	<u>39,664,773</u>
	<u>23,325,558</u>	<u>866,529</u>	<u>16,503,552</u>	<u>28,020,229</u>	<u>68,715,868</u>
Financial Liabilities:					
Accounts payable and accrued expenses	242,486	--	--	--	242,486
Members' deposits	38,331,055	399,187	20,250,865	--	58,981,107
Borrowings	<u>164,863</u>	<u>504,582</u>	<u>3,779,254</u>	<u>850,692</u>	<u>5,299,391</u>
	<u>38,738,404</u>	<u>903,769</u>	<u>24,030,119</u>	<u>850,692</u>	<u>64,522,984</u>
Liquidity Gap	<u>\$(15,412,846)</u>	<u>\$(37,240)</u>	<u>\$(7,526,567)</u>	<u>\$27,169,537</u>	<u>\$4,192,884</u>

BAHAMA ISLANDS CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

28. FINANCIAL RISK MANAGEMENT (Contd.)

Market risk

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

Currency risk

Currency risk or foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Credit Union has minimum exposure to currency risk, as all its assets and liabilities are stated in the Bahamian dollars, which is the Credit Union's functional and presentational currency.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates, and arises mainly from interest bearing deposits, loans receivable, debt securities, bank overdraft and members' and non-members' deposits.

Floating rate instruments expose the Credit Union to cash flow interest rate risk, whereas fixed interest rate instruments expose the Credit Union to fair value interest rate risk. The Credit Union takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce losses in the event that unexpected movements arise.

The Credit Union's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments as determined by the Board. The policy also requires it to manage the maturities of interest-bearing financial assets and interest bearing financial liabilities. The Board sets limits on the level of mismatch of interest rate re-pricing that may be undertaken. The table in the next page summarises the Credit Union's exposure to interest rate risk. They include the Credit Union's financial instruments at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates.

BAHAMA ISLANDS CO-OPERATIVE CREDIT UNION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

28. FINANCIAL RISK MANAGEMENT (Contd.)

Market risk (Contd.)

	<u>Repricing date of interest sensitive instruments</u>				<u>Non-interest rate sensitive</u>	<u>Total</u>
	<u>2025</u>	<u>Within 3 Months</u>	<u>3 to 12 Months</u>	<u>1 to 5 years</u>		
	\$	\$	\$	\$	\$	\$
Financial Assets:						
Cash and cash equivalents	--	--	--	--	4,128,179	4,128,179
Deposits with banks and other institutions	--	51,664	4,573,323	--	--	4,624,987
Deposits with League	14,885,280	--	--	--	--	14,885,280
Loans receivable, net	9,482	225,430	11,523,369	34,491,555	209,805	46,459,641
Other receivables	--	--	--	--	1,536,846	1,536,846
Financial investments	--	--	<u>250,000</u>	<u>250,000</u>	<u>662,320</u>	<u>1,162,320</u>
	<u>14,894,762</u>	<u>277,094</u>	<u>16,346,692</u>	<u>34,741,555</u>	<u>6,537,150</u>	<u>72,797,253</u>
Financial Liabilities:						
Accounts payable and accrued expenses	--	--	--	--	373,895	373,895
Members' deposits	38,431,312	473,356	21,134,952	--	3,364,706	63,404,326
Borrowings	<u>172,908</u>	<u>529,203</u>	<u>3,963,662</u>	--	--	<u>4,665,772</u>
	<u>38,604,220</u>	<u>1,002,559</u>	<u>25,098,614</u>	--	<u>3,738,601</u>	<u>68,443,993</u>
Net Repricing Gap	<u>\$(23,709,458)</u>	<u>\$(725,465)</u>	<u>\$(8,751,922)</u>	<u>\$34,741,555</u>	<u>\$2,798,550</u>	<u>\$4,353,260</u>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

28. FINANCIAL RISK MANAGEMENT (Contd.)

Market risk (Contd.)

<u>2024</u>	<u>Repricing date of interest sensitive instruments</u>				<u>Non-interest rate sensitive</u>	<u>Total</u>
	<u>Within 3 Months</u>	<u>3 to 12 Months</u>	<u>1 to 5 years</u>	<u>Over 5 Years</u>		
	\$	\$	\$	\$	\$	\$
Financial Assets:						
Cash and cash equivalents	3,178,070	--	--	--	5,162,197	8,340,267
Deposits with banks and other institutions	--	51,664	4,517,739	--	--	4,569,403
Deposits with League	13,574,076	--	--	--	--	13,574,076
Loans receivable, net	8,952	318,524	11,385,813	27,770,229	181,255	39,664,773
Other receivables	--	--	--	--	1,397,849	1,397,849
Financial investments	--	--	<u>600,000</u>	<u>250,000</u>	<u>319,500</u>	<u>1,169,500</u>
	<u>16,761,098</u>	<u>370,188</u>	<u>16,503,552</u>	<u>28,020,229</u>	<u>7,060,801</u>	<u>68,715,868</u>
Financial Liabilities:						
Accounts payable and accrued expenses	--	--	--	--	242,486	242,486
Members' deposits	35,280,424	399,187	20,250,865	--	3,050,631	58,981,107
Borrowings	<u>164,863</u>	<u>504,582</u>	<u>3,779,254</u>	<u>850,692</u>	--	<u>5,299,391</u>
	<u>35,445,287</u>	<u>903,769</u>	<u>24,030,119</u>	<u>850,692</u>	<u>3,293,117</u>	<u>64,522,984</u>
Net Repricing Gap	<u>\$(18,684,189)</u>	<u>\$(533,581)</u>	<u>\$(7,526,567)</u>	<u>\$27,169,537</u>	<u>\$3,767,684</u>	<u>\$4,192,884</u>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

29. CAPITAL RISK MANAGEMENT

The Credit Union's objectives when managing capital are as follows:

- To comply with the capital requirements set by the regulator of the Co-operatives Credit Union;
- To safeguard the Credit Union's ability to continue as a going concern so that it can continue to provide returns for its members and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

The Credit Union's Board reviews the capital structure on a quarterly basis. As part of the review, the Board considers the provision of the Bahamas Co-operative Credit Unions Act, 2015, Section 65, which states that:

Every credit union shall ensure that:

- a. Not less than 10% of its members' deposits are kept in a liquidity reserve fund; and
- b. Statutory reserves, retained earnings and equity shares are at no stage less than 10% of its total assets, except during the phase in period as permitted by regulations.

The table below summarises the computation of the Credit Union's regulatory capital and the ratios for the years ended December 31:

	<u>2025</u>	<u>2024</u>
	\$	\$
Liquidity reserve fund		
Liquidity reserves deposits	6,494,680	6,003,781
Members deposit	63,404,326	58,981,107
Actual ratio	10.24%	10.18%
Required ratio	10.00%	10.00%
Excess/(deficiency) over regulation	0.24%	0.18%
Statutory reserve, retained earnings and equity shares		
Regulatory reserves	11,977,963	11,424,027
Total assets	80,551,741	76,085,176
Actual ratio	14.87%	15.01%
Required ratio	10.00%	10.00%
Excess over regulation	4.87%	5.01%

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

30. POST-REPORTING DATE EVENTS

The Company calculated the impact of all post-reporting date events through April 22, 2026 which is the date the financial statements were available to be issued.

The Company determined that there were no further significant post-reporting events for disclosure in these financial statements.
