



**FIRST  
FEDERAL**  
CO-OPERATIVE  
CREDIT UNION LTD.

**ANNUAL REPORT 2025**

**ROOTED IN  
STABILITY  
GROWING  
TOGETHER**





# Mission Statement

Fostering the financial growth of a community of members by encouraging thrift, designing custom tailored products and creating wealth.



# Vision Statement

Making Financial success first nature.



**ROOTED IN  
STABILITY  
GROWING  
TOGETHER**

**Rooted in Stability, Growing Together**, the chosen theme for this year's annual report reflects First Federal Credit Union's enduring strength as a trusted, resilient, and community-centred institution. Grounded in sound principles and a strong foundation, the theme speaks to an organization that has remained steady through change while continuing to serve as a reliable financial partner to its members. It captures the confidence that comes from stability, prudent stewardship, and a deep-rooted commitment to trust, all of which have enabled First Federal to navigate challenges and sustain progress over time.

At the same time, the theme points clearly to a future of purposeful growth. It reflects an institution that is expanding its reach, enhancing convenience, and evolving to meet the changing needs of members and communities, as seen in its growing presence beyond Basseterre through ATMs in Nevis and Sandy Point and now the opening of another branch in Molineux. In this way, the theme expresses growth not simply as expansion, but as a shared journey—one that is built on connection, innovation, and a forward-looking vision for tomorrow.

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# Corporate Information

## **St. Kitts Branch and Head Office**

Bladen Commercial Development  
Wellington Road  
Basseterre  
St. Kitts  
Tel: 869 466 FIRST (3477)  
Fax: 869 465 9187  
Email: [info@firstfederalcreditunion.com](mailto:info@firstfederalcreditunion.com)  
Facebook: [@firstfederalcu](#)  
Instagram: [@firstfederalcu](#)  
Website: [firstfederalcreditunion.com](http://firstfederalcreditunion.com)

## **Personal Banking Center**

#12 Central Street  
Basseterre  
St. Kitts

## **Nevis Branch**

Chapel Street  
Charlestown  
Nevis

## **ATMS**

Main Branch, Bladen Commercial  
Development, St. Kitts  
Personal Banking Center, Central Street, St.  
Kitts  
New Street, St. Kitts  
Sandy Point, St. Kitts  
Chapel Street, Nevis

## **BANKERS**

The Bank of Nevis Limited  
Republic Bank (EC) Limited  
St. Kitts-Nevis Anguilla National Bank  
CIBC Caribbean

## **ATTORNEYS**

Hobson-Newman & Amritt Law Firm  
Law Offices of Sylvester Anthony  
Hector Nisbett Law

## **AUDITORS**

Grant Thornton St. Kitts  
Corner Bank Street & West Independence  
Square P.O. Box 1038  
Basseterre  
St. Kitts

# Notice of 17th Annual General Meeting

Notice is hereby given that the seventeenth (17th) Annual General Meeting of the members of First Federal Co-operative Credit Union Ltd will be held at CUNA Conference Centre, Caribbean Confederation of Credit Unions on Tuesday, 12th May 2026, at 5:00 p.m. for the following purposes:

1. To read and confirm the Minutes of the 16th Annual General Meeting held on 17th June 2025.
2. To consider matters arising from the Minutes.
3. To receive and adopt the Report of the Board of Directors.
4. To receive and adopt the Auditors' Report and Audited Financial Statements.
5. To receive and adopt the Treasurer's Report.
6. To receive and adopt the Credit Committee's Report.
7. To receive and adopt the Supervisory and Compliance Committee's Report.
8. To receive and adopt the Nominating Committee's Report.
9. To declare and adopt a dividend
10. To elect Directors and Committee Members.
11. To appoint the Auditors for the year ending 31st December 2026.
12. To adopt Resolutions for the Setting of Maximum Liability.
13. To discuss any other business.
14. Adjournment.



**Che-Raina Warner**  
Secretary

22<sup>nd</sup> April 2026

# Year at a Glance

## Top 10 Key Figures for 2025

### Profitability

2025 Profit:

**\$1.26m**

First Federal remained profitable despite higher loan loss provisioning and a more challenging operating environment.

### Asset Growth

From

**\$170.54m**

To

**\$195.97m**

Increase

**\$25.43m**

**+14.91%**

The Credit Union's balance sheet expanded strongly, reflecting continued institutional growth.

### Members' Equity

From

**\$33.79m**

To

**\$37.05m**

Increase

**\$3.26m**

**+9.66%**

The institution's capital base strengthened, reinforcing long-term stability.

### Liquidity

**21%**

Liquidity Ratio

**15%**

Statutory Requirement

Liquidity remained above the statutory requirement, supporting confidence, flexibility and operational strength.

### Membership Growth

Total Membership

**11,369**

Increase

**+9.42%**

First Federal continued to grow its member base and community reach.

### Operating Income

From

**\$9.74m**

To

**\$10.28m**

Increase

**\$538.75k**

**+5.53%**

Core income improved, supported by lending activity and investment income.

### Loans to Members

From

**\$123.66m**

To

**\$144.43m**

Increase

**\$20.77m**

**+16.80%**

Member financing grew significantly, supporting mortgages, consumer lending and business activity.

### Investment Securities

From

**\$19.33m**

To

**\$24.94m**

Increase

**\$5.61m**

**+29.02%**

The investment portfolio expanded, supporting diversification and future income potential.

### Members' Deposits

From

**\$134.14m**

To

**\$157.23m**

Increase

**\$23.09m**

**+17.21%**

Deposits increased sharply, showing sustained member trust and confidence.

### Members' Shares

From

**\$18.24m**

To

**\$21.46m**

Increase

**\$3.22m**

**+17.65%**

Permanent shares grew, deepening member ownership and strengthening the foundation of the Credit Union.

# Standing Orders

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

# Credit Union Prayer

Lord, make me an instrument of  
Thy Peace  
Where there is hatred let me sow  
Love  
Where there is injury, Pardon  
Where there is doubt, Faith  
Where there is despair, Hope  
Where there is darkness, Light  
And where there is sadness, Joy.  
O! Divine Master  
Grant that I may not so much  
seek  
To be consoled as to console  
To be understood as to understand  
To be loved as to love.  
For it is in giving that we receive  
It is in pardoning that we are  
pardoned  
And it is in dying  
That we are born to Eternal Life.

# Minutes of the 16th Annual General Meeting

## 1. Call to Order

The meeting was called to order at 5:05 p.m by Master of Ceremonies, Mr. Clyde Richardson.

## 2. National Anthem

The National Anthem was sung by members of the FFCCU's staff.

## 3. Invocation

Reverend C. Aulrick Greenaway invoked God's blessings on the proceeding and led the meeting in the recital of the Credit Union Prayer.

Chairman Richardson requested that all attendees remained standing to observe a moment of silence in honor of the members who sadly passed away during the year.

## 4. Welcome Remarks

President, Mr. Faron Lawrence expressed his gratitude to all in attendees present at the 16th Annual General Meeting. He emphasized that the meeting is mainly for the institution to report how it has managed the members' credit union, whom he referred to as the "owners". Therefore, he urged the membership to actively participate by asking questions and making suggestions.

### **CEO Ms. Dawne Williams**

The Chief Executive Officer, Ms. Dawne Williams, delivered the opening remarks and welcomed members, Board of Directors, committee members, and staff to the Annual General Meeting. She expressed appreciation for the continued trust and support of the membership, noting that this remains fundamental to the Credit Union's success.

CEO Williams reported that the year under review was a significant one, marked by resilience, growth, and the achievement of key milestones. She indicated that the Credit Union continued to operate from a position of strength, remaining committed to its mission of service, integrity, and professionalism while navigating challenges and embracing new opportunities. The financial performance was described as strong, reflecting collective effort and the positive impact on members and the wider community.

The CEO further noted that the Credit Union extended its role beyond financial transactions by supporting members in achieving homeownership, advancing educational opportunities, and promoting financial well-being. These efforts were highlighted as evidence of the institution's commitment to meaningful service.

CEO Williams outlined several key initiatives undertaken during the year. Under member-focused innovations, the ATM network was expanded to Sandy Point, improving accessibility and convenience for members. In the area of community engagement, the Credit Union continued to support schools, charities, and community initiatives through partnerships and outreach efforts. Additionally, emphasis was placed on financial literacy, with expanded programmes aimed at equipping members with knowledge to make informed financial decisions.

Members were encouraged to consider the financial report within the context of the continued delivery of competitive returns, community contributions, and ongoing investment in modern systems to enhance service delivery.

In closing, the CEO extended thanks to the Board of Directors, committees, staff, and members for their continued commitment and support. She reaffirmed confidence in the future of the Credit Union and its continued growth and development.

## **5. Ascertainment of Quorum**

Mrs. Kjellin Rawlins-Elliott, Registrar of Credit Unions, Financial Services Regulatory Commission, confirmed that a quorum had been reached, and wished the proceedings success.

## **6. Apologies**

Apologies were formally extended on behalf of Director Sean Lawrence and Mr. Longs Matthew of the Credit Committee.

## **7. Amendment to the Minutes**

There were no amendments to the Minutes.

## **8. Adoption of the Agenda and Confirmation of Minutes of the 15th Annual General Meeting**

The agenda was adopted as amended to remove Item 13 (Resolution to propose an amendment to the Byelaws under Section 7 (6)) and Minutes of the 15th AGM were confirmed following a motion moved by Treasurer Victor Williams and seconded by Vice President Angelina Sookoo-Bobb.

## **9. Matters Arising from the Minutes**

There were no matters arising from the Minutes.

## 10. Reports

### Board of Directors' Report

The President, Mr. Faron Lawrence, welcomed members to the 16th Annual General Meeting and expressed appreciation for their attendance and continued support. He highlighted the theme, "Building on the Past, Expanding Towards the Future," noting that it reflected the Credit Union's commitment to continuity, growth, and purposeful development.

Mr. Lawrence emphasized that the institution's progress has been guided by the sacrifices, values, and sound decisions of its predecessors, while also requiring a forward-looking approach to meet future demands. He reiterated that the Credit Union's strength lies in its membership and the core co-operative principles of mutual trust, equity, and empowerment.

The President further noted that, despite economic challenges and periods of uncertainty, the organization has remained resilient by embracing innovation and maintaining a people-centered approach. He affirmed that the Credit Union continues to uphold its core values of accountability, integrity, and service in all its operations.

### Independent Auditor's Presentation

Ms. Lisa Roberts, Partner at Grant Thornton, led the external audit process and expressed her appreciation to the CEO and her executive team for their cooperation and support throughout the process. After which she presented the audit opinion for the fiscal year 2024, confirming the institution's financial integrity and compliance.

### Treasurer's Report

Treasurer Victor Williams reported that for the financial year ended December 31, 2024, the Credit Union recorded strong financial performance despite prevailing economic challenges. This was attributed to sound governance, prudent risk management, and continued member confidence.

### Financial Performance Overview

The Treasurer noted that the institution maintained favourable PEARLS ratios, indicating overall financial stability and operational efficiency.

#### Assets

Treasurer Williams indicated that total assets increased by 19%, moving from \$143,755,608 in 2023 to \$170,538,059 in 2024, reflecting continued growth.

#### Loans

He noted that the loan portfolio expanded by 26% to \$123,660,635. The delinquency ratio improved from 3.49% to 2.79%, remaining within acceptable standards.

## **Liquidity**

Treasurer Williams stated that the Credit Union maintained a strong position, with cash and equivalents totaling \$20,263,717. The liquidity ratio stood at 27.57%, exceeding the recommended benchmark.

## **Deposits**

He indicated that members' deposits increased by 20% to \$134,135,506, demonstrating sustained member trust.

## **Liabilities**

The Treasurer noted that the Credit Union total liabilities rose by 19.35% to \$136,748,149, consistent with the increase in deposits and overall growth.

## **Equity**

He informed that the members' equity grew by approximately 16% to \$33,789,910. Permanent shares also increased by 25.21%, further strengthening the Credit Union's financial base.

## **Profitability and Stewardship**

Concluding, the Treasurer informed the meeting that the Credit Union recorded a net profit of \$1,861,844, a slight increase over the previous year. While expenses rose moderately due to strategic investments and operational activities, financial performance remained stable and within sustainable limits.

## **QUESTION & ANSWER**

Mr. Samuel Lawrence inquired about the depreciated value of First Federal's Bladen Branch, as was proposed by Parry and Associates, following Trevor Fraites and Associates property evaluation reflecting approximately 2 million dollars. CEO Williams responded, first, clarifying that the reevaluation by Parry and Associates became necessary, as guided by the ECCB to contract evaluators with special qualifications. Secondly, she informed that while the leadership was concerned about the depreciated value, it was accepted with view that upon completion of the renovations, the actual value would be reflected.

Mr. Samuel further inquired about the increased electricity costs and recommended the implementation of solar panels to reduce said costs. To his suggestion, CEO Williams, proudly announced that solar panels were ordered and were being shipped to St. Kitts, with plans to install in short order.

Finally, Mr. Lawrence questioned how equipped the institution is to withstand scamming, hacking and other such threats. Chief of Information, Mr. Alden Isaac, informed the meeting that the institution has invested heavily in its Information Technology (IT) infrastructure and internal training. Hence, the institution is well equipped to withstand such threats.

There being no further questions put to the floor, a motion was moved by Mr. Glenn Quinlan to accept the reports as presented. The motion was seconded by Mr. Peter Jenkins. The motion was carried.

## **Credit Committee Report**

The Chairperson of the Credit Committee, Mr. Francil Morris, presented the report for the year ended December 31, 2024. He indicated that the Credit Union experienced continued growth and resilience during the year, supported by strong member confidence and the provision of competitive loan products.

It was noted that the Credit Committee fulfilled its mandate by reviewing all lending activities in accordance with established policies, ensuring fairness, confidentiality, and due diligence in all decisions. The Committee met on a bi-weekly basis and collaborated closely with the Board of Directors, Management, and Credit Officers. The five Cs of credit were consistently applied in the assessment of loan applications.

The Credit Committee Chair indicated that the of the composition of the Committee remained unchanged during the period, and members maintained a high level of attendance, ensuring the effective execution of their duties. Key matters addressed included the review and approval of loan applications, engagement with members where necessary, ratification of loan files, and participation in capacity-building initiatives.

In terms of performance, Mr. Morris informed that the loan portfolio recorded significant growth of approximately 26.2%, increasing from \$98.6 million in 2023 to \$124.5 million in 2024. A total of 1,511 loans were disbursed during the year, amounting to \$71.6 million. Personal loans accounted for the majority of disbursements, followed by First Credit Line facilities, business loans, home improvement loans, and mortgages.

Mr. Morris also noted the successful implementation of loan campaigns during the year, including the VAT Loan Campaign, Endless Summer Loan Campaign, and Easy Christmas Loan Campaign, which contributed to increased lending activity.

Additionally, he mentioned that the credit card portfolio continued to expand, with 1,263 active cards and a total credit limit of \$6.16 million at year end.

## **Supervisory and Compliance Committee Report**

The Chairperson of the Supervisory and Compliance Committee, Mr. Glenn Quinlan, presented a brief report for the year ended December 31, 2024. He indicated that the Committee remained actively engaged in strengthening its oversight and governance functions throughout the period.

The Committee Chair noted that the Committee underwent reconstitution and role assignments on 9 September 2024 to enhance its effectiveness. Members also participated in several key activities, including the FSRC on-site interview in October 2024 and Enterprise Risk Management training aimed at improving risk oversight capabilities.

Additionally, Mr. Quinlan stated the Committee engaged in virtual discussions during November 2024 and participated in regional exposure through attendance at the Caribbean Confederation of Credit Union Conference. These initiatives contributed to capacity building and improved regulatory awareness.

There being no questions asked, a motion was moved by Mr. Kevin Byron to accept the reports of the Credit Committee and Supervisory and Compliance Committees. The motion was seconded by Mr. Samuel Lawrence. The motion was carried.

## 11. Declaration Of Dividends

Treasurer Williams announced the board's proposal to declare a 6% dividend. A motion to accept the proposed dividend was moved by Director Jervan Swanston and seconded by Ms. Joalyn Meyers. The motion was carried.

## 12. Setting The Maximum Liability

Treasurer Williams called for a motion to maintain the credit union's maximum liability at ten million dollars (\$10,000,000). The motion was moved by Director Ellena Skerritt and seconded by Ms. Brontie Duncan. The motion was carried.

## 13. Nominating Committee Report

Nominees were assessed based on membership standing, governance criteria, willingness to serve, and gender diversity.

Mrs. Marissa Hobson-Newman, legal representative from Hobson-Newman & Amritt, was called upon to conduct the election of officers and committee members.

## 14. Elections Of Officers

Mrs. Hobson-Newman presented the following:

### **Board of Directors**

- President Faron Lawrence (retired)
- Director Sean Lawrence (retired)
- Director Trevor Cornelius (retired)

### **Nominations**

- Mr. Michael Martin
- Mr. Gary Liburd
- Mr. Josh Kelly

Treasurer Williams moved a motion for the nominations to be accepted as presented by the nominations committee. The motion was seconded by Mr. Trevor Cornelius. The motion was carried.

- Dian Hanley (presented for re-election)

A motion to re-elect Dian Hanley for a second term was moved by Mr. Faron Lawrence and seconded by Director Ellena Skerritt. The motion was carried.

### **Supervisory and Compliance Committee**

- Mrs. Jacqueline Lawrence
- Mr. Glenn Quinlan (presented for ratification)
- Ms. Amoy Heyliger (presented for ratification)

A motion was moved by Treasurer Williams to accept the nomination of Mrs. Jacqueline Lawrence and ratification of Mr. Glenn Quinlan and Ms. Amoy Heyliger. The motion was seconded by Mr. Bervis Burke. The motion was carried.

### **Credit Committee**

- Ms. Lornette Queeley (retired)
- Ms. Sian Williams
- Ms. Carolyn Adams

A motion to accept the nomination of Ms. Sian Williams was moved by Director Jervan Swanston and seconded by Mr. Damian Maynard. The motion was carried.

A motion to accept the nomination of Ms. Carolyn Adams was moved by President Lawrence and seconded by Mr. Michael Martin. The motion was carried.

- Ms. Yvette Blanchette (presented for re-election)

A motion to re-elect Ms. Yvette Blanchette for a second term was moved by Mr. Fancil Morris and seconded by Ms. Lornette Queely.

## **15. Appointment Of Auditors**

A confirmation of Grant Thornton as external auditors for the 2025 financial year was read by Master of Ceremonies, Mr. Clyde Richardson.

## **16. Resolution to Amend the article in the Byelaws under Section 20 (11)**

The Board of Directors proposed a resolution to amend Section 20, Subsection 11 of the First Federal Co-operative Credit Union Byelaws regarding loan repayments. Under the previous byelaw, members were permitted to repay their loans in full or in part prior to maturity without facing any early payment penalties.

The resolution sought to eliminate this fee-free repayment option and instead implemented a mandatory interest penalty for early payoffs. Specifically, the amendment established:

- A 90-day interest penalty fee for regular loan facilities.
- A 180-day interest penalty fee for facilities granted under specific marketing campaigns.

The Board justified the move as a necessary measure in accordance with Section 13 of the Co-operative Societies Act, Cap. 21.04.

It was requested that the Credit Manager provide some clarity on who will be impacted by this resolution. Thus, Ms. Marvelyn Emmanuel informed the meeting that this change will only impact facilities approved thereafter. She noted that without a penalty, the institution's book would continue to erode and as such the resolution sought to discourage creditors guilty of "campaigning hopping".

Mr. Stephen Hector, noting his support for the resolution in principle, asked if there is a closure of the credit facility within the 180-day interest penalty period. To which he added, if it is so, then it should be made clear in the wording of the resolution.

Ms. Joalyn Meyers, also confirmed her support of the resolution and suggested that the resolution be simplified by converting it into a graphic for the membership's understanding. Ms. Brontie Duncan said that she thinks the penalty is harsh and asked that the effect on the membership be considered.

Mr. Michael Martin echoed Mr. Hector's point to ensure the intention of the resolution is clearly worded to avoid ambiguity and legal ramifications in the future.

Mr. Peter Jenkins inquired about the amount that was loss, if any, over the past year; seeking to know the basis of the resolution. He further suggested to blacklist who the resolution was seeking to address and asked if the resolution could be deferred.

After an insightful discussion, President Lawrence accepted the suggestion to retract the resolution for further discussion and consideration.

## 17. Resolution to Increase the Honorarium Paid to the Board of Directors and Committee Members

The Board of Directors of the First Federal Co-operative Credit Union Ltd. proposed a resolution to adjust the compensation provided to its leadership and oversight bodies. In accordance with Section 94, Subsection 4 of the governing regulations, any honorarium granted to directors required prior approval from the members during a general meeting.

The resolution sought to implement the following changes:

- **Increase in Total Payment:** The board recommended that the total honorarium paid to Board and Committee Members be increased from **\$75,000.00 to \$90,000.00.**

The proposal was based on the board's authority to recommend an amount that does not exceed what is approved by the general membership.

Mr. Peter Jenkins informed that he was surprised that at the highest amount - \$90,000.00 being proposed. He indicated that it was a significantly low compensation given the considerable amount of work the various volunteers provide. Nonetheless, he lent his support for the proposed increase.

Ms. Joalyn Meyers requested a breakdown of the payments made to the Board and Committee Members. CEO Williams informed that a Board member then received \$4000.00 per annum while members of the Credit and Supervisory and Compliance Committee received \$3000.00 per annum.

Mr. Steven Hector recommended increasing the amount to \$100,000.00, if the institution has the appetite for it. Therefore, Mr. Hector moved a motion amend the resolution to increase from \$75,000.00 to \$100,000.00. The motion was seconded by Mr. Damian Maynard. The motion was carried.

The amended resolution was put to a vote, which yielded the results below:

**In-person:**

69 members – Yes

8 members – No

0 members – Abstained

**Virtually:**

16 members – Yes

1 member - Abstained

With a vast majority voting in favour of the increase, the resolution was approved.

## 18. Special Presentation

During a special presentation, Ms. Nekeita Evelyn, Human Resources and Corporate Affairs Manager, conveyed a message of gratitude on behalf of the Board, Committees, staff, and membership to the retiring directors – Mr. Faron Lawrence, Mr. Sean Lawrence and committee member, Ms. Lornette Queeley.

## 19. Any Other Business

Ms. Joalyn Meyers recommended that the three-month moratorium be considered on a case-by-case basis.

## 20. Vote Of Thanks

Mrs. Dionne Baptiste-Clarke, Business Development Manager delivered a comprehensive vote of thanks, recognizing the invaluable contributions of all stakeholders who contributed to the success of FFCCU.

## 21. Adjournment

A motion to adjourn the meeting was moved by Mr. Nigel Browne and seconded by Mr. Glenn Quinlan. The motion was carried. The meeting was adjourned at 7:59p.m.



**Che Raina Warner**  
Secretary

# 5-Year Operating Highlights

	2021	2022	2023	2024	2025
<b>MEMBERSHIP</b>					
MEMBERSHIP	7,011	8,242	9,337	10,390	11,369
<b>CREDIT FACILITIES</b>					
New Loans Disbursed	1,928	1,410	1,381	1,511	1,338
Value Of Loans Disbursed	\$46,464,957	\$38,244,498	\$52,830,990	\$71,561,223	\$67,285,343
New Credit Cards Issued	226	649	147	208	377
Value Of Credit Limits	\$1,493,650	\$3,737,186	\$6,137,416	\$6,159,733	\$6,189,232
Delinquency	2.82%	2.33%	3.49%	2.04%	4.23%
Credit Portfolio Balance	\$77,222,977	\$85,337,775	\$97,835,451	\$123,660,635	\$144,428,315
Total Assets	\$97,692,540	\$120,455,816	\$143,755,608	\$170,538,059	\$195,972,288
<b>LIABILITIES</b>					
Savings	\$32,904,091	\$40,374,228	\$50,310,763	\$61,477,886	\$68,929,004
Term Deposits	\$33,662,631	\$44,713,660	\$51,382,122	\$63,980,267	\$78,906,212
Total Deposits	\$72,696,702	\$93,356,101	\$111,468,449	\$134,135,506	\$157,233,338
Permanent Shares	\$10,398,510	\$12,320,029	\$14,567,877	\$18,240,310	\$21,462,000
<b>EXPENSES</b>					
Interest Paid On Members' Deposits	\$1,900,290	\$2,433,643	\$3,025,581	\$3,891,590	\$4,595,906
Operating Expenses	\$5,442,933	\$6,377,171	\$7,256,907	\$7,877,248	\$9,013,382
<b>INCOME</b>					
PROVISION	\$886,057	\$595,584	\$923,630	\$608,474	\$1,413,741
NET INCOME	\$2,058,497	\$1,617,620	\$1,802,956	\$1,861,844	\$1,264,455
<b>DIVIDENDS</b>					
DIVIDENDS PAID	\$390,622	\$669,856	\$670,854	\$799,886	\$965,159

# Board of Directors



**ROOTED IN  
STABILITY  
GROWING  
TOGETHER**



Angelina  
**Sookoo-Bobb**  
VICE PRESIDENT



Che-Raina  
**Warner**  
SECRETARY



Dian  
**Hanley**  
DIRECTOR



Jervan  
**Swanston**  
DIRECTOR



Gary  
**Liburd**  
DIRECTOR



**NOT PICTURED**

- Victor **Williams** - Treasurer
- Ellena **Skerritt** - Asst. Secretary/Treasurer
- Josh **Kelly** - Director

# Directors' Report

“

Our strength lies in a solid foundation, and through unity and shared purpose, we continue to grow together for the benefit of all.

”

Angelina  
Sookoo-Bobb  
VICE PRESIDENT

ROOTED IN  
STABILITY  
GROWING  
TOGETHER



## INTRODUCTION

On behalf of the Board of Directors, it is our privilege to present the Directors' Report for the year ended December 31, 2025. This year's theme, **"Rooted in Stability, Growing Together"** reflects our continued focus on maintaining a strong and stable foundation while pursuing measured and sustainable growth.

Throughout the period, we remained committed to enhancing member access and operational efficiency. The expansion of the Bladen Branch to accommodate staffing needs has strengthened our internal capacity and supports our continued growth. We also advanced the execution of our strategic plan to expand our reach. In 2025, efforts were mobilized toward the establishment of a full-service branch in Molineux, building on our existing presence in Sandy Point through the operation of an Automated Teller Machine (ATM), thereby enhancing accessibility and convenience for our members.

We continue to operate with a focus on sound governance, responsible financial management, and the delivery of quality financial services to our members.

## CORPORATE AND SOCIAL RESPONSIBILITY

Our strong presence within the community, continued through our involvement in initiatives that foster cultural engagement and social connection. These included support for the First Federal Brotherhood Drumming Group, participation in the St. Kitts Sugar Mas experience, First Federal Co-operative Credit Union Caribbean Culture Queen Pageant in Nevis, and involvement in Culturama on Nevis, all of which contributed to strengthening community relationships.

For the first time, we sponsored a contestant in the Miss St. Kitts Pageant held in December

2025. In keeping with our commitment to supporting staff and community initiatives, we proudly sponsored our employee, Ms. Liberty Woodley. Ms. Woodley delivered an outstanding performance, capturing four of the six judged segments and securing the position of First Runner-Up. We were honored to be associated with an event of such elegance and distinction, as she represented our Credit Union with pride and excellence.



We placed particular emphasis on youth development and education by supporting initiatives aimed at reinforcing the importance of financial inclusion among young people. These included the STEM Challenge Quiz in Nevis, sponsorship of the Dr. William Connor Athletics Team, participation in the Tourism Youth Congress, and the inaugural Children's Book Festival, The Chronicles of Coryn. Additional support was provided through school sports events and graduation ceremonies, underscoring our commitment to youth engagement and development.

We further demonstrated our commitment to community development through the sponsorship and support of several initiatives, including the SIP and Investment Workshop, local dance groups, the Turn Around Agenda (TAG) Men's Conference, and the Christmas lighting of the Bourryeau Roundabout.

Through these efforts, we continue to positively impact the lives of citizens across the Federation, both individually and collectively, in practical and meaningful ways that support national development.

## FINANCIAL PERFORMANCE

For the year ended December 31, 2025, we recorded continued growth across our core financial indicators. Membership increased by 9.42% to 11,369, reflecting sustained member confidence and engagement.

Total assets grew by 14.91% to \$195.97 million, supported by expansion in the loan portfolio. Loans increased by 16.79% to \$144.43 million.

Member deposits grew by 17.21% to \$157.23 million, maintaining strong liquidity and supporting member financing needs.

Equity strengthened to \$37.05 million, representing a 9.66% increase, reinforcing our capital base. Permanent shares also grew by 17.66%, further supporting long-term stability.

Net profit for the year totaled \$1.26 million. This outturn reflects higher provisioning levels during the year, while overall operations remained stable. The delinquency ratio closed at 4.23%, compared to 2.04% in the prior year, and continues to be actively monitored.

## CORPORATE GOVERNANCE

We remain committed to maintaining high standards of corporate governance, ensuring accountability, transparency, and effective oversight of our operations.

During the year, we held regular Board meetings to review operational and financial matters, approve policies, and provide strategic guidance. Directors fulfilled their responsibilities in accordance with our governing framework.

The Board convened regularly during 2025, with attendance reflecting continued commitment to the governance of the institution. Details of attendance are outlined below:

## DIRECTORS' ATTENDANCE REPORT

NAME	POSITION	ATTENDANCE	PERCENTAGE
MICHEAL MARTN*	PRESIDENT	2/7	29%
ANGELINA SOOKOO-BOBB	VICE PRESIDENT	12/12	100%
CHE-RAINA WARNER	SECRETARY	12/12	100%
VICTOR WILLIAMS	TREASURER	9/12	75%
ELLENA SKERRITT	ASSISTANT SECRETARY/TREASURER	10/12	83%
DIAN HANLEY	DIRECTOR	12/12	100%
JERVAN SWANSTON	DIRECTOR	12/12	100%
JOSH KELLY*	DIRECTOR	6/7	86%
GARY LIBURD*	DIRECTOR	7/7	100%
FARON LAWRENCE**	DIRECTOR	3/5	60%
SEAN LAWRENCE**	DIRECTOR	3/5	60%
TREVOR CORNELIUS**	DIRECTOR	5/5	100%

**\*\*Mr. Faron Lawrence** served his two three-year terms and retired from the Board of Directors at the AGM on June 17th, 2025.

**\*\*Mr. Sean Lawrence** served his two three-year terms and retired from the Board of Directors at the AGM on June 17th, 2025.

**\*\*Mr. Trevor Cornelius** served his two three-year terms and retired from the Board of Directors at the AGM on June 17th, 2025.

**\*Mr. Josh Kelly** was elected to the Board of Directors at the AGM on June 17th, 2025.

**\*Mr. Gary Liburd** was elected to the Board of Directors at the AGM on June 17th, 2025.

**\*Mr. Micheal Martin** was elected to the Board of Directors at the AGM on June 17th, 2025, and resigned on October 6th, 2025.

We continue to work collaboratively with our Committees to support effective governance and decision-making.



## RISK AND COMPLIANCE

We maintained our commitment to sound risk management and compliance with all applicable regulatory requirements. During the year, Management focused on the implementation of policies in areas identified through internal and external audit processes.

Our policies and procedures were reviewed and applied to support effective internal controls and operational integrity. Ongoing monitoring activities were conducted to ensure adherence to established standards and regulatory obligations.

## TRAINING AND DEVELOPMENT

We continued to invest in the development of our staff through training and professional development initiatives. These efforts were aimed at strengthening operational capacity, enhancing service delivery, and ensuring that our team is equipped to meet the evolving needs of the organization and our members. Details of training activities undertaken during the year are presented in the accompanying table.

As part of the ongoing training and development process, we held a full staff retreat in September and a Board, Committee and Management Risk and compliance workshop in November. Both were externally facilitated.

## 2025 TRAINING SCHEDULE

DATE	TRAINING	PARTICIPANTS	FACILITATOR
22-APR-2025	Risk Training	All Staff	Cerene Esdaille
27-APR-2025			
3-MAY-2025			
22-MAY-2025	Credit Training	Kimoy Farrell, Canique Wattley, Medianna Pereira-Cranstoun, Kajon Parris, Charisa Carey, Zareef Dias, Akilah Simmonds, Liberty Woodley, Kemesha Henry-Wattley	Marvelyn Emmanuel
29-MAY-2025	Productivity Training	All Staff	John Pilgrim
7-11-APR-2025	ECHMB Mortgage Underwriting	Earl Lecointe, Haviel Fyfield	ECHMB
3-JUN-2025	Motivating Success: Our Path Forward	Leadership Team	CEO
5-JUN-2025	AML Training	Geofhani Gumbs, Gabriel Cross, Laurence Knight, Owen Haynes, Iyande Bramble, Dionne Baptiste-Clarke	Cerene Esdaille
18-JUN-2025	Enterprise Risk Management Training	Iyande, Dionne	Cerene Esdaille

DATE	TRAINING	PARTICIPANTS	FACILITATOR
20-25-JUN-2025	Caribbean Confederation of Credit Unions Convention	Sonja Fyfield Hazel, Alden Isaac, Kajon Parris, Angelina Sookoo-Bobb, Dian Hanley, Longs Matthew, Bervis Burke	Caribbean Confederation of Credit Unions
9-JUL-2025	Credit Training	Kimoy Farrell, Canique Wattley, Medianna Pereira-Cranstoun, Kajon Parris, Charisa Carey, Zareef Dias, Akilah Simmonds, Liberty Woodley, Kemesha Henry-Wattley	Marvelyn Emmanuel
23-24-JUL-2025	Transformational Leadership and Strategy	Cerene Esdaille, Iyande Bramble, Dionne Baptiste-Clarke	CCCU
28-JUL-2025	New Employee Orientation	Seraiah Wilkinson	Nekeita Evelyn
25-AUG-2025	New Employee Orientation	Jahzara Allen	Nekeita Evelyn
17-20-SEP-2025	Sharetech Users Conference	Mrs. Sonja Fyfield-Hazel	Sharetech
21-27-SEP-2025	Carib DE	Medianna Pereira-Cranstoun & Reyeisha Joseph	Carib DE
27-SEP-2025	Management, Committees and Staff retreat	All	Davinia Tomlinson
24-26-SEP-2025	OECS Credit Union Summit	Ms. D. Williams, Mrs. S. Fyfield-Hazel Mrs. C. Esdaille-Henry Mrs. D. Baptiste-Clarke Mr. A. Isaac Ms. M. Emmanuel	OECS Credit Union Leagues led by The ST. Kitts Nevis League
10-14-NOV-2025	ECHMB Mortgage Underwriting Training	Ms. Shauna Daniel	ECHMB
17-21-NOV-2025	ECHMB Mortgage Underwriting Training	Mr. Haviel Fyfield	ECHMB
27-NOV-2025	AML/CPF/CFT Training	Board of Directors, Leadership Team, Supervisory & Compliance Committee, Credit Committee	Wendell Lawrence, Kerstin Petty (FSRC)

## PROSPECTS

We remain focused on building our established foundation while continuing to provide value to our members. The Board and Management will continue to work together to support the ongoing development of the institution and the achievement of our strategic objectives.

## ACKNOWLEDGEMENTS

We extend our sincere appreciation to our members for their continued trust and support. We also express our gratitude to our Directors for their guidance and stewardship, Management and Staff for their commitment and service, the Supervisory and Compliance Committee for their oversight and diligence, and the Credit Committee for their role in supporting the lending function.

Additionally, we record our appreciation to our, Lawyers, Auditors - internal and external, Facilitators and all stakeholders and business partners such as, CUNA Caribbean, The St. Kitts Nevis National Co-operative League for their dedication, commitment and support during this period. Thanks to the FSRC, our Regulators for their oversight.

## CONCLUSION

As we close the year ended December 31, 2025, we do so with sincere gratitude.

We pay special tribute to our Directors, whose commitment has gone well beyond what is ordinarily expected of volunteer service. Many have made significant personal and professional sacrifices giving their time on evenings and weekends, and applying careful and sustained oversight to ensure that this institution is governed with diligence and integrity. Their stewardship reflects the strength of a model where a complex financial institution is led at the highest level by individuals committed to service above self.

We extend our appreciation to Management and Staff, who continue to deliver strong results. The demands placed upon you are significant, yet you consistently respond with professionalism, resilience, and dedication.

To our members, we thank you for your continued trust and confidence. Your decision to place your savings, investments, and financing with us remains the strongest endorsement of our work, and we remain committed to safeguarding that trust.

As we move forward, we remain guided by our theme, “Rooted in Stability, Growing Together,” and committed to ensuring that we are not only first in name, but first in strength, service, and confidence.

# CEO's Address

“  
Stability gives us  
confidence.  
Growth gives us  
energy. And  
together, it gives  
us momentum.  
”

**Dawne E Williams**  
Chief Executive Officer

**ROOTED IN  
STABILITY  
GROWING  
TOGETHER**



**Valued co-owners, members of the Board of Directors, committee members, colleagues, partners, stakeholders, regulators, and all our invited guests, good evening.**

It really is good to be here with you. There is something special about this room every year. You can feel it. The shared pride, the ownership, the sense that this is ours. I never take for granted the opportunity to stand here and speak with you, not just as your CEO, but as someone who believes deeply in what we are building together.

Let me start here. It was not an easy year. There were moments that stretched us, tested us, and forced us to make some tough calls, but we did not shrink. We leaned in.

I am genuinely delighted to share that we closed the year with a net income of over one million dollars. That number matters, yes, but what matters even more is how we got there.

Through discipline. Through teamwork. Through people who refused to drop the ball. So I want to pause for a moment and say thank you.

To our Board and committees, for your steady guidance and your willingness to ask the hard questions.

To our management and staff, for showing up every day and giving more than what was required.

To our members, for your trust, your loyalty, and your belief in us.

And to our partners and stakeholders, for walking this journey with us.

This result belongs to all of you. Now, if you stepped into any of our spaces this past year, you would have seen something else very clearly. We were busy.

## **Busy investing in you.**

From the major transformation at our head office, to the upgrades in Basseterre, to the early development of our Nevis branch, to installing an ATM in Nevis, to growing our team so we can serve you better, and moving forward with our Molineux branch. We did not stand still.

Yes, these investments come at a cost. But let me be clear, value is not only what shows up in a dividend. Value is also convenience. It is access. It is walking into a space that reflects who you are and the institution you belong to. We are building something that lasts.



We also continued to expand how we support your goals. Whether it is mortgages, land loans, education loans, business financing, or our newer YES loans, our aim is simple, to help you move forward, to help you build. To help you create something meaningful for yourself and your family.

I am going to speak to you honestly, because that is what this relationship requires.

We have some members who are not honouring their repayment commitments, and that affects all of us.

It means we have to increase provisions for bad and doubtful debts, and that directly impacts our returns. A credit union is built on shared responsibility. When one part weakens, the entire structure feels it.

So I am asking, not as CEO alone, but as part of this First Federal community, let us do better for each other. Let us honour our commitments so that we can all continue to benefit.

Now, in response to everything the year threw at us, we acted.

We tightened our cost management and became more disciplined in how we operate. We invested in technology, to improve efficiency and to protect ourselves in an increasingly complex digital environment.

We strengthened our business development and marketing, including bringing in new leadership to expand our reach and connect with more people.

And we reinforced our enterprise risk management, making sure we are stronger, smarter, and better prepared.

**We were not reactive. We were intentional.**

And that brings me to what is ahead. As we move into the next phase, we are focused on growth that makes sense, growth that we can sustain, growth that benefits you. We are looking at diversification, at innovation that is practical and relevant, and at strengthening relationships through real communication, not mere words on paper.

We will continue to adapt quickly. We will continue to look for opportunities. and we will continue to build an institution that meets you where you are, and where you are going.

This past year did something important. It reminded us who we are.

**Rooted, Stable, Growing, Together, Resilient, Committed. Capable.**

And it sharpened our focus on where we are going.

Our theme, **“Rooted in Stability, Growing Together,”** is not just something we say. It is something we live. Stability gives us confidence. Growth gives us energy. And together, it gives us momentum.



I am excited about what is ahead. Truly excited. Thank you for your trust. Thank you for your support. Thank you for continuing to choose us. Now let us keep going. Let us build. Let us grow. And let us go after what is next, together.

A handwritten signature in black ink that reads 'Dawne E Williams'.

**Dawne E Williams**  
Chief Executive Officer



MISS  
ST. KITTS  
AND NEV  
EE  
AGEA

**ROOTED IN  
STABILITY  
GROWING  
TOGETHER**



# Executive Officers & Management Team



**ROOTED IN  
STABILITY  
GROWING  
TOGETHER**



**Dawne Williams**  
CHIEF EXECUTIVE  
OFFICER



**Alden Isaac**  
CHIEF INFORMATION  
OFFICER



**ROOTED IN  
STABILITY  
GROWING  
TOGETHER**

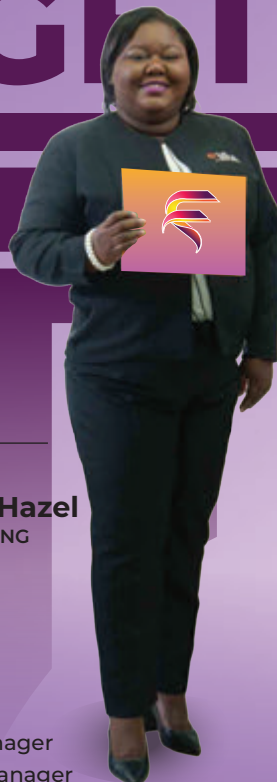
**Nekeita Evelyn**  
HUMAN RESOURCES &  
CORPORATE AFFAIRS  
MANAGER



**Marvelyn Emmanuel**  
CREDIT MANAGER



**Sonja Fyfield Hazel**  
CHIEF OPERATING  
OFFICER



**NOT PICTURED**

Iyande **Bramble**- Chief Financial Officer  
 Cerene **Esdaille** - Henry - Risk and Compliance Manager  
 Dionne **Baptiste-Clarke**- Business Development Manager

# Treasurer's Report



## Overview

I present the Treasurer's Report for the 2025 financial year, which highlights the key financial performance indicators based on the detailed information found in the financial statements of First Federal Co-operative Credit Union (First Federal), for the year ended December 31, 2025.

Overall, First Federal was able to achieve success in expanding its loan portfolio and by extension its asset base, grow overall membership and member deposits, as well as maintain a liquidity position of 21%, well over the statutory requirement of 15%.

Although the institution continues to be challenged by increasing delinquency and rising provisions for loan loss, First Federal achieved a profit of \$1.26 million, maintaining an overall PEARLS rating of 1.5.

## SUMMARY PERFORMANCE INDICATORS

INDICATOR	2021	2022	2023	2024	2025	2024/2025	2024/2025
MEMBERSHIP	7,011	8,242	9,337	10,390	11,369	979	9.42%
TOTAL ASSETS	\$97,692,540	\$120,455,816	\$143,755,608	\$170,538,059	\$195,972,288	\$25,434,229	14.91%
TOTAL LOANS	\$77,222,977	\$85,337,775	\$97,835,451	\$123,660,635	\$144,428,315	\$20,767,680	16.79%
TOTAL DEPOSITS	\$72,696,702	\$93,356,101	\$111,468,449	\$134,135,506	\$157,233,338	\$23,097,832	17.22%
TOTAL LIABILITIES	\$74,738,178	\$94,639,452	\$114,573,975	\$136,748,149	\$158,919,557	\$22,171,408	16.21%
EQUITY	\$22,954,362	\$25,816,364	\$29,181,533	\$33,789,910	\$37,052,731	\$3,262,821	9.66%
TOTAL INTEREST INCOME	\$8,277,099	\$9,340,991	\$10,045,422	\$11,232,325	\$12,428,145	\$1,195,820	10.65%
EXPENSES	\$5,442,933	\$6,377,171	\$7,256,907	\$7,877,248	\$9,013,382	\$1,136,134	14.42%
PROVISION	\$886,057	\$595,584	\$923,630	\$608,474	\$1,413,741	\$805,267	132.34%
RECOVERIES	\$238,877	\$232,476	\$528,736	\$257,114	\$283,302	\$26,188	10.19%
NET PROFIT	\$2,053,497	\$1,622,620	\$1,800,456	\$1,861,844	\$1,264,455	-\$597,389	-32.09%
PERMANENT SHARES	\$10,398,510	\$12,320,029	\$14,567,877	\$18,240,310	21,462,000	\$3,221,690	17.66%
DELINQUENCY	2.82%	2.33%	3.49%	2.04%	4.23%	2.19%	107.35%

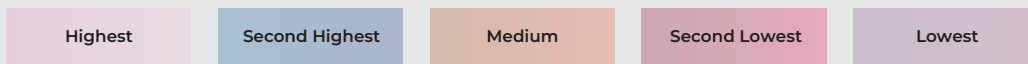
# PEARLS

**P**rotection, **E**ffective financial structure, **A**sset quality, **R**ates of return and cost, **L**iquidity and **S**igns of growth. This acronym measures key areas of Credit Union operations to quickly identify troubled areas and act as an early warning system to management.

The table below shows some of the key ratios in each category and measures First Federal's performance against the standard.

## FIRST FEDERAL CREDIT UNION PEARL RATIOS 2021-2025

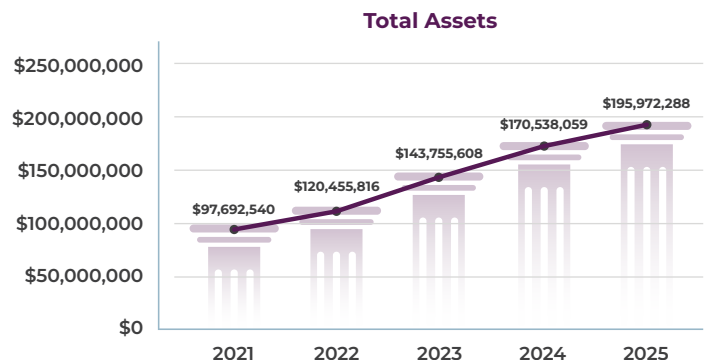
PEARLS RATIOS	STANDARD	RATINGS					Dec-21		Dec-22		Dec-23		Dec-24		Dec-25	
		01	02	03	04	05	PEARLS RATIO	PEARLS RATIO	PEARLS RATIO	PEARLS RATIO	PEARLS RATIO	PEARLS RATIO	PEARLS RATIO	PEARLS RATIO	PEARLS RATIO	PEARLS RATIO
<b>PROTECTION</b>																
Provision for Loans Delinquent >12 months	100%	>=100%	99%-80%	79%-60%	59%-40%	<40%	100%	1	100%	1	1	1	100%	1	100%	1
Provision for Loans Delinquent <12 months	35%	>=35%	34%-25%	24%-15%	14%-10%	<10%	32.21%	2	31.69%	2	28.08%	2	35.00%	1	35.00%	1
<b>EFFECTIVE FINANCIAL STRUCTURE</b>																
Loans/Total Assets	80%	>=70%	69%-60%	59%-50%	49%-40%	<40%	78.58%	1	70.64%	1	68.61%	2	72.51%	1	73.70%	1
Savings Deposits/Total Assets	80%	100%-70%	69%-60%	59%-50%	49%-40%	<40%	73.53%	1	76.63%	1	76.46%	1	78.65%	1	80.23%	1
External Credit/Total Assets	Max 5%	<=5%	5.1%-6%	6.1-8%	8.1%-10%	>10%	0.00%	1	0.00%	1	0.00%	1	0.00%	1	0.00%	1
Net Institutional Capital/Total Assets	Min 10%	>=12%	11.9%-10%	9.9%-7%	6.9%-4%	<4%	14.53%	1	12.40%	1	9.34%	3	8.43%	3	7.54%	3
<b>ASSET QUALITY</b>																
Total Delinquency/Gross Loan Portfolio	Max 5%	<=5%	5.1%-6%	6.1-8%	8.1%-10%	>10%	2.82%	1	2.33%	1	3.49%	1	2.04%	1	4.23%	1
Non-Earning Assets/Total Assets	Max 5%	<=5%	5.1%-7%	7.1-9%	9.1%-11%	>11%	9.00%	4	8.42%	3	8.40%	3	10.80%	4	5.83%	2
<b>RATES OF RETURN</b>																
Operating Expenses/Total Assets	5%	<=5%	5.1%-6%	6.1-8%	8.1%-10%	>10%	5.04%	2	5.18%	2	4.74%	1	4.62%	1	4.60%	1
Net Income/Average Total Assets(ROA)	2%	>=2%	1.9%-1%	0.9%-0.5%	0.49%-0%	<0%	2.28%	1	1.45%	2	1.33%	2	1.11%	2	0.56%	4
<b>LIQUIDITY</b>																
*Liquidity Assets - ST Payables/Deposits	Min 15%	>=15%	14.9%-12%	11.9%-8%	7.9%-4%	<4%	16.29%	1	28.88%	1	30.63%	1	27.57%	1	21.90%	1
<b>SIGNS OF GROWTH</b>																
Growth in Total Assets	Min 10%	>=10%	9.9%-8%	7.9%-6%	5.9%-4%	<4%	23.85%	1	23.30%	1	19.33%	1	18.63%	1	14.91%	1
							<b>AVERAGE RATING</b>	1.42	<b>AVERAGE RATING</b>	1.42	<b>AVERAGE RATING</b>	1.58	<b>AVERAGE RATING</b>	1.50	<b>AVERAGE RATING</b>	1.50



## FINANCIAL POSITION

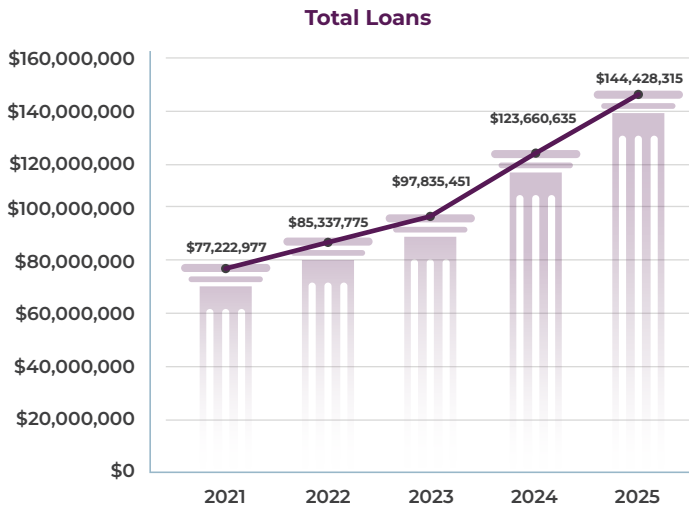
### TOTAL ASSETS

Total assets grew by 15% over the prior year. This was mainly driven by the net growth in the loan portfolio of over \$20M. Assets amounted to \$196 million in 2025, up from \$171 million in 2024.



## TOTAL LOANS

Total loans, net of loan loss allowance increased by over 17% (\$21M). This growth is comparable to the most recent years where loan growth has exceeded the \$20M mark. Mortgages and Consumer loans account for a significant proportion of this growth.



## INVESTMENT SECURITIES

The investment portfolio stood at \$24.9 million at the end of 2025, up from \$19.3 million in 2024. The institution invested an additional \$5 million as well as reinvested income received on mature investments.

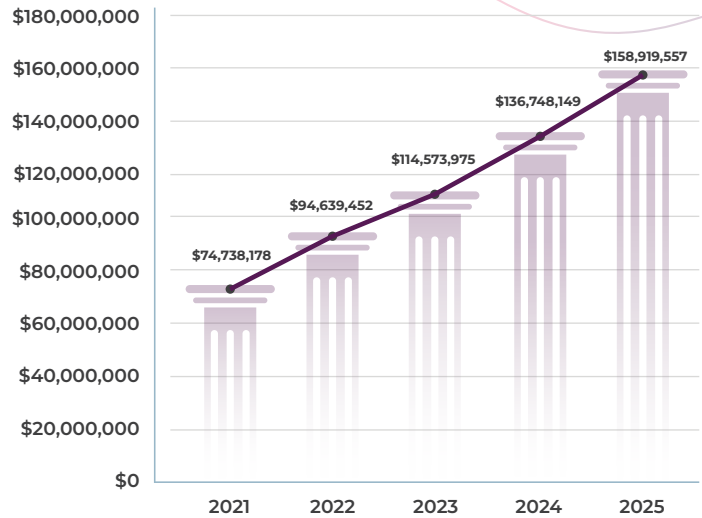
## PROPERTY & EQUIPMENT

The net growth in property and equipment was mainly due to the additions to the main branch building in Bladen that was completed in 2025.

## LIABILITIES

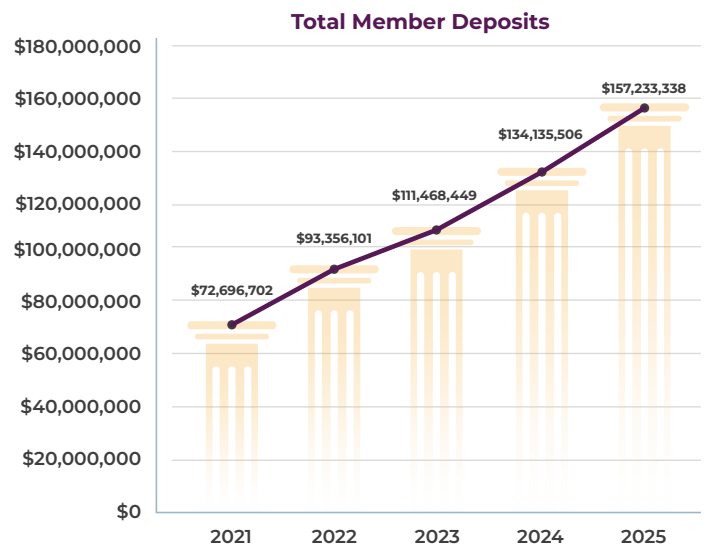
Liabilities consist primarily of members' deposits which account for over 98% of the total liabilities. The growth in total liabilities correlates to the growth in member deposits of \$23 million. Operating payables stood at \$1.7 million, a reduction of \$926K on the previous year.

## Total Liabilities



## TOTAL MEMBER DEPOSITS

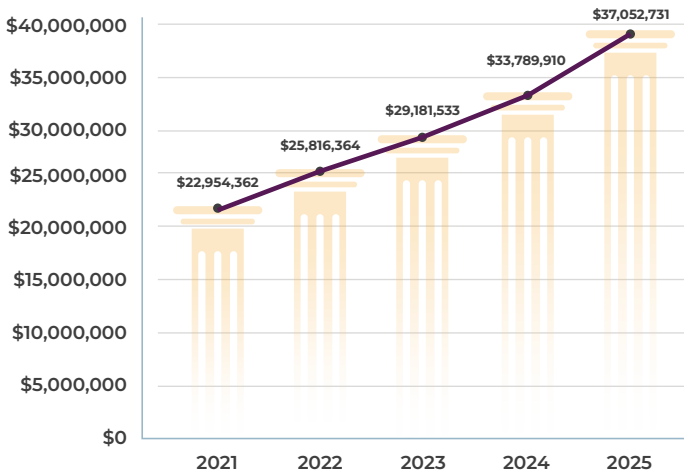
As discussed above, members' deposits grew by \$23 million, a 17% increase on 2024. We continue to attract depositors, offering attractive interest rates. The most significant growth was seen in the term deposits and the Multiplier Savings product. Members Deposits play a crucial role in funding the liquidity needs of the institution.



## MEMBERS' EQUITY

Members' equity consists of Members' Shares, Reserves and Retained earnings. There was an increase in Equity of 9.66% which was driven by an increase in Members' (Permanent) Shares.

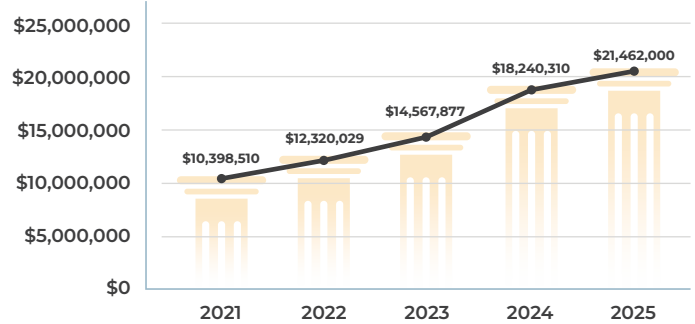
### Members' Equity



## PERMANENT SHARES

There was growth in Members' Shares of 17.66%/\$3.2 million. Permanent Shares play a vital role in maintaining the capital adequacy of the institution.

### Permanent Shares



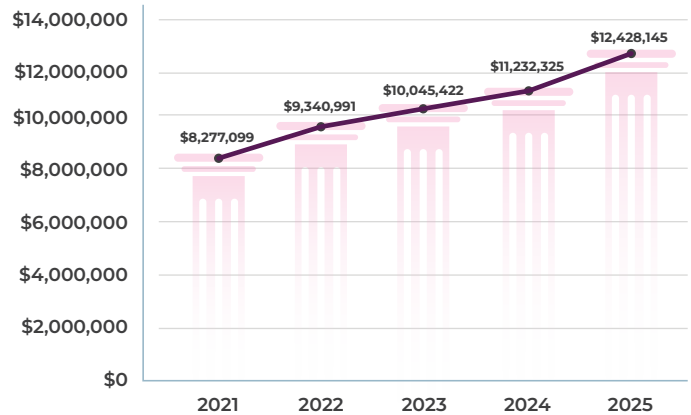
## PROFITABILITY

### INCOME FROM LOANS

First Federal continues to see Income on loans improve year on year. With \$12.4 million in income, an increase of \$1.2 million on the previous year, this continues to be a main driver of growth and reflects the growth in the loan portfolio.

Investment income also showed improvement on the previous year, while Other Income remained consistent with last year at \$1.4 million.

### Total Income from Loans



### EXPENSES

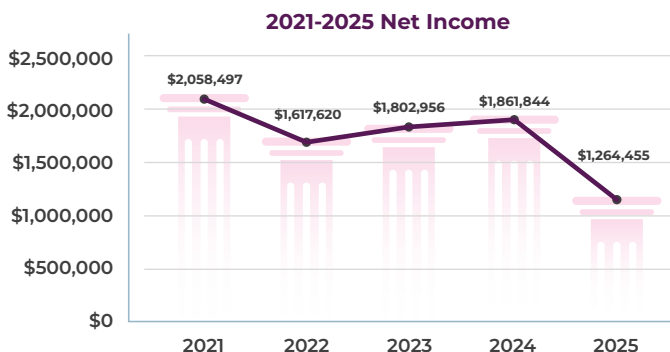
Total operating expenses amounted to \$9.01 million, a 14% increase on the previous year, while interest expense increased by \$704K, an 18% increase on last year, a reflection of the growth in deposits.

First Federal experienced cost savings on Marketing and Promotion expenses, however, the provision for loan losses increased by over 132%, which was the main contributor to the overall increase in expenses.

EXPENSE CATEGORY	\$2024	\$2025	\$ CHANGE	% CHANGE
INTEREST EXPENSE	3,891,590	4,595,906	704,316	18%
GENERAL AND ADMINISTRATIVE EXPENSES	2,439,041	2,785,310	346,269	14%
STAFF COSTS	3,283,584	3,505,671	222,087	7%
FINANCE COSTS	133,841	129,088	(4,753)	-4%
MARKETING AND PROMOTIONAL EXPENSES	653,098	297,642	(355,456)	-54%
DEPRECIATION AND AMORTISATION	759,210	881,930	122,720	16%
PROVISION FOR LOAN IMPAIRMENT	608,474	1,413,741	805,267	142%

## NET INCOME

Net Profit of \$1.26 million was realized for 2025, representing a decline of \$597K or 32% from the profit of \$1.74 million in 2024.



## CASH FLOW

First Federal maintained a liquidity ratio of over 15% throughout the financial year. With Deposits and Member Shares growing by a combined \$26.3 million/17%, First Federal was able to comfortably fund the growth in loans, as well as facilitate new Investments and service operational expenses.

## CONCLUSION

Looking ahead, First Federal seeks to maintain an effective financial structure, with particular focus on improving its Institutional Capital. A heightened laser sharp focus continues on reducing delinquency, improving the return on assets towards ensuring a sustainable Credit Union.

**Victor Williams**

Treasurer

# Credit Committee's Report

## INTRODUCTION

The FFCCU Credit Committee is pleased to present highlights of its activities and performance for the year ended 31 December 2025. The year was marked by continued portfolio growth, strong member demand for credit, and strategic enhancements to lending operations, all while maintaining prudent risk oversight.

The Credit Committee remains committed to ensuring fairness, consistency, and integrity in the adjudication of loan applications, while safeguarding the financial strength of the First Federal Cooperative Credit Union.

## COMMITTEE MEMBERS

NAME	POSITION
Mr. Francil Morris	Chairperson
Mr. Longs Matthew	Secretary
Ms. Sieran Williams	Member
Ms. Jacqueline Douglas	Member
Ms. Yvette Blanchette	Member
Ms. Kira Purcell	Member
Ms. Carolyn Adams	Member

The Committee conducts its work in accordance with its governing FFCCU by laws and established credit policies, ensuring that all loan applications are reviewed consistently, fairly, and with due regard for the Credit Union's risk management standards.

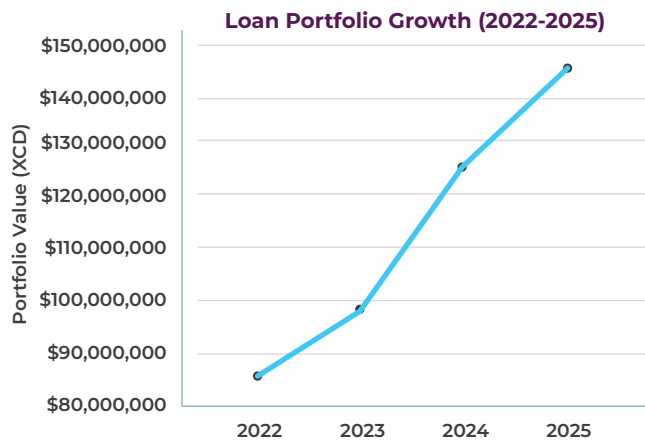
Committee meetings are held on a regular basis; however, some meetings are conducted using a dual modality approach, allowing for both physical and virtual participation. Additionally, where loan applications are received outside of scheduled in person meeting times, the Committee convenes virtually to ensure timely decision making and uninterrupted service to members.

At all times, the Committee operates under strict confidentiality protocols to safeguard members' personal and financial information. Lending decisions are made collectively, guided by objective credit assessment criteria, and free from undue influence, thereby upholding the highest standards of integrity, accountability, and trust. This disciplined approach ensures that every lending decision reflects the best interests of both the individual member and the Credit Union.

# LOAN PORTFOLIO PERFORMANCE

## Loan Portfolio Growth (Comparative)

YEAR	LOAN PORTFOLIO VALUE
2022	\$85,072,885
2023	\$98,619,639
2024	\$124,468,154
2025	\$145,826,633



## LOAN PORTFOLIO GROWTH PORTFOLIO

The Credit Union's loan portfolio increased gradually from \$85.1 million in 2022 to \$145.9 million in 2025 reflecting consistent member demand, effective credit oversight and prudent growth strategies. This upward trajectory is a reflection of the sustained member confidence and increased demand for credit products.

## TOTAL LOANS DISBURSED - 2025

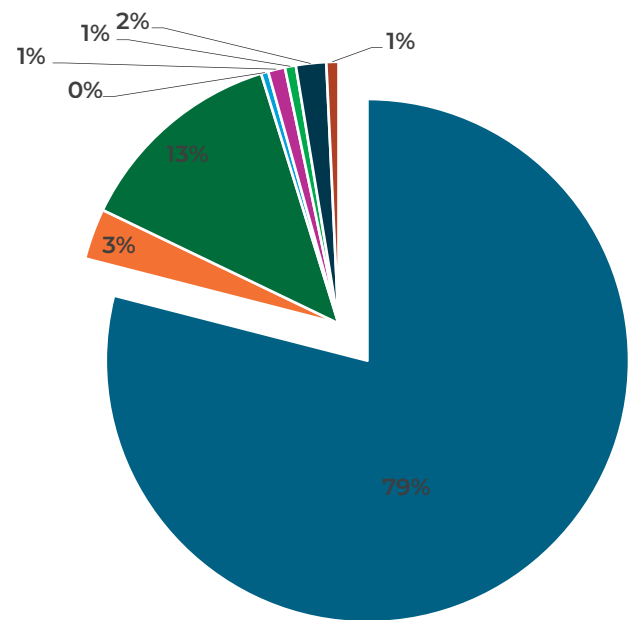
INDICATORS	VALUE
Number of Loans Disbursed	1,338
Total Value of Loans	\$67,285,343

This level of loan disbursement underscores the Credit Union's pivotal role in mobilizing member savings and efficiently reallocating capital to meet a broad spectrum of member financial needs, including personal consumption,

investment in education and human capital development, support for entrepreneurial and small business activity, and household asset acquisition and improvement. The scale and diversity of lending activity reflect the institution's commitment to member centric financial intermediation, responsible credit risk management, and the promotion of long term financial stability and economic empowerment across the membership.

## LOAN CATEGORIES - 2025

LOAN TYPE	NUMBER
Personal	1,057
Business	42
First Credit Line (FCL)	175
Education	6
Vehicle	14
Home Improvement	9
Mortgage	25
Land	10



- Personal
- Business
- Vehicle
- Home Improvement
- Education
- First Credit Line (FCL)
- Land
- Mortgage

During 2025, the Credit Union implemented three targeted loan campaigns, namely the Easter Loan Campaign, the YES Loan Summer Campaign, and the Christmas Starts Here Loan Campaign, aimed at improving timely access to affordable credit and responding to members' short term and medium term financing needs. These campaigns were designed within established underwriting, credit risk, and affordability assessment frameworks, and contributed to increased loan uptake primarily within the personal loan portfolio.

## PRODUCT INNOVATION YES LOAN

The YES Loan Product, launched in July 2025, represents a strategic innovation within the Credit Union's lending portfolio, designed to enhance member access to short-term financing through a simplified and responsive credit delivery model. Offering loan amounts of up to XCD 25,000 with expedited approval timelines, typically within 24 hours, the product is structured to address members' urgent liquidity requirements while maintaining sound underwriting and credit risk assessment standards. By leveraging streamlined processes and targeted service delivery, the YES Loan has strengthened the Credit Union's value proposition, improved turnaround times, and enhanced the overall member experience, reinforcing the institution's commitment to member-centric financial solutions and responsible lending practices.

## CREDIT CARD PORTFOLIO

INDICATORS	VALUE
Active Credit Cards	1,791
Total Credit Limit	\$6,189,232

The Credit Card portfolio, which was introduced in 2021, continues to demonstrate steady growth, utilization, and member acceptance. As at year end, the portfolio comprised 1,791 active cards with an aggregate approved credit limit of \$6,189,232.

This reflects sustained member demand for revolving credit facilities that provide flexibility for day to day expenditures, cash flow management, and short term financing needs. The continued expansion and utilization of the portfolio underscore the Credit Union's prudent approach to unsecured lending, supported by established credit assessment, limit management, and ongoing monitoring processes to manage credit risk while enhancing member convenience and access to electronic payment solutions.

## DELINQUENCY PERFORMANCE (AS AT DECEMBER 2025)

### Overall Delinquency Snapshot

INDICATORS	VALUE
Total Delinquent Loans	186
Total Delinquent Balance	\$5,994,268

### Delinquency Ratios

- Total Delinquency (incl. COVID loans): 4.23%
- COVID Loan Delinquency: 0.76% of total portfolio

### Adjusted Position (Excluding COVID Loans)

INDICATORS	VALUE
Delinquent Loans	150
Delinquent Balance	\$5,080,820
Delinquency Rate	3.47%

As at December 2025, the Credit Union continued to actively monitor and manage loan repayments across the portfolio. A total of 186 loans were classified as delinquent, with an outstanding balance of \$5,994,268. This figure includes 36 loans, valued at \$913,448, which were placed on payment deferral arrangements, mainly related to COVID 19 relief measures.

Overall delinquency, including these loans, stood at 4.23% of the loan portfolio, with COVID related loans accounting for 0.76%.

When COVID related loans are excluded, the delinquency position improves to 150 loans with a total balance of \$5,251,082, resulting in a delinquency rate of 3.60%. These levels remain within acceptable limits and reflect the Credit Union's ongoing efforts to work closely with members, offer support where needed, and maintain a healthy and stable loan portfolio.

## **STRENGTHENING LENDING OPERATIONS**

In response to increased loan demand and the need to maintain high service standards, the Credit Union strengthened its lending operations during the year by equipping Member Experience Officers (MEOs) with the necessary training to support loan processing. The MEOs played a key role in assisting members with loan applications of up to XCD 25,000 and in facilitating the Credit Union's commitment to a 24-hour turnaround time for eligible loans. This approach has improved operational efficiency by streamlining workflow within the lending function, reducing processing times, and enhancing member engagement through more responsive and personalized service. As a result, the Credit Union has been better positioned to meet members' financing needs promptly while maintaining sound lending practices and service excellence.

## **ACKNOWLEDGEMENTS & APPRECIATION**

The Members of the Credit Committee extend sincere appreciation to all stakeholders who contributed to the effective stewardship of the Credit Union's lending operations during the year. Your trust enables the Credit Union to mobilize member savings and extend credit in a fair, prudent, and sustainable manner.

We also acknowledge the Board of Directors for its strategic direction, governance oversight,

and policy guidance, which continue to support sound lending practices and institutional stability. Our appreciation is further extended to Management and Staff, particularly the lending team whose professionalism, diligence, and commitment to service excellence have been critical to maintaining portfolio quality and operational efficiency.

Above all, we are especially grateful to our Members for the continued confidence placed in the Committee to responsibly manage and safeguard their collective financial interests. Your trust has empowered the Credit Committee to carry out its mandate with integrity, accountability, and a strong focus on the long term financial wellbeing of the membership and the Credit Union as a whole.

## **CONCLUSION**

The Credit Committee stands firmly committed to building a future where responsible lending, innovation and service excellence create real opportunities for every member. As we move forward, we will continue to expand access to credit while safeguarding the strength and stability of the Credit Union through sound risk management and strong governance.

We invite our Members to stand with us, by borrowing wisely, honouring their financial commitments and actively engaging with the Credit Union as both owners and partners. Together, through shared responsibility and mutual trust, we can strengthen our institution, secure its sustainability and build a legacy of financial empowerment and collective prosperity for generations to come.

# Supervisory and Compliance Committee's Report

## OVERVIEW

The Supervisory and Compliance Committee (SCC) continued to carry out its responsibilities during the reporting period in accordance with the Co-operative Societies Act and the By-Laws of the First Federal Co-operative Credit Union (FFCCU).

During 2025, the Committee placed particular emphasis on strengthening the supervisory framework under which it operates. In addition to reviewing governance, audit, compliance, and regulatory documentation, the Committee developed a more structured oversight architecture to support continuous monitoring of institutional risks and internal control matters.

This included establishing a defined supervisory work plan, creating a structured issues register, and reviewing a broad range of internal and external reports on the Credit Union's governance and operational control environment.

Through these activities, the Committee sought to reinforce its role in supporting sound governance practices and maintaining effective oversight of the institution.

## DUTIES AND FUNCTIONS OF THE COMMITTEE

In fulfilling its supervisory mandate, the SCC undertook several activities during the reporting period to monitor governance practices, internal controls, and regulatory compliance.

During the year, the Committee:

- Reviewed Board of Directors meeting minutes to monitor governance decisions and oversight matters.
- Reviewed monthly Board (Management) reports covering all operational departments, including Member Services, Credit, Business Development, Risk and Compliance, Human Resources, Information Technology, and Accounts and Analytics, to monitor the Credit Union's financial performance, operational developments, regulatory compliance, and institutional risk indicators.
- Reviewed Management meeting minutes to track operational developments and matters affecting internal controls.
- Examined the Financial Services Regulatory Commission (FSRC) On-Site Examination Report, including supervisory findings and recommendations. The Committee notes that recommendations arising from the examination are being actioned by Management and are subject to ongoing monitoring by the SCC.
- Reviewed Internal Audit reports, including findings related to internal control processes and governance practices.

- Reviewed Compliance reports, including matters relating to AML/CFT obligations and regulatory compliance.
- Examined the External Auditor’s Management Letter, including recommendations relating to internal controls and administrative processes.
- Developed a structured Issues Register to track audit findings, regulatory observations, and governance matters requiring follow-up. The Register was conceptually completed in 2025 and expanded and fully implemented in 2026.
- Established a Supervisory Work Plan to guide the Committee’s oversight activities and provide a structured framework for monitoring institutional risks and compliance matters.
- Participated extensively in the review of over 40 draft policy manuals, contributing to the strengthening of the Credit Union’s internal policy framework.

The Committee also notes that the Credit Union has been active in its response to recommendations arising from both the Internal Audit and External Audit processes. Management’s engagement with audit findings has been constructive, and the SCC is actively monitoring the status of outstanding recommendations to ensure timely resolution.

These activities formed part of the Committee’s ongoing effort to ensure that governance and risk management practices within the Credit Union are appropriately monitored and that identified issues are tracked and addressed.

## MEMBERS OF THE COMMITTEE

During the reporting period, the Supervisory and Compliance Committee comprised the following members:

- Glenn Quinlan – Chairperson
- Bervis Burke – Secretary
- Amoy Heyliger – Member
- Laverne Caines – Member
- Mauricer Marshall – Member (served until her resignation on 3 March 2025)
- Jacqueline Trotman-Lawrence – Member

The Committee maintained a collaborative approach to its work, with members sharing responsibility for reviewing key governance and regulatory documentation received during the year.

## TRAINING/CONFERENCES

Members of the Committee participated in governance and compliance-related training provided by the Credit Union and other institutional forums.

In November 2025, the Committee participated in a joint governance and compliance training session conducted by Ms. Kerstin Petty and Mr. Wendell Lawrence.

The session addressed governance oversight responsibilities, regulatory expectations, and best practices for committee supervision within credit unions.

These training initiatives strengthen the Committee's ability to perform its supervisory responsibilities effectively.

## **MEETINGS OF THE SUPERVISORY AND COMPLIANCE COMMITTEE**

During the reporting period, the Supervisory and Compliance Committee convened six formal meetings to fulfil its supervisory responsibilities. The Committee acknowledges that this fell short of the expected monthly cadence, primarily due to scheduling challenges encountered during the year. Where formal meetings were not held, the Committee maintained its oversight activities through direct communication among members via electronic media, ensuring continuity of supervisory engagement between meetings.

Since the beginning of the current year, the Committee has increased its meeting frequency, holding two meetings in January and one in February, and will continue meeting monthly going forward.

The six formal meetings held during 2025 took place on the following dates:

- 15 January 2025
- 19 February 2025
- 19 March 2025
- 4 July 2025
- 29 July 2025
- 25 November 2025

## **CONCLUSION**

The Supervisory and Compliance Committee remains committed to fulfilling its mandate of safeguarding the integrity, governance, and regulatory compliance of the Credit Union.

During the reporting period, the Committee focused on strengthening its oversight structure and improving the processes for monitoring governance, regulatory, and operational matters. The development of the Committee's supervisory framework and issue-tracking mechanisms represents an important step toward ongoing oversight.

The Committee will continue to monitor governance practices, regulatory compliance, internal controls, and audit findings to ensure risks are properly identified and addressed in the interests of the Credit Union and its membership.

## ACKNOWLEDGEMENTS

The Supervisory and Compliance Committee appreciates the cooperation and engagement of the Board of Directors, Management, Staff, and the Internal Auditor during the reporting period.

The Committee also thanks the Credit Union members for their continued confidence and support.



**Glenn Quinlan**

Chairperson, Supervisory and Compliance Committee

# Nominating Committee's Report

In accordance with the Bye-laws of the First Federal Co-operative Credit Union (FFCCU)

Article 12, Section 1(a) the Nominating Committee shall nominate one member for each vacancy. The Nominating Committee, approved by the Board of Directors, on February 17th, 2026, deliberated extensively, and considered suitable candidates to serve on the Board of Directors, Credit Committee and the Supervisory and Compliance Committee.

The Nominating Committee is comprised of the following persons:

1. VP Angelina Gracy Sookoo-Bobb – Chairperson
2. Dawne Williams - Member
3. Alden Isaac - Member

In its deliberation, the Nominating Committee ensured that all nominees are in good standing, meet the criteria, as detailed in the Co-operatives Act Cap 21.04 and the Byelaws, and are willing and able to serve. In keeping with the Co-operatives Act Cap 21.04, the required due diligence was conducted. Also taken into consideration was a better mix of gender, demographics, professional qualification and/or experience and geography on the Board and Committees.

The nominees will be presented to the membership for consideration at the institution's Annual General Meeting. Members can also nominate any suitable candidate of their choosing from the floor at the AGM. The nomination process is outlined in the information provided in the Notice of Meeting.

The Nominating Committee is pleased to present for your consideration the following persons, who were considered eligible candidates to fill the vacant positions at this time. These persons have all indicated they are willing and able to serve the institution by utilising their talents and experience and sacrificing their time to fulfill the mandate and direction of the Board of Directors, for the further development of First Federal.

The Nominating Committee takes this opportunity to thank all retiring members who have served with distinction.



**Angelina Sookoo-Bobb**

Chairperson

## BOARD OF DIRECTORS

NAME	POSITION	TERM	YEARS REMAINING	YEAR RETIRING	NOMINEE
MR. MICHAEL MARTIN (RESIGNED)	PRESIDENT	1ST	2	2028	CLYDE RICHARDSON TO BE RATIFIED
MRS. ANGELINA SOOKOO-BOBB	VICE PRESIDENT	1ST	0	2026	UP FOR RE-ELECTION
MR. VICTOR WILLIAMS	TREASURER	1ST	0	2026	UP FOR RE-ELECTION
MS. CHE-RAINA WARNER-HANLEY	SECRETARY	1ST	0	2026	UP FOR RE-ELECTION
MRS. ELLENA SKERRITT	ASSISTANT SECRETARY/TREASURER	1ST	1	2027	
MS. DIAN HANLEY	DIRECTOR	2ND	2	2028	
MR. JERVAN SWANSTON	DIRECTOR	1ST	1	2027	
MR. JOSH KELLY	DIRECTOR	1ST	2	2028	
MR. GARY LIBURD	DIRECTOR	1ST	2	2028	

## CREDIT COMMITTEE

NAME	POSITION	TERM	YEARS REMAINING	YEAR RETIRING	NOMINEE
MR. FRANCIL MORRIS	CHAIRPERSON	2ND	1	2027	
MR. LONGS MATTHEW	SECRETARY	2ND	1	2027	
MRS. JACQUELINE DOUGLAS (RETIRING)	MEMBER	2ND	0	2026	MELICIA PHILLIP
MS. KIRA PURCELL	MEMBER	1ST	0	2026	UP FOR RE-ELECTION
MRS. YVETTE BLANCHETTE	MEMBER	2ND	2	2028	
MS. CAROLYN ADAMS	MEMBER	1ST	2	2028	
MS. SIEAN WILLIAMS	MEMBER	1ST	2	2028	

## SUPERVISORY AND COMPLIANCE COMMITTEE

NAME	POSITION	TERM	YEARS REMAINING	YEAR RETIRING	NOMINEE
MR. GLENN QUINIAN	CHAIRPERSON	1ST	2	2028	
MS. LAVERNE CAINES (RETIRED)	SECRETARY	2ND	0	2026	MRS. TONYA LAWRENCE
MR. BERVIS BURKE	MEMBER	1ST	1	2026	
MRS. JACQUELINE LAWRENCE (RESIGNED)	MEMBER	1ST	2	2028	MR. PETER JENKINS
MS. AMOY HEYLIGER	MEMBER	1ST	2	2028	

# Expanding Access, Strengthening Community: First Federal Commissions New ATMs in Nevis



In a continued effort to expand access and enhance service delivery for its members, First Federal Co-operative Credit Union officially commissioned a new Automated Teller Machine (ATM) at its Chapel Street Branch in Nevis in April 2025.

The commissioning ceremony was attended by members of the Board of Directors, executive leadership, staff, and community partners. Beyond the introduction of a new machine, the commissioning represented a deliberate and strategic step in strengthening the Credit Union's presence and accessibility in Nevis.

Then Chairman of the Board, Mr. Faron Lawrence, described the moment as both proud and symbolic, noting that the addition reflects First Federal's deepening commitment to the people it serves. He said what may appear, on the surface, as a routine infrastructural upgrade is, in reality, a meaningful extension of the organisation's mission.

"At its core, First Federal exists to foster financial growth and empower the lives of its members. The introduction of the new ATM reinforces that mission by ensuring that modern, secure, and reliable financial services are more readily available-meeting members where they are and when they need it most."

The Chairman further emphasised that the commissioning represents a reaffirmation of the Credit Union's promise to be accessible, responsive, and present for all members. It is a tangible demonstration of a people-first philosophy, one that recognises that trust is not built overnight, but earned through consistency, service excellence, and meaningful relationships.

Chief Executive Officer, Ms. Dawne Williams, echoed these sentiments, describing the commissioning as a visible sign of progress, not only in infrastructure, but in reach, relationships, and the overall standard of service members expect and deserve.

She highlighted that being a people-first organisation also means being future-focused. This includes making thoughtful investments not only in technology, but in people, partnerships, and communities. True service, she noted, requires understanding members, walking alongside them, and growing together.

“This commissioning may appear to be a simple act-the unveiling of a new machine-but it is, in fact, a powerful symbol of something much greater,” she shared. “It reflects our commitment to accessibility, convenience, and progress, and most importantly, to you, our members.”

The addition of the ATM at the Nevis branch stands as one of many ongoing investments aimed at enhancing the member experience and strengthening First Federal's role as a trusted financial partner.

As the Credit Union continues to evolve, initiatives like these underscore a clear and consistent focus: to grow with its members, to serve them better, and to remain a reliable partner throughout their financial journey.



# Culturama Food Fair: Connecting in Real Time



**At the Culturama Food Fair, the connection was immediate.**

First Federal's Hydration Hub quickly became a welcome stop for patrons moving through the event. In the midst of the activity, it offered a simple but meaningful moment to pause, refresh, and engage.

It created a natural point of interaction—one where the brand met people in a way that felt easy, relevant, and real. The response was strong, reinforcing the value of thoughtful, community-focused engagement.

Culturama offers a lens through which we can examine who we are, what we value, and how we choose to invest in our people.

First Federal's involvement in these spaces reflects a broader understanding that development is not driven by economics alone, but by culture, expression, and opportunity. The platforms supported, the individuals elevated, and the connections made all contribute to a wider ecosystem, one where community engagement is not peripheral, but central to sustainable growth.

# Empowering Through Education: First Federal Marks Financial Information Month 2025



**In recognition of Financial Information Month (FIM), First Federal Co-operative Credit Union reinforced its commitment to empowering members through knowledge, access, and engagement.**

Throughout the month, the Credit Union actively participated in a coordinated media blitz, utilising radio, and digital platforms to share practical financial insights and raise awareness around key topics such as saving, credit management, and financial planning. This multi-platform approach ensured that important messages reached a wide cross-section of the community, meeting people where they are and making financial education more accessible.

Beyond media engagement, First Federal also intensified its financial literacy efforts, deepening its outreach within schools and community spaces. These initiatives were designed not only to inform, but to equip individuals, particularly young people, with the tools and confidence needed to make sound financial decisions. By simplifying complex concepts and creating opportunities for meaningful interaction, the Credit Union continued to play an active role in building a more financially aware and resilient society.

# First Federal Champions Culture: As Title Sponsor of Panorama 2025



For yet another year, First Federal Co-operative Credit Union proudly stood at the forefront of the Federation's most celebrated cultural showcases, serving as the title sponsor of Panorama for Sugar Mas 54.

Panorama, which is arguably one of the defining events of Carnival every year, continues to be the heartbeat of Saint Kitts and Nevis' cultural expression – where creativity and discipline converge into a powerful display of national pride.

The 2025 staging of Panorama lived up to the hype and culminated in a historic victory for the Bank of Nevis EBJ Harmonics Steel Orchestra. The band secured its sixth consecutive Panorama title after delivering a commanding performance that earned them an impressive score of 424.

First Federal was honoured to support not only the winning band, but all participating orchestras who took to the stage and contributed to a night of exceptional music as well as the National Carnival Commission and all other stakeholders responsible for the consistently successful staging of this highly anticipated event.

By investing in culture, First Federal continues to empower communities, support young creatives and ensure that vital artforms like steelpan are sustained for generations to come. Steelpan is more than music, it's our heritage, a symbol of our resilience and that of those who went before us. Through our role as title sponsor, First Federal reaffirmed its belief that cultural investment is community investment, and that the continued growth of the arts is essential for national development.

# Grace, Grit and Excellence: First Federal supports Excellence & Women Empowerment through Miss St. Kitts & Nevis Pageant



The Miss Saint Kitts and Nevis National Carnival Queen pageant presented yet another opportunity for First Federal Co-operative Credit Union to publicly reaffirm its commitment to youth development and women empowerment, as for the first time, we proudly sponsored and supported our delegate, who is one of our employees, Ms. Liberty Woodley. She was among a field of talented young women vying for one of the Federation's most coveted titles.

Throughout the journey, Ms. Woodley exemplified values that align with First Federal's Core Values—confidence, poise, authenticity, discipline and purpose. From her stage presence to her articulation and overall performance, she carried herself with grace and distinction, representing not only the institution but the wider community we serve, with pride.

Her efforts culminated in an impressive First Runner-Up finish, a testament to her dedication, hard work and unwavering commitment to excellence., Miss Woodley's impact was undeniable. She stood out as a strong and inspiring ambassador, leaving a lasting impression on the stage and in the hearts of those who followed her journey.

The First Federal family remains incredibly proud of Ms. Woodley and the standard she upheld throughout the competition. Her journey serves as a powerful reminder that success is not solely defined by titles, but by the strength of character, resilience and the inspiration it brings to others.

# Financial Statements

First Federal Co-operative Credit Union Limited

December 31, 2025

(expressed in Eastern Caribbean dollars)

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of  
First Federal Co-operative Credit Union Limited

### Opinion

We have audited the financial statements of **First Federal Co-operative Credit Union Limited** (the "Credit Union"), which comprise the statement of financial position as at December 31, 2025, and the statement of comprehensive income, statement of changes in members' equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

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

### Basis for Opinion

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

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

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

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

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

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#### Grant Thornton

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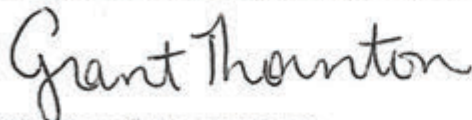
## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



**Chartered Accountants**  
**April 17, 2026**  
**Basseterre, St. Kitts**

# First Federal Co-operative Credit Union Limited

## Statement of Financial Position

As at December 31, 2025

(expressed in Eastern Caribbean dollars)

	Notes	2025 \$	2024 \$
<b>Assets</b>			
Cash	9	19,014,677	20,263,717
Loans to members	10	144,428,315	123,660,635
Investment securities	11	24,940,964	19,330,303
Other assets	12	1,463,982	1,524,633
Property and equipment	13	6,114,524	5,740,615
Intangible assets		9,826	18,156
<b>Total assets</b>		<b>195,972,288</b>	<b>170,538,059</b>
<b>Liabilities and members' equity</b>			
<b>Liabilities</b>			
Members' deposits	14	157,233,338	134,135,506
Accounts payable and other liabilities	15	1,686,219	2,612,643
<b>Total liabilities</b>		<b>158,919,557</b>	<b>136,748,149</b>
<b>Members' equity</b>			
Members' shares	16	21,462,000	18,240,310
Reserves	17	4,514,876	4,183,882
Other reserves	18	3,117,199	3,363,089
Capital based grant	19	33,606	45,881
Retained earnings		7,925,050	7,956,748
<b>Total members' equity</b>		<b>37,052,731</b>	<b>33,789,910</b>
<b>Total liabilities and members' equity</b>		<b>195,972,288</b>	<b>170,538,059</b>

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

Approved for issue by the Board of Directors on April 7, 2026.

  
Vice President

  
Board of Director

**First Federal Co-operative Credit Union Limited**  
**Statement of Comprehensive Income**  
**For the year ended December 31, 2025**

(expressed in Eastern Caribbean dollars)

	Notes	2025 \$	2024 \$
Interest income on loans to members		12,428,145	11,232,325
Interest income on investment securities	20	1,032,285	974,557
Interest expense	21	<u>(4,595,906)</u>	<u>(3,891,590)</u>
Net interest income		8,864,524	8,315,292
Other income	22	<u>1,413,313</u>	<u>1,423,800</u>
<b>Operating income</b>		<u>10,277,837</u>	<u>9,739,092</u>
<b>Operating expenses</b>			
Staff costs	23	3,505,671	3,283,584
General and administrative expenses	24	2,785,310	2,439,041
Provision for expected credit losses	10	1,413,741	608,474
Depreciation and amortisation	25	881,930	759,210
Marketing and promotional expenses	26	297,642	653,098
Finance costs		<u>129,088</u>	<u>133,841</u>
<b>Total operating expenses</b>		<u>9,013,382</u>	<u>7,877,248</u>
<b>Profit for the year</b>		<u>1,264,455</u>	<u>1,861,844</u>
<b>Other comprehensive loss</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Loss on revaluation of property	13, 18	(238,390)	(108,746)
Unrealised fair value losses on equity financial assets at fair value through other comprehensive income (FVOCI)	11, 18	<u>(7,500)</u>	<u>(5,000)</u>
<b>Total other comprehensive loss</b>		<u>(245,890)</u>	<u>(113,746)</u>
<b>Total comprehensive income for the year</b>		<u>1,018,565</u>	<u>1,748,098</u>

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

# First Federal Co-operative Credit Union Limited

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

(expressed in Eastern Caribbean dollars)

	Notes	Members' shares \$	Reserves \$	Other reserves \$	Capital based grant \$	Retained earnings \$	Total \$
<b>Balance at January 1, 2024</b>		<b>14,567,877</b>	<b>3,702,151</b>	<b>2,389,541</b>	<b>58,149</b>	<b>8,463,815</b>	<b>29,181,533</b>
<b>Transactions with members</b>							
Issuance of shares	16	3,672,433	–	–	–	–	3,672,433
Dividends paid	29	–	–	–	–	(799,886)	(799,886)
		3,672,433	–	–	–	(799,886)	2,872,547
<b>Reserves movements</b>							
Transfer to statutory reserve	17	–	465,461	–	–	(465,461)	–
Entrance fees	17	–	11,270	–	–	(11,270)	–
Transfer to other reserves	10, 18	–	–	1,087,294	–	(1,087,294)	–
Transfer to development fund	17	–	5,000	–	–	(5,000)	–
Amortisation of capital grants	19	–	–	–	(12,268)	–	(12,268)
		–	481,731	1,087,294	(12,268)	(1,569,025)	(12,268)
<b>Total comprehensive income</b>							
Profit for the year		–	–	–	–	1,861,844	1,861,844
Fair value loss on investment securities	11, 18	–	–	(5,000)	–	–	(5,000)
Loss on revaluation of property	13, 18	–	–	(108,746)	–	–	(108,746)
		–	–	(113,746)	–	1,861,844	1,748,098
<b>Balance at December 31, 2024</b>		<b>18,240,310</b>	<b>4,183,882</b>	<b>3,363,089</b>	<b>45,881</b>	<b>7,956,748</b>	<b>33,789,910</b>

# First Federal Co-operative Credit Union Limited

## Statement of Changes in Members' Equity ... continued

For the year ended December 31, 2025

(expressed in Eastern Caribbean dollars)

	Notes	Members' shares \$	Reserves \$	Other reserves \$	Capital based grant \$	Retained earnings \$	Total \$
<b>Balance at January 1, 2025</b>		<b>18,240,310</b>	<b>4,183,882</b>	<b>3,363,089</b>	<b>45,881</b>	<b>7,956,748</b>	<b>33,789,910</b>
<b>Transactions with members</b>							
Issuance of shares	16	3,221,690	—	—	—	—	3,221,690
Dividends paid	29	—	—	—	—	(965,159)	(965,159)
		3,221,690	—	—	—	(965,159)	2,256,531
<b>Reserves movements</b>							
Transfer to statutory reserve	17	—	316,114	—	—	(316,114)	—
Entrance fees	17	—	9,880	—	—	(9,880)	—
Transfer to development fund	17	—	5,000	—	—	(5,000)	—
Amortisation of capital grants	19	—	—	—	(12,275)	—	(12,275)
		—	330,994	—	(12,275)	(330,994)	(12,275)
<b>Total comprehensive income</b>							
Profit for the year		—	—	—	—	1,264,455	1,264,455
Fair value loss on investment securities	11, 18	—	—	(7,500)	—	—	(7,500)
Loss on revaluation of property	13, 18	—	—	(238,390)	—	—	(238,390)
		—	—	(245,890)	—	1,264,455	1,018,565
<b>Balance at December 31, 2025</b>		<b>21,462,000</b>	<b>4,514,876</b>	<b>3,117,199</b>	<b>33,606</b>	<b>7,925,050</b>	<b>37,052,731</b>

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

# First Federal Co-operative Credit Union Limited

## Statement of Cash Flows

For the year ended December 31, 2025

(expressed in Eastern Caribbean dollars)

	Notes	2025 \$	2024 \$
<b>Cash flows from operating activities</b>			
Profit for the year		1,264,455	1,861,844
Items not affecting cash:			
Interest expense		4,612,251	3,913,450
Provision for expected credit losses	10	1,413,741	608,474
Depreciation and amortisation	25	894,205	771,478
Property and equipment write offs		89,063	289,673
Amortisation of capital based grant	25	(12,275)	(12,268)
Interest income		(13,460,430)	(12,206,882)
<b>Operating loss before changes in working capital</b>		<b>(5,198,990)</b>	<b>(4,774,231)</b>
Change in loans to members		(22,195,510)	(26,405,501)
Change in other assets		60,651	87,353
Change in accounts payable and other liabilities		(692,348)	(501,504)
Change in members' deposits		22,251,756	22,318,669
<b>Net cash used in operations</b>		<b>(5,774,441)</b>	<b>(9,275,214)</b>
Interest received on loans to members		12,442,234	11,204,168
Interest paid on leases		(16,345)	(21,860)
Interest paid on members' deposits		(3,749,830)	(3,543,202)
<b>Net cash from/(used in) operating activities</b>		<b>2,901,618</b>	<b>(1,636,108)</b>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment	13	(1,587,237)	(1,236,869)
Interest received on investments		997,930	947,226
Purchase of investment securities	11	(5,000,000)	–
Interest income reinvested during the year	11	(583,806)	(564,453)
<b>Net cash used in investing activities</b>		<b>(6,173,113)</b>	<b>(854,096)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of shares	16	3,221,690	3,672,433
Dividends paid	29	(965,159)	(799,886)
Lease payments		(234,076)	(251,650)
<b>Net cash from financing activities</b>		<b>2,022,455</b>	<b>2,620,897</b>
<b>Net change in cash</b>		<b>(1,249,040)</b>	<b>130,693</b>
<b>Cash at beginning of year</b>		<b>20,263,717</b>	<b>20,133,024</b>
<b>Cash at end of year</b>	<b>9</b>	<b>19,014,677</b>	<b>20,263,717</b>

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

# First Federal Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2025

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(expressed in Eastern Caribbean dollars)

### 1 Nature of operations

The principal activity of First Federal Co-operative Credit Union Limited (the "Credit Union") is to safeguard, uphold and represent the best interest of all its members, especially in financial matters, and to undertake all other acts and devices as are incidental or conducive to or consequential upon the attainment of its objectives

### 2 General information

On July 20, 2009, the Credit Union was registered under the name FND Enterprise Co-operative Credit Union Limited under and in accordance with the provisions of Section 241 of the Co-operative Societies Act of 1995 of St. Christopher and Nevis. The Credit Union began operations effective August 1, 2009. A resolution was passed on June 24, 2010 by the Foundation for National Development, that resolved to transfer its assets and liabilities to a credit union to be named FND Enterprise Co-operative Credit Union Limited.

In 2011, the Co-operative Societies Act, No. 31 of 2011 came into effect, replacing the Co-operative Societies Act, 1995. The Credit Union was automatically re-registered on October 17, 2011, under the new Act.

In July 2019, the Credit Union was re-registered under the name First Federal Co-operative Credit Union Limited under and in accordance with the provisions of the Cooperative Societies Ordinance No. 20 of 1956 and (amendment) Ordinance No. 19 of 1957 and the statutory rules and Order No. 32 of 1968.

The Credit Union's registered office is located at Bladen Commercial Development, Basseterre, St. Kitts. It conducts business at Bladen Commercial Development and on Central Street, Basseterre, St. Kitts as well as Chapel Street, Charlestown, Nevis.

### 3 Basis of preparation

#### a) Statement of compliance with IFRS Accounting Standards

The accompanying financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) under the historical cost convention, as modified by the revaluation of land and building and financial assets at fair value through other comprehensive income (FVOCI). The measurement bases are fully described in the material accounting policy information.

#### b) Going concern assumption

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

# First Federal Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2025

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(expressed in Eastern Caribbean dollars)

### 3 Basis of preparation ...continued

#### b) Going concern assumption ...continued

In confirming the validity of the going concern basis of preparation, the Credit Union has considered the following specific factors:

- The Credit Union reported a profit of \$1,264,455 for the year.
- The Credit Union generated positive operating cash flows of \$2,901,618 in the current year.
- The Credit Union had a net asset position of \$37,052,731 as at the year end.
- As disclosed in Note 6.2, the liquidity needs of the Credit Union are monitored on a monthly basis by management and the board of directors. The Credit Union holds liquid assets to support its operations, which can be converted to cash within a reasonable time frame.
- Management prepares annual budgets, including and continue to monitor actual performance against budget and plan throughout the reporting period.

Based on these factors, management has a reasonable expectation that the Credit Union has and will have adequate resources to continue in operational existence for the foreseeable future.

#### c) Adoption of new and revised standards that are effective for annual periods beginning on or after January 1, 2025

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The Credit Union has assessed the relevance of all such new interpretations and amendments as follows:

- Lack of Exchangeability, (Amendments to IAS 21).

These amendments did not have a significant impact on these financial statements and therefore the disclosures have not been made. Accordingly, the Credit Union has made no changes to its accounting policies in 2025.

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

At the date of authorisation of these financial statements, certain new standards, and amendments to existing standards have been published by the IASB that are not yet effective, and have not been adopted early by the Credit Union. Management anticipates that all relevant pronouncements will be adopted in the Credit Union's accounting policies for the first period beginning after the effective date of the pronouncement. These new standards and interpretations are not expected to have a material impact on the Credit Union's financial statements.

# First Federal Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2025

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(expressed in Eastern Caribbean dollars)

### 4 Material accounting policy information

#### 4.1 Overall considerations

The material accounting policy information set out below have been applied consistently by the Credit Union to all periods presented in these financial statements, except as otherwise stated.

#### 4.2 Revenue recognition

Revenue arises from the rendering of services. The Credit Union recognises revenue when; the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for the Credit Union's activities. It is measured at the fair value of consideration received or receivable. Revenue is recognised as follows:

(i) *Interest income*

Interest income is recognised in profit or loss, using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability.

The Credit Union's calculation of the effective interest rate includes all material fees received, transaction costs, discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

(i) *Fee and other income*

The Credit Union earns fee income from financial services it provides to its members. Fee income is recognised at an amount that reflects the consideration to which the Credit Union expects to be entitled in exchange for providing the services.

The performance obligations, as well as the timing of their satisfaction, are identified and determined at the inception of the contract. The Credit Union's revenue contracts do not include multiple performance obligations.

When the Credit Union provides services to its members, consideration is invoiced and generally due immediately upon satisfaction of a service provided at a point in time, or at the end of a contract period for a service provided over time.

The Credit Union has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the member.

#### 4.3 Foreign currency translation

*Functional and presentation currency*

These financial statements are presented in Eastern Caribbean Dollars, which is the Credit Union's functional and presentation currency. All financial information presented in Eastern Caribbean Dollars has been rounded to the nearest dollar.

# First Federal Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2025

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(expressed in Eastern Caribbean dollars)

### 4 Material accounting policy information ...continued

#### 4.3 Foreign currency translation ...continued

##### *Foreign currency transactions and balances*

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Eastern Caribbean Dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Eastern Caribbean Dollars at foreign exchange rates ruling at the dates the values were determined.

#### 4.4 Lease

##### *Credit Union as a lessee*

The Credit Union assesses whether a contract is, or contains, a lease at the inception of the agreement. A contract is classified as a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration, including the right to obtain substantially all of the economic benefits from use of the asset and to direct its use.

The Credit Union enters into lease arrangements primarily for office premises and Automated Teller Machine (ATM) locations. Lease terms for these facilities typically range from 2 to 10 years and may include options for renewal or extension. All lease contracts are negotiated individually and may include varying terms and conditions, such as rent escalation clauses. The Credit Union does not engage in sale and leaseback arrangements.

##### *Measurement and recognition of leases as a lessee*

At the lease commencement date, the Credit Union recognizes a right-of-use (ROU) asset and a lease liability as part of property and equipment and accounts payable and other liabilities, respectively, in its statement of financial position. The ROU asset is initially measured at cost, which includes the initial measurement of the lease liability, any direct costs incurred by the Credit Union, an estimate of costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance, net of any incentives received.

The Credit Union depreciates the ROU asset on a straight-line basis from the lease commencement date to the earlier of the end of the asset's useful life or the end of the lease term. The Credit Union also assesses the ROU asset for impairment when indicators of impairment are present.

At the lease commencement date, the Credit Union measures the lease liability at the present value of the lease payments that are unpaid at that date, discounted using the Credit Union's incremental borrowing rate. This is because, as lease contracts are negotiated with third parties, it is not possible to determine the interest rate implicit in the lease. The incremental borrowing rate represents the estimated rate the Credit Union would need to pay to borrow the same amount over a similar term, with similar security, to obtain an asset of equivalent value. This rate may be adjusted if the Credit Union's risk profile differs from that of the lessee entity.

# First Federal Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2025

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(expressed in Eastern Caribbean dollars)

### 4 Material accounting policy information ...continued

#### 4.4 Lease ...continued

Lease payments included in the measurement of the lease liability are comprised of fixed payments (including those that are in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee, and payments arising from options that are reasonably certain to be exercised.

Subsequent to initial measurement, the lease liability is reduced by lease payments, which are allocated between the repayment of principal and finance costs. The finance cost represents the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

#### 4.5 Financial instruments

The Credit Union recognizes a financial asset or a liability in the statement of financial position when it becomes party to the contractual provisions of the instruments.

##### (a) Initial recognition and measurement of financial instruments

At initial recognition, the Credit Union measures its financial assets and financial liabilities at their fair values plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability such as fees and commissions.

If the Credit Union determines that the fair value of its financial assets and liabilities at initial recognition differs from the transaction price, the difference is recognised as follows:

- If that fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e., Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference between the fair value at initial recognition and the transaction price is recognised as a gain or loss in profit or loss.
- In all other cases, the difference between the fair value at initial recognition and the transaction price is deferred. After initial recognition, the Credit Union recognises that deferred difference as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

##### (b) Classification and subsequent measurement of financial assets

The Credit Union classifies its financial assets and subsequently measures them at amortised cost and/or FVOCI on the basis of the following:

- (i) the Credit Union's business model for managing the financial assets; and
- (ii) the contractual cash flow characteristics of the financial assets.

Based on these factors, the Credit Union classifies its financial assets into one of the following two measurements:

# First Federal Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2025

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(expressed in Eastern Caribbean dollars)

### 4 Material accounting policy information ...continued

#### 4.5 Financial instruments ...continued

##### (b) Classification and subsequent measurement of financial assets ...continued

###### *Financial assets at amortised cost*

A financial asset is measured at amortised cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

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

The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

The Credit Union's financial assets measured at amortised cost include loans to members, investment in fixed deposits, corporate bonds and treasury bills, other receivables and cash and cash equivalents.

###### *Financial assets at FVOCI*

The Credit Union's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. The Credit Union's financial assets measured at FVOCI include listed and unlisted equity securities. Dividends are recognised when the Credit Union's right to receive payments is established.

###### *Reclassifications*

If the business model under which the Credit Union holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Credit Union's financial assets. During the current financial year and previous accounting period, there were no changes in the business models under which the Credit Union holds financial assets and therefore no reclassifications were made.

# First Federal Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2025

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(expressed in Eastern Caribbean dollars)

### 4 Material accounting policy information ...continued

#### 4.5 Financial instruments ...continued

##### (b) Classification and subsequent measurement of financial assets ...continued

###### *Reclassifications ...continued*

Changes in contractual cash flows are considered under the accounting policy on Modification of loans to members in note 4.5 (d) and Derecognition of financial assets in note 4.5 (f).

###### *Undrawn loan commitments*

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Credit Union is required to provide a loan with pre-specified terms to the member. These contracts are in the scope of the expected credit losses (ECL) requirements. The nominal contractual value of undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the statement of financial position.

##### (c) Impairment of financial assets

The Credit Union recognises a loss allowance for ECL on financial assets measured at amortised cost and the exposure arising from loan commitments and financial guarantee contracts. The expected credit losses are assessed on a forward-looking basis. The Credit Union's measurement of ECL reflects:

- a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- b) the time value of money; and
- c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

- PD – The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
- EAD – The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- LGD – The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral or credit enhancements that are integral to the loan and not required to be recognised separately. It is usually expressed as a percentage of the EAD.

# First Federal Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2025

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(expressed in Eastern Caribbean dollars)

### 4 Material accounting policy information ...continued

#### 4.5 Financial instruments ...continued

##### (c) Impairment of financial assets ...continued

Financial assets are grouped on the basis of shared credit risk characteristics to determine the average credit losses for each group of assets. The Credit Union considers this approach to be a reasonable estimate of the probability-weighted amount. The lifetime expected credit losses for the non-performing financial assets are assessed on an individual basis. The Credit Union considers if there have been significant increases in credit risk since initial recognition – whether assessed on an individual or collective basis – considering all reasonable and supportable information, including that which is forward-looking. At each reporting date, the Credit Union measures the loss allowance at an amount equal to the lifetime expected credit losses, if the credit risk on that financial instrument has increased significantly since initial recognition.

The Credit Union considers the following factors in assessing changes in credit risk since initial recognition:

- significant changes in internal price indicators of credit risk;
- changes in the rates or terms of an existing instrument that would be significantly different if the instrument was newly issued (e.g., more stringent covenants);
- significant increases in credit risk on other financial instruments from the same borrower;
- an actual or forecast significant adverse changes in the business, financial or economic conditions that are expected to significantly affect the borrower's ability to meet its debt obligations (e.g., increase in interest rates and unemployment rates);
- an actual or expected significant change in the financial instrument's external credit rating;
- an actual or expected internal credit rating downgrade for the borrower or decrease in behavioral scoring used to assess credit risk internally;
- an actual or expected significant change in the operating results of the borrower;
- significant changes in the value of the collateral supporting the obligation, in the quality of guarantees or credit enhancements', reductions in financial support from a parent entity that are expected to reduce the borrower's incentive to make scheduled contractual payments;
- expected breaches of contract that may, for example, lead to covenant waivers or amendments, or interest payment holidays;
- existing or expected adverse changes in the regulatory, economic, or technological environment that significantly affect, or are expected to affect, the borrower's ability to meet its debt obligations;
- changes in the Credit Union's credit management approach in relation to the financial instrument (e.g., specific intervention with the borrower, more active or close monitoring of the instrument by the Credit Union);
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Credit Union (e.g., expected increase in delayed contractual payments); and
- past due information, including the rebuttable presumption of more than 30 days past due.

# First Federal Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2025

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(expressed in Eastern Caribbean dollars)

### 4 Material accounting policy information ...continued

#### 4.5 Financial instruments ...continued

##### (c) Impairment of financial assets ...continued

ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e., ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date (Stage 1); or
- full lifetime ECL, i.e., ECL that result from all possible default events over the life of the financial instrument (Stage 2 and Stage 3).

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Credit Union under the contract and the cash flows that the Credit Union expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

- For undrawn loan commitments, the ECL is the difference between the present value of the contractual cash flows that are due to the Credit Union if the holder of the commitment draws down the loan and the cash flows that the Credit Union expects to receive if the loan is drawn down; and
- For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Credit Union expects to receive from the holder, the debtor or any other party.

The Credit Union measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

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. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

# First Federal Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2025

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(expressed in Eastern Caribbean dollars)

### 4 Material accounting policy information ...continued

#### 4.5 Financial instruments ...continued

##### (c) Impairment of financial assets ...continued

It may not be possible to identify a single discrete event, instead, the combined effect of several events may have caused financial assets to become credit impaired. The Credit Union assesses whether debt instruments that are financial assets measured at amortised cost or FVOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Credit Union considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession, the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted, the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default (see below) includes unlikelihood to pay indicators and a backstop if amounts are overdue for 90 days or more.

##### *Forward looking information*

In its ECL models, the Credit Union relies on a range of forward-looking information as economic inputs, such as:

- GDP growth; and
- Central Bank base rates.

The assessment of risk and the calculation of ECL both incorporate forward looking information. The Credit Union has performed historical analysis and identified key economic variables impacting credit risk and expected credit losses for each portfolio.

##### *Definition of default*

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Credit Union considers the following as constituting an event of default:

- the borrower is past due for more than 90 days on any material credit obligation to the Credit Union; or
- the borrower is unlikely to pay its credit obligations to the Credit Union in full.

# First Federal Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2025

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(expressed in Eastern Caribbean dollars)

### 4 Material accounting policy information ...continued

#### 4.5 Financial instruments ...continued

##### (c) Impairment of financial assets ...continued

###### *Definition of default ...continued*

This definition of default is used by the Credit Union for accounting purposes as well as for internal credit risk management purposes and is broadly aligned to the regulatory definition of default. The definition of default is appropriately tailored to reflect different characteristics of different types of assets.

Overdrafts are considered as being past due once the customer has breached an advised limit or has been advised of a limit smaller than the current amount outstanding.

When assessing if the borrower is unlikely to pay its credit obligation, the Credit Union considers both qualitative and quantitative indicators. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis. The Credit Union uses a variety of sources of information to assess default which are either developed internally or obtained from external sources. As noted in the definition of credit impaired financial assets above, default is evidence that an asset is credit impaired.

Therefore, credit impaired assets will include defaulted assets, but will also include other non-defaulted, given the definition of credit impaired is broader than the definition of default.

##### (d) Modification of loans to members

When the Credit Union renegotiate or otherwise modify the contractual cash flows of its members' loans, the Credit Union assesses whether or not the new terms are substantially different from the original terms of the agreement. The Credit Union derecognises the original loan if the terms are substantially different and recognises the new loan at its fair value. The Credit Union also recalculates the new effective interest rate for the loan. The date of the modification is considered to be the date of initial recognition of the new loan when applying the impairment requirements and also assessing whether a significant increase in credit risk has occurred. The Credit Union also considers whether there may be evidence that the modified loan is credit-impaired at initial recognition. In this situation, the loan is recognised as an originated credit-impaired financial asset. This might occur, for example, in a situation in which there was a substantial modification of a distressed asset as a result of the borrower being unable to make the originally agreed payments. Differences in the carrying amount are recognised as a gain or loss on derecognition in the profit or loss.

If the new terms are not substantially different, the original loan is not derecognised. The Credit Union recalculates the gross carrying amount of the loan and recognises a modification gain or loss in the profit or loss.

# First Federal Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2025

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(expressed in Eastern Caribbean dollars)

### 4 Material accounting policy information ...continued

#### 4.5 Financial instruments ...continued

##### (d) Modification of loans to members ...continued

The gross carrying amount of the loan is recalculated as the present value of the renegotiated contractual cash flows discounted at the loan's original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). Any costs or fees incurred adjust the carrying amount of the modified loan and are amortised over the remaining term of the modified financial asset.

##### (e) Write offs

The Credit Union directly reduces the gross carrying amount of a financial asset when the Credit Union has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event. This is the case when the Credit Union determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. The Credit Union may apply enforcement activities to financial assets written off. Recoveries resulting from the Credit Union's enforcement activities will result in impairment gains, which will be presented in 'Other Income, in the statement of comprehensive income.

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

##### (f) Derecognition of financial assets

The Credit Union derecognises financial assets when the contractual rights to the cash flows from the financial assets expire, or when the contractual rights to receive the cash flows of the financial asset are retained but the contractual obligation to pay the cash flows to one or more recipients is assumed in an arrangement where:

- (i) The Credit Union has no obligation to pay amounts to the eventual recipients unless it collects equivalent amounts from the original asset. Short-term advances by the entity with the right of full recovery of the amount lent plus accrued interest at market rates do not violate this condition;
- (ii) The Credit Union is prohibited by the terms of the transfer contract from selling or pledging the original asset, other than as security to the eventual recipients for the obligation to pay them cash flows; and
- (iii) The Credit Union has an obligation to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the entity is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents during the short settlement period from the collection date to the date of required remittance to the eventual recipients, and interest earned on such investments is passed to the eventual recipients.

# First Federal Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2025

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(expressed in Eastern Caribbean dollars)

### 4 Material accounting policy information ...continued

#### 4.5 Financial instruments ...continued

##### (g) Financial liabilities

###### *Classification and subsequent measurement of financial liabilities*

In both the current and prior period, financial liabilities are classified and subsequently measured at amortised cost. Other liabilities are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Other liabilities are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities. Other liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

###### *Derecognition of financial liabilities*

Financial liabilities are derecognised when they are extinguished (i.e., when the obligation specific in the contract is discharged, cancelled or expires).

#### 4.6 Cash

Cash includes cash on hand and unrestricted balances held with banks that are subject to an insignificant risk of changes in their fair value, and are used by the Credit Union in the management of its short-term commitments.

Cash is measured at amortised cost.

#### 4.7 Property and equipment

Property and equipment are measured at cost or revalued amount less accumulated depreciation and impairment losses, if any. The cost of an asset comprises its purchase price and any costs directly attributable to bringing the assets to the location and condition necessary for it to operate in its intended use.

Land and building are stated at fair value, based on periodic (every five years) valuation by external professional valuers, less subsequent depreciation for building. Accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revaluated amount of the asset. All other property and equipment are stated at historical cost less depreciation.

If an asset's carrying amount is increased as a result of a revaluation, the increase is recognised in other comprehensive income and accumulated in members' equity under the heading of revaluation reserves (note 18). However, the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

# First Federal Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2025

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(expressed in Eastern Caribbean dollars)

### 4 Material accounting policy information ...continued

#### 4.7 Property and equipment ...continued

If an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in profit or loss. However, the decrease is recognised in other comprehensive income to the extent of any credit balance existing in the property revaluation reserves in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in members' equity under the heading of property revaluation reserve.

When a building is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset, so that the carrying amount of the asset after revaluation equals its revalued amount.

Leasehold improvements, equipment, furniture and fittings, computer equipment, and motor vehicles are carried at cost, less accumulated depreciation and any accumulated impairment losses, subsequent to initial recognition.

Capital projects represent expenditures on property and equipment that are under construction, development, or not yet available for use. These costs are initially recorded in the capital projects account as work-in-progress and are not depreciated. Once the capital project is completed and the asset is ready for its intended use, the accumulated costs are transferred from capital projects to the relevant property and equipment category, at which point depreciation commences.

Depreciation is calculated on the straight-line method to write down the cost less estimated residual value of the asset over its useful life. The following depreciation rates are applied:

Building	40 years
Leasehold improvements	The lesser of 5 years or the lease term
Equipment	10 years
Furniture and fittings	2 – 10 years
Computer equipment	3 – 5 years
Motor vehicles	5 years

Land is not subject to depreciation.

The assets' residual values and estimated useful lives are reviewed and adjusted, if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in profit or loss under other income, net.

# First Federal Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2025

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(expressed in Eastern Caribbean dollars)

### 4 Material accounting policy information ...continued

#### 4.8 Impairment of non-financial assets

All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use.

To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed only to the extent that the asset's or cash generating unit's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### 4.9 Provisions

Provision for legal disputes or other claims are recognised when the Credit Union has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Credit Union to settle the obligation and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are not recognised for future operating losses. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Credit Union can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

#### 4.10 Employee benefits

Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income as incurred.

# First Federal Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2025

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(expressed in Eastern Caribbean dollars)

### 4 Material accounting policy information ...continued

#### 4.11 Equity, reserves and dividend payments

(a) *Members' shares*

Members' shares issued by the Credit Union are classified as equity only to the extent that they do not meet the definition of a financial liability.

(b) *Reserves*

Statutory reserve and development fund comprise amounts required to be set aside as stipulated by the Co-operative Societies Act (see note 17).

Other reserves comprise gains and losses arising from the revaluation of land and building, unrealised fair value changes on investment securities classified as FVOCI, and the general reserve set aside as stipulated by the Credit Union's By-laws (see Note 18).

(c) *Retained earnings*

Retained earnings include all current and prior period retained profits, net of dividends.

(d) *Dividends*

Dividends paid are recognised in equity in the period in which they are approved by the Credit Union's members at the Annual General Meeting.

(e) *Capital grant*

Capital donations represent contributions received to support the acquisition of property and equipment. These amounts are recorded directly in equity when received, provided there are no conditions requiring repayment or specific future performance. (see note 19).

#### 4.12 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or as incurred.

### 5 Significant management judgements in applying accounting policies and estimation uncertainty

In the application of the Credit Union's material accounting policies, which are described in note 4, the management are required to make judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, revenue and expenses that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The estimates and assumptions that have the most significant effect on the amounts recognised in the financial statements are described in the succeeding pages.

# First Federal Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2025

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(expressed in Eastern Caribbean dollars)

### 5 Significant management judgements in applying accounting policies and estimation uncertainty *...continued*

#### 5.1 Expected credit losses on loan facilities

The proposed cash flows were discounted using the yield of the facilities. The Credit Union makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

#### 5.2 Fair value measurement

Management uses various valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

### 6 Financial risk management

#### Risk management objectives and policies

The Credit Union is exposed to the following risks arising from its use of financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk; and
- Operational risk.

This note presents information about the Credit Union's exposure to each of the above risks, the Credit Union's objectives, policies and processes for measuring and managing risk, and the Credit Union's management of capital.

The Board of Directors has overall responsibility for the determination of the Credit Union's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure effective implementation of the objectives and policies to the Credit Union's management.

# First Federal Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2025

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(expressed in Eastern Caribbean dollars)

### 6 Financial risk management ...continued

#### Risk management objectives and policies ...continued

The Board of Directors receives monthly reports from the Credit Union's Management, through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The Credit Union's risk management processes are essentially those mandated by the Board of Directors and are structured to facilitate identification of risks in its various business activities, and to formulate risk management strategies, policies and procedures. Risks are maintained within established limits. The Credit Union's risk management policies entail diversification of risk in its portfolios, the establishment of risk rating indicators for individual members and lines of credit, and continuous review of risk profiles for its members and portfolios. Risk limits are also set in relation to groups of borrowers as well as industry and geographical segments. The policies also include review, analysis and valuation of all risk-taking activities.

#### 6.1 Credit risk analysis

Credit risk is the risk of financial loss to the Credit Union if a member or counterparty to a financial instrument fails to meet its contractual obligations. The Credit Union is exposed to this risk for various financial instruments, for example, granting loans to members, placing deposits and investing in bonds.

(i) *Loans to members*

The Credit Union's exposure to credit risk is influenced mainly by the individual characteristics of each member. The demographics of the Credit Union's member base, including the default risk of the country in which members operate, has less of an influence on credit risk. Geographically there is concentration of credit risk as all members are located in St. Kitts and Nevis.

(ii) *Cash at banks*

Cash at banks are held with established and reputable financial institutions, which represent minimum risk of default.

(iii) *Maximum exposure to credit risk*

The maximum on-balance sheet and off-balance sheet exposure to credit risk at the reporting date was:

	2025 \$	2024 \$
<b>On - balance sheet</b>		
Cash at banks	16,282,245	17,864,276
Loans to members	144,428,315	123,660,635
Investment securities	24,730,846	19,112,685
Other receivables	1,014,742	1,171,601
	<b>186,456,148</b>	<b>161,809,197</b>
<b>Off - balance sheet</b>		
Credit commitments	6,734,166	7,743,445
	<b>193,190,314</b>	<b>169,552,642</b>

# First Federal Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2025

(expressed in Eastern Caribbean dollars)

### 6 Financial risk management ...continued

#### Risk management objectives and policies ...continued

#### 6.1 Credit risk analysis ...continued

##### (iii) Maximum exposure to credit risk ...continued

Credit risk in respect of financial assets is limited as these balances are shown net of provision for expected credit losses.

#### Loans to members

##### (a) Expected credit losses on loans to members

The expected credit loss, commonly referred to as ECL, represents the amount the Credit Union is likely to lose in the event of a default. The Credit Union is required to categorise the loans in their respective stages as outlined in IFRS 9.

Expected credit losses on loans to members are analysed as follows:

	<b>Gross amount</b>	<b>ECL</b>	<b>Net amount</b>
	\$	\$	\$
Stage 1	138,999,574	(379,144)	138,620,430
Stage 2	1,512,335	(66,869)	1,445,466
Stage 3	5,994,268	(1,631,849)	4,362,419
<b>As at December 31, 2025</b>	<b>146,506,177</b>	<b>(2,077,862)</b>	<b>144,428,315</b>
Stage 1	120,548,932	(293,656)	120,255,276
Stage 2	703,091	(9,284)	693,807
Stage 3	3,909,764	(1,198,212)	2,711,552
<b>As at December 31, 2024</b>	<b>125,161,787</b>	<b>(1,501,152)</b>	<b>123,660,635</b>

##### Stage 1 loans

Loans placed in this stage include loans for which there is no evidence of a significant increase in credit risk since the origination date, and loans that are due to mature within 12 months of the reporting date providing that such loans were not in a state of default.

##### Stage 2 loans

Loans placed in this stage include loans past due for 31 to 90 days, and loans that experienced a significant increase in credit risk even if the past due days threshold is not met.

##### Stage 3 loans

Loans placed in this stage are loans that are past due over 90 days, and loans that show evidence of impairment even if the 90 days threshold is not met.

# First Federal Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2025

(expressed in Eastern Caribbean dollars)

### 6 Financial risk management ...continued

#### Risk management objectives and policies ...continued

##### 6.1 Credit risk analysis ...continued

###### (iii) Maximum exposure to credit risk ...continued

###### Loans to members ...continued

###### (a) Expected credit losses on loans to members ...continued

One of the crucial requirements of IFRS 9 is for the Credit Union to determine whether there is a significant increase in credit risk (SICR) from the date of loan origination to the current reporting date. In the event of a SICR, the loan must be placed in Stage 2 and will require a lifetime provision. The loan should remain in this Stage until there is evidence that the event(s) that resulted in the increase in the credit risks have been satisfactorily cured. It is only then that these loans should be transitioned back to Stage 1. SICR is determined by observing the extent to which adverse changes in one or more of the credit risk drivers could increase the likelihood of default since the origin of the loan.

A change in members' employment arrangement, payment method, industry or personal conditions could be deemed significant enough to trigger a migration of loans to Stage 2, even if the past due days quantitative SICR threshold is not met.

###### Loss allowance

The following tables explain the changes in the loss allowance between the beginning and the end of the year due to these factors:

	Stage 1	Stage 2	Stage 3	Total
	\$	\$	\$	\$
<b>Loans to members</b>				
<b>Loss allowance as at December 31, 2024</b>	<b>293,656</b>	<b>9,284</b>	<b>1,198,212</b>	<b>1,501,152</b>
Transfers:				
Transfer from Stage 1 to Stage 2	(7,053)	7,053	–	–
Transfer from Stage 1 to Stage 3	(8,516)	–	8,516	–
Transfer from Stage 2 to Stage 1	490	(490)	–	–
Transfer from Stage 2 to Stage 3	–	(5,919)	5,919	–
Transfer from Stage 3 to Stage 1	13,108	–	(13,108)	–
Transfer from Stage 3 to Stage 2	–	–	–	–
Loss allowance on new loans	168,022	1,745	95,543	265,310
Financial assets fully derecognised during the year	–	(2,874)	(422,124)	(424,998)
Changes to inputs used in ECL calculation	(80,563)	58,070	758,892	736,399
<b>Loss allowance as at December 31, 2025</b>	<b>379,144</b>	<b>66,869</b>	<b>1,631,849</b>	<b>2,077,862</b>

# First Federal Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2025

(expressed in Eastern Caribbean dollars)

### 6 Financial risk management ...continued

#### 6.1 Credit risk analysis ...continued

(iii) Maximum exposure to credit risk ...continued

#### Loans to members ...continued

(a) Expected credit losses on loans to members ...continued

Loss allowance ...continued

	Stage 1 \$	Stage 2 \$	Stage 3 \$	Total \$
<b>Loans to members</b>				
<b>Loss allowance as at December 31, 2023</b>	<b>323,924</b>	<b>21,523</b>	<b>1,104,216</b>	<b>1,449,663</b>
Transfers:				
Transfer from Stage 1 to Stage 2	(725)	725	–	–
Transfer from Stage 1 to Stage 3	(5,097)	–	5,097	–
Transfer from Stage 2 to Stage 3	–	(4,630)	4,630	–
Transfer from Stage 2 to Stage 1	12,304	(12,304)	–	–
Transfer from Stage 3 to Stage 1	35,709	–	(35,709)	–
Transfer from Stage 3 to Stage 2	–	11,516	(11,516)	–
Loss allowance on new loans	138,156	818	23,595	162,569
Financial assets fully derecognised during the year	–	(1,981)	(555,004)	(556,985)
Changes to inputs used in ECL calculation	(210,615)	(6,383)	662,902	445,904
<b>Loss allowance as at December 31, 2024</b>	<b>293,656</b>	<b>9,284</b>	<b>1,198,212</b>	<b>1,501,152</b>

Gross loans to members

The following tables explain the changes in the gross loans to members between the beginning and the end of the year due to these factors:

	Stage 1 \$	Stage 2 \$	Stage 3 \$	Total \$
<b>Gross loans to members as at December 31, 2023</b>	<b>94,602,125</b>	<b>715,311</b>	<b>3,302,203</b>	<b>98,619,639</b>
Transfers:				
Transfer from Stage 1 to Stage 2	(168,717)	168,717	–	–
Transfer from Stage 1 to Stage 3	(1,088,269)	–	1,088,269	–
Transfer from Stage 2 to Stage 3	–	(161,915)	161,915	–
Transfer from Stage 2 to Stage 1	429,776	(429,776)	–	–
Transfer from Stage 3 to Stage 1	536,230	–	(536,230)	–
Transfer from Stage 3 to Stage 2	–	36,473	(36,473)	–
New loans	41,294,735	339,672	301,265	41,935,672
Interest receivable	693,633	–	–	693,633
Financial assets fully derecognised during the year	–	(46,119)	(510,867)	(556,986)
Changes to inputs used in ECL calculation	(15,750,581)	80,728	139,682	(15,530,171)
<b>Gross loans to members as at December 31, 2024</b>	<b>120,548,932</b>	<b>703,091</b>	<b>3,909,764</b>	<b>125,161,787</b>

# First Federal Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2025

(expressed in Eastern Caribbean dollars)

### 6 Financial risk management ...continued

#### 6.1 Credit risk analysis ...continued

(iii) Maximum exposure to credit risk ...continued

#### Loans to members ...continued

(a) Expected credit losses on loans to members ...continued

Gross loans to members ...continued

	Stage 1 \$	Stage 2 \$	Stage 3 \$	Total \$
<b>Gross loans to members as at December 31, 2024</b>	<b>120,548,932</b>	<b>703,091</b>	<b>3,909,764</b>	<b>125,161,787</b>
Transfers:				
Transfer from Stage 1 to Stage 2	(1,546,986)	1,546,986	–	–
Transfer from Stage 1 to Stage 3	(2,968,019)	–	2,968,019	–
Transfer from Stage 2 to Stage 3	–	(135,313)	135,313	–
Transfer from Stage 2 to Stage 1	490,898	(490,898)	–	–
Transfer from Stage 3 to Stage 1	422,904	–	(422,904)	–
New loans	58,400,693	43,278	480,556	58,924,527
Change in interest receivable	(14,089)	–	–	(14,089)
Financial assets fully derecognised during the year	–	(76,412)	(760,619)	(837,031)
Changes to inputs used in ECL calculation	(36,334,759)	(78,397)	(315,861)	(36,729,017)
<b>Gross loans to members as at December 31, 2025</b>	<b>138,999,574</b>	<b>1,512,335</b>	<b>5,994,268</b>	<b>146,506,177</b>

(b) Loans to members re-negotiated

Restructuring activities include extended payment arrangements, approved external management plans, modification and deferred payments. Following restructuring, a previously overdue account is reset to normal status and managed together with other similar accounts. Restructuring policies and practices are based on indicators of criteria which, in the judgement of management, indicate that payment will most likely continue. These policies are kept under continual review. Restructuring is most commonly applied to term loans, in particular customer finance loans. There were no renegotiated loans which were impaired at December 31, 2025 or 2024.

(c) Repossessed collateral

The Credit Union had no repossessed collateral in its statement of financial position as at December 31, 2025 (2024: nil).

# First Federal Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2025

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(expressed in Eastern Caribbean dollars)

### 6 Financial risk management ...continued

#### 6.1 Credit risk analysis ...continued

(iii) *Maximum exposure to credit risk ...continued*

##### **Investment securities**

There is no formal rating of the credit quality of term deposits. A number of qualitative factors are considered in assessing the risk associated with each investment; however, there is no formal hierarchy or external credit rating framework applied. None of these securities are pledged as collateral.

Management considers the investment securities to be of low credit risk, as they are held with counterparties that possess high credit ratings or operate in jurisdictions with satisfactory credit risk and no history of default. All investment securities were assessed to be performing and were accordingly classified under Stage 1 (2024: Stage 1).

##### **Cash at banks and other receivables**

Cash at banks and other receivables are measured at amortised cost and are also subject to the impairment requirement of IFRS 9, *Financial Instruments*. The identified expected impairment loss is deemed immaterial to the financial statements.

#### 6.2 Liquidity risk analysis

Liquidity risk is the risk that the Credit Union will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. The Credit Union's liquidity risk is subject to risk management controls and is managed within the framework of regulatory requirements, policies and limits approved by the Board.

The Board receives reports on liquidity risk exposures and performance against approved limits. Management provides the Board with information on liquidity risk for Board oversight purposes through its monthly meetings.

The key elements of the Credit Union's liquidity risk management framework include:

- liquidity risk measurement and management limits, including limits on maximum net cash outflow over a specified short-term horizon;
- holdings of liquid assets to support its operations, which can generally be converted to cash within a reasonable time;
- liquidity stress testing PEARLS-specific ratios; and
- liquidity contingency planning.

The table below presents the cash flows payable by the Credit Union under non-derivative financial liabilities by remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual and undiscounted cash flows.

# First Federal Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2025

(expressed in Eastern Caribbean dollars)

### 6 Financial risk management ...continued

#### 6.2 Liquidity risk analysis ...continued

	Carrying amount \$	Up to 1 year \$	1 – 5 years \$	Over 5 years \$	Total \$
<b>Liabilities</b>					
Members' deposits	157,233,338	131,182,776	30,868,987	41,146	162,092,909
Accounts payable and other liabilities	1,686,219	1,523,754	102,123	75,911	1,701,788
<b>As at December 31, 2025</b>	<b>158,919,557</b>	<b>132,706,530</b>	<b>30,971,110</b>	<b>117,057</b>	<b>163,794,697</b>
<b>Liabilities</b>					
Members' deposits	134,135,506	107,336,605	29,346,261	12,573	136,695,439
Accounts payable and other liabilities	2,612,643	2,411,288	182,919	63,646	2,657,853
<b>As at December 31, 2024</b>	<b>136,748,149</b>	<b>109,747,893</b>	<b>29,529,180</b>	<b>76,219</b>	<b>139,353,292</b>

#### Assets held for managing liquidity risk

The Credit Union holds a diversified portfolio of cash and high-quality highly liquid securities to support payment obligations and contingent funding in a stressed market environment. The Credit Union's assets held for managing liquidity risk comprise:

- Unrestricted cash at bank;
- Unimpaired loans;
- Investment securities; and
- Other receivables.

#### 6.3 Market risk analysis

The Credit Union is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

(i) *Currency risk*

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Credit Union does not face any such risk since its transactions are substantially in Eastern Caribbean Dollars, which is its functional currency. The United States Dollar, in which the Credit Union also transacts business, is fixed in relation to the Eastern Caribbean Dollar.

(ii) *Price risk*

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer, or factors affecting all instruments traded in the market. To manage this price risk arising from investments in equity securities, the Credit Union diversifies its investment portfolio.

# First Federal Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2025

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(expressed in Eastern Caribbean dollars)

### 6 Financial risk management ...continued

#### 6.3 Market risk analysis ...continued

##### (iii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Interest rate risk is affected where there is a mismatch between interest earning assets and interest-bearing liabilities, which are subject to interest rate adjustments within a specified period.

The Credit Union actively manages its interest rate exposures with the objective of enhancing net interest income within established risk tolerances. Interest rate risk arising from the Credit Union's funding and investment activities is managed in accordance with Board-approved policies.

The table in the succeeding pages summarises the Credit Union's exposure to interest rate risks. Included in the table are the Credit Union's assets and liabilities at carrying amounts categorised by the earlier of contractual repricing and maturity dates.

# First Federal Co-operative Credit Union Limited

Notes to the Financial Statements  
December 31, 2025

(expressed in Eastern Caribbean dollars)

## 6 Financial risk management ...continued

### 6.3 Market risk analysis ...continued

(iii) Interest rate risk ...continued

As at December 31, 2025

	Interest rate %	Up to 1 year \$	1 – 5 years \$	Over 5 years \$	Non-interest bearing \$	Total \$
<b>Assets</b>						
Cash	2.5	15,586,085	–	–	3,428,592	19,014,677
Loans to members	7 – 29	1,628,373	42,339,437	99,619,343	841,162	144,428,315
Investment securities	3 – 4	24,329,257	–	–	611,707	24,940,964
Other receivables		–	–	–	1,014,742	1,014,742
<b>Total financial assets</b>		<b>41,543,715</b>	<b>42,339,437</b>	<b>99,619,343</b>	<b>5,896,203</b>	<b>189,398,698</b>
<b>Liabilities</b>						
Members' deposits	2.5 – 4.5	118,476,384	29,346,261	12,573	9,398,120	157,233,338
Accounts payable and other liabilities	4 – 5	130,057	48,448	40,174	1,467,540	1,686,219
<b>Total financial liabilities</b>		<b>118,606,441</b>	<b>29,394,709</b>	<b>52,747</b>	<b>10,865,660</b>	<b>158,919,557</b>
<b>Total interest repricing gap</b>		<b>(77,062,726)</b>	<b>12,944,728</b>	<b>99,566,596</b>	<b>(4,969,457)</b>	<b>30,479,141</b>

# First Federal Co-operative Credit Union Limited

Notes to the Financial Statements  
December 31, 2025

(expressed in Eastern Caribbean dollars)

## 6 Financial risk management ...continued

### 6.3 Market risk analysis ...continued

(iii) *Interest rate risk...continued*

As at December 31, 2024

	Interest rate %	Up to 1 year \$	1 – 5 years \$	Over 5 years \$	Non-interest bearing \$	Total \$
<b>Assets</b>						
Cash	2.5	16,640,455	–	–	3,623,262	20,263,717
Loans to members	7 – 29	29,211,648	64,122,903	30,131,789	194,295	123,660,635
Investment securities	3 – 4	18,745,451	–	–	584,852	19,330,303
Other receivables		–	–	–	1,171,601	1,171,601
<b>Total financial assets</b>		<b>64,597,554</b>	<b>64,122,903</b>	<b>30,131,789</b>	<b>5,574,010</b>	<b>164,426,256</b>
<b>Liabilities</b>						
Members' deposits	2.5 – 4.5	97,851,420	27,598,090	8,643	8,677,353	134,135,506
Accounts payable and other liabilities	5	52,482	209,928	190,345	2,159,888	2,612,643
<b>Total financial liabilities</b>		<b>97,903,902</b>	<b>27,808,018</b>	<b>198,988</b>	<b>10,837,241</b>	<b>136,748,149</b>
<b>Total interest repricing gap</b>		<b>(33,306,348)</b>	<b>36,314,885</b>	<b>29,932,801</b>	<b>(5,263,231)</b>	<b>27,678,107</b>

# First Federal Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2025

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(expressed in Eastern Caribbean dollars)

### 6 Financial risk management ...continued

#### 6.3 Market risk analysis ...continued

##### (iii) Interest rate risk ...continued

###### *Fair value interest rate sensitivity analysis*

The financial assets and financial liabilities held by the Credit Union have fixed rates over the life of the instruments and so the sensitivity analysis is not required.

###### *Cash flow interest rate sensitivity analysis*

The Credit Union is not exposed to any cash flow interest rate risk as it has no variable rate financial instruments.

#### 6.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Credit Union's involvement with financial instruments, including processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The Credit Union's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Credit Union's reputation with overall cost effectiveness, and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for development and implementation of controls to address operational risk is assigned to management within the Credit Union. This responsibility is supported by the development of overall Credit Union standards for the management of operational risk by establishing requirements for:

- appropriate segregation of duties, including the independent authorisation of transactions;
- the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

Compliance with the Credit Union's standards is supported by a program of periodic reviews undertaken by the Supervisory Committee. The results of the Supervisory Committee reviews are discussed with management, with summaries to the Board of Directors.

# First Federal Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2025

(expressed in Eastern Caribbean dollars)

### 7 Fair value of financial assets and liabilities

Fair value amounts represent estimates of the consideration that would currently be agreed upon between knowledgeable willing parties who are under no compulsion to act and is best evidenced by a quoted market value, if one exists. The following methods and assumptions used to estimate the fair value of financial instruments are described below.

#### a) *Financial instruments not measured at fair value*

The table below summarises the carrying amounts and fair values of the Credit Union's financial assets and liabilities not measured at fair value.

	Carrying value		Fair value	
	2025	2024	2025	2024
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash	19,014,677	20,263,717	19,014,677	20,263,717
Loans to members	144,428,315	123,660,635	144,428,315	123,660,635
Investment securities	24,730,846	19,112,685	24,730,846	19,112,685
Other receivables	1,014,742	1,171,601	1,014,742	1,171,601
	<b>189,188,580</b>	164,208,638	<b>189,188,580</b>	164,208,638
<b>Financial liabilities</b>				
Members' deposits	157,233,338	134,135,506	157,233,338	134,135,506
Accounts payable and other liabilities	1,686,219	2,612,643	1,686,219	2,612,643
	<b>158,919,557</b>	136,748,149	<b>158,919,557</b>	136,748,149

#### (i) Loans to members

The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

#### (ii) Investment securities

The fair value of assets which are held to maturity to collect contractual cash flows is based on market prices or broker/dealer price quotations. Where this information is not available, fair value is estimated for debt investment securities based on discounted cash flows using prevailing market interest rates for debts with similar credit risk and remaining maturity.

#### (iii) Members' deposits

The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand. The estimated fair value of fixed interest-bearing deposits not quoted in an active market is based on discounted cash flows using interest rates for new deposits with similar remaining maturity.

# First Federal Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2025

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(expressed in Eastern Caribbean dollars)

### 7 Fair value of financial assets and liabilities ...continued

#### b) Financial instruments measured at fair value

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

Financial assets measured at fair value in the statement of financial position are grouped into the following levels of the fair value hierarchy.

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>December 31, 2025</b>				
Financial assets at FVOCI	–	160,000	50,118	210,118
<b>December 31, 2024</b>				
Financial assets at FVOCI	–	167,500	50,118	217,618

The Credit Union's finance team performs valuations of financial items for financial reporting purposes. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximizing the use of market-based information. The finance team reports directly to the Chief Executive Officer and to the Board of Directors. Valuation processes and fair value changes are discussed among the Board of Directors and the valuation team at least every year, in line with the Credit Union's reporting dates. The valuation techniques used for instruments categorised in Level 3 are described below:

#### Financial assets at FVOCI

The fair value is generally based on broker/dealer price quotations. Where these are not available, the Credit Union applies valuation techniques to determine the fair value of financial instruments.

Specific valuation techniques used to value financial instruments may include:

- Quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow analysis, dividend discount model, comparable company multiples, namely enterprise value to earnings before interest, taxes, depreciation and amortization, price-to-earnings and price-to-tangible book value multiples and adjusted net book value, are used to determine fair value for the remaining financial instruments.

# First Federal Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2025

(expressed in Eastern Caribbean dollars)

### 7 Fair value of financial assets and liabilities ...continued

#### c) Fair value measurement of non-financial assets

Fair value estimates are made at a specific point in time, based on market conditions and information about the asset. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The following table shows the levels within the hierarchy of non-financial assets measured at fair value on a recurring basis at December 31:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>December 31, 2025</b>				
Land	–	1,114,559	–	1,114,559
Building	–	–	2,229,656	2,229,656
	–	<b>1,114,559</b>	<b>2,229,656</b>	<b>3,344,215</b>
<b>December 31, 2024</b>				
Land	–	1,124,281	–	1,124,281
Building	–	–	1,464,431	1,464,431
	–	<b>1,124,281</b>	<b>1,464,431</b>	<b>2,588,712</b>

Fair value of the Credit Union's main property assets is estimated based on appraisals performed by independent, professionally qualified property valuers. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the Board of Directors at each reporting date.

#### *Building (Level 3)*

The fair values of the buildings are estimated using both the income capitalization approach and cost approach. A weight of 30% was applied to the income capitalization approach and 70% applied to the cost approach. Each approach contributed as follows:

- The income capitalization approach was considered the secondary method, as it reflects actual market transactions and is the most relevant indicator of value for income-producing properties.
- The cost approach was the primary indicator, as this is likely to be considered by a typical prospective buyer.

The income capitalisation approach is used to estimate a value for the property based upon its ability to generate a net income stream. This approach involves first estimating the potential gross annual income. From this annual income stream, a vacancy and credit loss is estimated to arrive at an effective gross annual income. Then the fixed and variable expenses are deducted to indicate the net income. This net income is then capitalized into an indication of value based upon a capitalization rate extracted from comparable sales. The cost approach is a real estate valuation method that surmises that the price a buyer should pay for a piece of property should equal the cost to build an equivalent building. The market price for the building is equal to cost of construction, less depreciation in the cost approach.

# First Federal Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2025

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(expressed in Eastern Caribbean dollars)

### 8 Capital management policies and procedures

The Credit Union has a capital management process in place to measure, deploy and monitor its available capital and assess its adequacy. This capital management process aims to achieve three major objectives:

- exceed regulatory thresholds;
- meet long-term internal capital targets; and
- provide the Credit Union's members with a source of finance.

Capital is managed in accordance with the Board-approved Capital Management Policy which is based on regulatory requirements of the Co-operative Societies Act and the PEARLS regulations. Management and the Board of Directors develop the capital strategy and oversee the capital management processes of the Credit Union. The Credit Union's management and Supervisory Committee are key in implementing the Credit Union's capital strategy and managing capital. Capital is managed using both regulatory capital measures and internal metrics.

The three primary regulatory capital ratios used to assess capital adequacy are as follows:

	<b>Regulatory requirement</b>	<b>2025 %</b>	<b>2024 %</b>
Net loans/total assets	70% to 80%	<b>73.71%</b>	72.51%
Institutional capital/total assets	10% minimum	<b>7.56%</b>	8.47%
Total delinquency/total loans	5% maximum	<b>4.23%</b>	2.04%

### 9 Cash

	<b>2025 \$</b>	<b>2024 \$</b>
Cash at banks	<b>16,282,245</b>	17,864,276
Cash on hand	<b>2,732,432</b>	2,399,441
	<b>19,014,677</b>	20,263,717

The Credit Union's bank balances are held at St. Kitts-Nevis-Anguilla National Bank Limited, Nevis Co-operative Credit Union Limited, Police Co-operative Credit Union Limited, Republic Bank (EC) Limited, The Bank of Nevis Limited, St. Kitts Co-operative Credit Union Limited (SKCCU), Community First Co-operative Credit Union and CIBC Caribbean Bank (Barbados) Limited. These accounts earn interest at rates ranging from 0% to 2.5% (2024: 0% – 2.5%).

# First Federal Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2025

(expressed in Eastern Caribbean dollars)

### 10 Loans to members

	2025 \$	2024 \$
Consumer	120,863,819	107,242,346
Business	<u>24,962,814</u>	<u>17,225,808</u>
	145,826,633	124,468,154
Interest receivable	<u>679,544</u>	<u>693,633</u>
	146,506,177	125,161,787
Allowance for impairment	<u>(2,077,862)</u>	<u>(1,501,152)</u>
	<u>144,428,315</u>	<u>123,660,635</u>
Current	2,250,179	2,179,212
Non-current	<u>142,178,136</u>	<u>121,481,423</u>
	<u>144,428,315</u>	<u>123,660,635</u>

As at December 31, 2025, interest rates charged on loans ranged from 4.5% – 24% (2024: 4.5% – 29%). The weighted average effective interest rate on productive loans to members at amortised cost as at December 31, 2025 is 9.27% (2024: 11.22%).

The movement in the provision for expected credit losses is as follows:

	2025 \$	2024 \$
<b>Balance at beginning of the year</b>	1,501,152	1,449,663
Provision for expected credit losses for the year	1,413,741	608,474
Amounts written off during the year	<u>(837,031)</u>	<u>(556,985)</u>
<b>Balance at end of the year</b>	<u>2,077,862</u>	<u>1,501,152</u>

The Credit Union's loan loss provision is determined in accordance with the requirements of IFRS 9. However, for regulatory purposes, the Credit Union is also required to calculate loan impairment allowances in accordance with the FSRC loan provisioning guidelines, which are based on the PEARLS methodology as stipulated under the Co-operative Societies Act, No. 31 of 2011. Under this methodology, provisioning is based on the aging of delinquent loans, with standard rates of 35% for balances less than 12 months in arrears and 100% for balances more than 12 months in arrears.

As at December 31, 2025, the loan loss provision calculated under FSRC guidelines amounted to \$1,834,521 (2024: \$2,588,446), while the provision under IFRS 9 was \$2,077,861 (2024: \$1,501,152). The difference between the FSRC provision and the IFRS 9 provision for 2024 was recognised as a non-distributable reserve through equity of \$1,087,294 and was included in other reserves under Note 18. As of December 31, 2025, the FSRC's loan loss provision exceeds the IFRS 9 loan loss allowance, therefore, restricted reserve is no longer required. The reserve made in 2024 of \$1,087,294 has therefore been maintained by the Credit Union voluntarily.

# First Federal Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2025

(expressed in Eastern Caribbean dollars)

### 11 Investment securities

	2025 \$	2024 \$
<b>Financial assets at FVOCI</b>		
<b>Quoted equity securities</b>		
<i>The Bank of Nevis Limited</i>		
20,000 ordinary shares at \$3.00 each (2024: \$3.50 each)	60,000	70,000
<i>S. L. Horsford &amp; Company Limited</i>		
50,000 ordinary shares at \$2.00 each (2024: \$1.95 each)	100,000	97,500
Total quoted equity securities	160,000	167,500
<b>Unquoted equity securities</b>		
<i>Nevis Co-operative Credit Union Limited</i>		
10,000 permanent shares at cost at \$5.00 each (2024: \$5.00)	50,000	50,000
<i>St. Kitts Co-operative Credit Union Limited</i>		
23 permanent shares at cost at \$5.13 each (2024: \$5.13)	118	118
Total unquoted equity securities	50,118	50,118
<b>Total financial assets at FVOCI</b>	<b>210,118</b>	<b>217,618</b>
<b>Financial assets at amortised cost</b>		
<i>Nevis Co-operative Credit Union Limited</i>		
Fixed deposits maturing April 1, 2026, 3.25% per annum	5,468,869	5,296,725
<i>St. Kitts Co-operative Credit Union</i>		
Term deposit maturing December 5, 2026, 3.00% per annum	3,372,229	3,274,009
<i>TDC Financial Services Company Limited</i>		
Fixed deposits maturing April 1, 2026, 3.00% per annum	3,278,435	3,182,954
<i>Police Co-operative Credit Union</i>		
Fixed deposit maturing January 4, 2026, 3.00% per annum	5,602,887	5,439,263
<i>Community First Co-operative Credit Union</i>		
Fixed deposit maturing December 29, 2026, 3.50% per annum	1,606,837	1,552,500
<i>The Bank of Nevis Limited</i>		
Fixed deposit maturing December 10, 2026, 4.00% per annum	5,000,000	–
Interest receivable	401,589	367,234
<b>Total financial assets at amortised cost</b>	<b>24,730,846</b>	<b>19,112,685</b>
<b>Total investment securities</b>	<b>24,940,964</b>	<b>19,330,303</b>

# First Federal Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2025

(expressed in Eastern Caribbean dollars)

### 11 Investment securities ...continued

	2025 \$	2024 \$
Current	24,730,846	19,112,685
Non-current	210,118	217,618
	<u>24,940,964</u>	<u>19,330,303</u>

The movement in the investment securities during the year is as follows:

	FVOCI \$	Amortised cost \$	Total \$
Balance at December 31, 2023	222,600	18,520,919	18,743,519
Interest income reinvested during the year	–	564,453	564,453
Movement in interest receivable	–	27,313	27,313
Change in fair value	(5,000)	–	(5,000)
Other changes	18	–	18
Balance at December 31, 2024	217,618	19,112,685	19,330,303
Additions	–	5,000,000	5,000,000
Interest income reinvested during the year	–	583,806	583,806
Movement in interest receivable	–	34,355	34,355
Change in fair value	(7,500)	–	(7,500)
<b>Balance at December 31, 2025</b>	<b>210,118</b>	<b>24,730,846</b>	<b>24,940,964</b>

Management carried out an assessment of the investments measured at amortised cost as at the year-end date and concluded that no provision for expected credit losses was necessary, as the amount was immaterial based on the Credit Union's evaluation of the investees' ability to meet their financial obligations.

### 12 Other assets

	2025 \$	2024 \$
Other receivables	1,014,742	1,171,601
Prepayments	367,834	308,440
Supplies	81,406	44,592
	<u>1,463,982</u>	<u>1,524,633</u>

Other receivables consist of interest receivable, late payment fees, and over-limit fees arising from the Credit Union's credit card services, which are managed by the Caribbean Credit Card Corporation (4Cs). Additionally, the balance includes other miscellaneous receivables such as refunds and amounts due from vendors. Management performed an impairment assessment of other receivables as at the year-end date and concluded that no provision for impairment was necessary, based on the Credit Union's evaluation of the debtors' ability to settle the amounts due.

# First Federal Co-operative Credit Union Limited

## Notes to the Financial Statements

### December 31, 2025

(expressed in Eastern Caribbean dollars)

### 13 Property and equipment

	Land and building	Leasehold improvements	Equipment	Furniture and fittings	Computer equipment	Motor vehicles	Capital projects	Right-of-use assets	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cost or valuation</b>									
At December 31, 2023	2,264,256	537,207	596,271	1,472,293	582,021	125,229	1,401,635	1,294,367	8,273,279
Additions	—	227,206	—	119,595	19,833	—	870,235	260,173	1,497,042
Revaluation adjustment	(354,448)	—	—	—	—	—	—	—	(354,448)
Transfer	794,559	28,045	80,445	54,295	317,523	—	(1,274,867)	—	—
Disposals	—	—	—	—	—	—	—	(674,089)	(674,089)
Write-offs	—	—	—	—	(108,041)	—	(44,776)	—	(152,817)
At December 31, 2024	2,704,367	792,458	676,716	1,646,183	811,336	125,229	952,227	880,451	8,588,967
Additions	—	—	—	6,350	—	149,760	1,431,127	—	1,587,237
Revaluation adjustment	(238,390)	—	—	—	—	—	—	—	(238,390)
Transfers	1,056,092	66,137	68,498	—	16,316	—	(1,296,106)	—	(89,063)
<b>At December 31, 2025</b>	<b>3,522,069</b>	<b>858,595</b>	<b>745,214</b>	<b>1,652,533</b>	<b>827,652</b>	<b>274,989</b>	<b>1,087,248</b>	<b>880,451</b>	<b>9,848,751</b>
<b>Accumulated depreciation</b>									
At December 31, 2023	309,807	143,255	110,130	1,125,976	408,244	18,848	—	831,779	2,948,039
Charge for the year	51,550	159,034	53,233	176,409	63,785	25,045	—	220,136	749,192
Write-back on disposals	—	—	—	—	—	—	—	(599,018)	(599,018)
Write offs	—	—	—	—	(4,159)	—	—	—	(4,159)
Revaluation adjustment to accumulated depreciation	(245,702)	—	—	—	—	—	—	—	(245,702)
At December 31, 2024	115,655	302,289	163,363	1,302,385	467,870	43,893	—	452,897	2,848,352
Charge for the year	58,380	239,648	64,404	161,427	105,469	25,046	—	227,682	882,056
Revaluation adjustment to depreciation expense	3,819	—	—	—	—	—	—	—	3,819
<b>At December 31, 2025</b>	<b>177,854</b>	<b>541,937</b>	<b>227,767</b>	<b>1,463,812</b>	<b>573,339</b>	<b>68,939</b>	<b>—</b>	<b>680,579</b>	<b>3,734,227</b>
<b>Carrying values</b>									
At December 31, 2025	3,344,215	316,658	517,447	188,721	254,313	206,050	1,087,248	199,872	6,114,524
At December 31, 2024	2,588,712	490,169	513,353	343,798	343,466	81,336	952,227	427,554	5,740,615

# First Federal Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2025

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(expressed in Eastern Caribbean dollars)

### 13 Property and equipment ...continued

The Credit Union's main premises located at Bladen Commercial Development, Basseterre, St. Kitts, was revalued during the 2024 reporting period by an independent valuer, Parry's Professional Appraisal Services, who determined a fair value of \$1,856,378. The previous revaluation was performed as at December 31, 2018 by Trevor Fraites & Associates, which established a fair value of \$2,075,000. At the time the property was revalued, renovation works to the property were still in progress, accordingly, the valuation reflected the condition of the property in its partially renovated state. As at December 31, 2024, the carrying amount of the property was \$1,948,880, and capital work-in-progress totaled \$261,946, resulting in a combined carrying value of \$2,210,826.

The renovations were completed in 2025, so the carrying value of the property was adjusted to reflect the fair value at the completion of the renovation project of \$2,059,000. The carrying amount of the property at the date of completion was \$2,297,649. The resulting difference arising from the revaluation has been recognised in other comprehensive income and adjusted through the revaluation reserve within equity (Note 18). The revised fair value has been reflected in the carrying amount of the asset as at year-end.

The land and building asset class includes a parcel of land situated in Happy Hill Alley, Nevis, which was acquired in 2023. The legal title to this property was transferred to the Credit Union on May 31, 2024. The purchase price of \$794,559 approximates its fair value as of December 31, 2024 and 2025, as the transaction was conducted at arm's length in an active market.

In addition to land holdings, the land and building category also includes parking lot improvements, the cost of which has not been revalued. Management has assessed that the impact of revaluing these improvements would not be material to the overall carrying amount of the asset class.

If the land and buildings were stated on the historical cost basis, the amounts would be as follows:

	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
	\$	\$	\$
<b>At December 31, 2024</b>			
Opening net book value	130,000	836,218	966,218
Additions	794,559	–	794,559
Depreciation	–	(34,552)	(34,552)
<b>Closing net book value</b>	<b>924,559</b>	<b>801,666</b>	<b>1,726,225</b>
<b>At December 31, 2025</b>			
Opening net book value	924,559	801,666	1,726,225
Additions	–	1,056,092	1,056,092
Depreciation	–	(45,553)	(45,553)
<b>Closing net book value</b>	<b>924,559</b>	<b>1,812,205</b>	<b>2,736,764</b>

# First Federal Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2025

(expressed in Eastern Caribbean dollars)

### 13 Property and equipment ...continued

#### Leases

The Credit Union leases several properties including land, office space and commercial space and these were reflected on the statement of financial position as right of use assets included in property and equipment and lease liabilities included within accounts payable and other liabilities (Note 15).

The table below describes the nature of the Credit Union's leasing activity by type of right of use asset.

Right of use assets	No. of right-of-use asset leased	Range of remaining term	Average remaining lease term	No. of leases with extension option	No. of leases with options to purchase	No. of leases with variable payments linked to an index	No. of leases with termination options
<b>2025</b>							
Land and office	3	2-10 years	1-8 years	3	–	–	3
<b>2024</b>							
Land and office	3	2-10 years	2-9 years	3	–	–	3

### 14 Members' deposits

	2025 \$	2024 \$
Regular savings	68,929,004	61,477,886
Term deposits	78,906,213	63,980,267
Chequing accounts	6,641,033	6,766,341
	<b>154,476,250</b>	132,224,494
Interest payable	2,757,088	1,911,012
<b>Total members' deposits</b>	<b>157,233,338</b>	134,135,506
Current	127,243,368	106,528,773
Non-current	29,989,970	27,606,733
	<b>157,233,338</b>	134,135,506

These deposits have various maturity profiles with interest rates varying from 2.5% to 4.5% (2024: 2.5% to 4.5%).

# First Federal Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2025

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(expressed in Eastern Caribbean dollars)

### 15 Accounts payable and other liabilities

	2025	2024
	\$	\$
Other payables and accruals	1,419,067	2,077,682
Lease liability	218,679	452,755
Bill of sale	28,203	28,203
Audit fees	20,270	54,003
	<u>1,686,219</u>	<u>2,612,643</u>

Other payables and accruals primarily comprise amounts due in connection with the Credit Union's credit card operations, including fees payable to 4Cs and amounts owed to merchants for credit card transactions. Additionally, this balance includes accrued expenses and other miscellaneous liabilities arising from the Credit Union's day-to-day operations.

	2025	2024
	\$	\$
Current	1,523,754	2,385,746
Non-current	162,465	226,897
	<u>1,686,219</u>	<u>2,612,643</u>

### 16 Members' shares

	2025	2024
	\$	\$
Balance at beginning of the year	18,240,310	14,567,877
Issued during the year	3,221,690	3,672,433
<b>Balance at end of the year</b>	<u>21,462,000</u>	<u>18,240,310</u>

### 17 Reserves

	2025	2024
	\$	\$
Statutory reserve	4,482,256	4,156,262
Development fund reserve	32,620	27,620
	<u>4,514,876</u>	<u>4,183,882</u>

# First Federal Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2025

(expressed in Eastern Caribbean dollars)

### 17 Reserves ...continued

	2025	2024
	\$	\$
Balance at beginning of the year	4,183,882	3,702,151
Entrance fees	9,880	11,270
Transfer from retained earnings to development fund	5,000	5,000
Transfer from retained earnings to statutory reserve	316,114	465,461
<b>Balance at end of the year</b>	<b>4,514,876</b>	<b>4,183,882</b>

Section 125 of the Co-operatives Societies Act, No. 31 of 2011 and Section 21 (1) of the By-Laws of the Credit Union require it to make an allocation of all entrance fees, transfer and other fees and fines and not less than twenty-five percent (25%) of the Net Surplus in each year to a Statutory Reserve. At the end of the year, the Statutory Reserve was less than 10% of total assets so in compliance with the By-Laws, 25% of the Net Surplus was transferred to it.

### 18 Other reserves

	Revaluation reserve property \$	General reserve \$	Revaluation reserve – FVOCI investments \$	Total \$
Balance at December 31, 2023	1,125,278	1,241,763	22,500	2,389,541
Regulatory reserve for loan impairment (note 10)	–	1,087,294	–	1,087,294
Unrealised losses on investment securities (note 11)	–	–	(5,000)	(5,000)
Revaluation loss on land and building (note 13)	(108,746)	–	–	(108,746)
Balance at December 31, 2024	1,016,532	2,329,057	17,500	3,363,089
Unrealised losses on investment securities (note 11)	–	–	(7,500)	(7,500)
Revaluation loss on land and building (note 13)	(238,390)	–	–	(238,390)
<b>Balance at December 31, 2025</b>	<b>778,142</b>	<b>2,329,057</b>	<b>10,000</b>	<b>3,117,199</b>

#### i) Revaluation reserve – property

The revaluation reserve represents the cumulative net change in the carrying amount of the Credit Union's main premises arising from periodic revaluations. The latest revaluation was completed on April 3, 2025 (effective as at December 31, 2024), when the main property located at Bladen Commercial Development, Basseterre, St. Kitts was revalued at \$2,059,000 (2024: \$1,856,378) by an independent valuer, Parry's Professional Appraisal Services. This resulted in a net revaluation loss of \$238,390 (2024: \$108,746), which was recognised in the revaluation reserve.

# First Federal Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2025

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(expressed in Eastern Caribbean dollars)

### 18 Other reserves ...continued

i) Revaluation reserve – property ...continued

The previous revaluation was conducted on January 10, 2019 (effective as at December 2018), when the property was valued at \$2,075,000 by an independent valuer, Trevor Fraites & Associates, resulting in a net revaluation gain of \$1,125,278, which was recognised in the revaluation reserve.

ii) Revaluation reserve – FVOCI investments

The Credit Union has elected to measure its equity securities at FVOCI. Unrealised gains or losses arising from changes in fair value are recognised in other comprehensive income and accumulated in revaluation reserves: Investments, under Other Reserves.

iii) General reserve

General reserve is used from time to time to transfer profits from retained earnings at the discretion of the Board of Directors. There is no policy of regular transfer. Included in general reserve is the regulatory reserve for loan impairment.

*Regulatory reserve for loan impairment*

Regulatory reserve for loan impairment represents cumulative amounts appropriated from retained earnings in accordance with the prudential guidelines of the Financial Services Regulatory Commission (FSRC).

When the loan loss provision determined under the FSRC's PEARLS methodology exceeds the expected credit loss calculated under IFRS 9, the difference is set aside in a non-distributable reserve within equity. During the current year, the provision under IFRS 9 exceeded the FSRC's provision. Therefore, the reserve was no longer required. However, management has decided to maintain the excess reserve voluntarily amounting to \$1,087,294 (note 10).

### 19 Capital based grant

	Note	2025 \$	2024 \$
Balance at beginning of year		45,881	58,149
Amortisation of grant	25	(12,275)	(12,268)
<b>Balance at end of year</b>		<b>33,606</b>	<b>45,881</b>

The above balance represents the deferred credit portion of grants received from international donor agencies to finance certain items of property and equipment.

The amortisation amounts are offset against the total depreciation expenses for property and equipment.

# First Federal Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2025

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(expressed in Eastern Caribbean dollars)

### 20 Interest income on investment securities

	2025	2024
	\$	\$
Investment securities	627,137	602,405
Savings account	405,148	372,152
<b>Total interest income</b>	<b>1,032,285</b>	<b>974,557</b>

### 21 Interest expense

	2025	2024
	\$	\$
Time deposits	2,941,505	2,396,901
Savings deposits	1,654,401	1,494,689
	<b>4,595,906</b>	<b>3,891,590</b>

### 22 Other income

	2025	2024
	\$	\$
Fees	978,366	1,003,238
Bad debt recoveries	283,302	257,114
Miscellaneous	151,645	163,448
	<b>1,413,313</b>	<b>1,423,800</b>

### 23 Staff costs

	2025	2024
	\$	\$
Salaries and wages	2,760,118	2,677,593
Other staff benefits	315,980	243,996
Social security contributions	220,776	206,593
Group insurance	150,761	131,661
Pension costs	58,036	23,741
	<b>3,505,671</b>	<b>3,283,584</b>

The number of employees as at December 31, 2025 was 40 (2024: 35).

# First Federal Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2025

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(expressed in Eastern Caribbean dollars)

### 24 General and administrative expenses

	2025	2024
	\$	\$
MIS support	410,535	432,576
Credit card charges	315,677	116,333
Training, meetings and convention	286,562	124,279
Miscellaneous	258,372	71,537
Security services	243,055	214,893
Telecommunication	227,872	216,959
Electricity and water	147,001	116,305
Entertainment and appreciation	125,113	88,387
Office maintenance	109,366	72,835
Stationery and office supplies	100,510	142,561
Professional fees	99,880	214,403
Insurance	91,038	85,080
Audit fees	77,375	160,185
Affiliation dues	76,574	90,228
Travel	59,086	77,636
Equipment maintenance	55,465	103,425
Annual General Meeting	51,406	53,362
Vehicle	24,423	22,788
Storage	13,620	11,261
Office consumables	8,593	13,145
Periodical and subscriptions	2,047	8,968
Postage	1,740	1,895
	<b>2,785,310</b>	<b>2,439,041</b>

### 25 Depreciation and amortisation

		2025	2024
	Notes	\$	\$
Depreciation of property and equipment	13	885,875	749,192
Amortisation of intangible assets		8,330	22,286
Amortisation of capital based grant	19	<b>(12,275)</b>	<b>(12,268)</b>
		<b>881,930</b>	<b>759,210</b>

# First Federal Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2025

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(expressed in Eastern Caribbean dollars)

### 26 Marketing and promotional expenses

	2025	2024
	\$	\$
Advertising and promotion	136,530	422,267
Donations and sponsorship	161,112	230,831
	<u>297,642</u>	<u>653,098</u>

### 27 Income tax

Under the Income Tax Act of St. Kitts and Nevis, the Credit Union is classified as a non-profit organisation and is therefore exempt from the payment of income tax.

### 28 Related party balances and transactions

#### Related parties

A related party is a person or entity that is related to the Credit Union:

- a) A person or a close member of that person's family is related to the Credit Union if that person:
  - i) has control or joint control over the Credit Union;
  - ii) has significant influence over the Credit Union; or
  - iii) is a member of the key management personnel of the Credit Union, or of a parent of the Credit Union.
- b) An entity is related to the Credit Union if any of the following conditions applies:
  - i) The entity and the Credit Union are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - iii) Both entities are joint ventures of the same third party.
  - iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - v) The entity is a post-employment benefit plan for the benefit of employees of either the Credit Union or an entity related to the Credit Union.
  - vi) The entity is controlled, or jointly controlled by a person identified in (a).
  - vii) A person identified in (a) (i) has significant influence over the Credit Union or is a member of the key management personnel of the Credit Union.
  - viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Credit Union.

# First Federal Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2025

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(expressed in Eastern Caribbean dollars)

### 28 Related party balances and transactions ...continued

#### Related party balances

	Total loans		Total deposits	
	2025	2024	2025	2024
	\$	\$	\$	\$
Board of Directors	706,159	949	2,561,479	3,809,190
Credit committee	60,856	73,949	398,290	239,767
Supervisory committee	114,728	131,466	192,244	23,308
Key management personnel	1,107,438	831,043	592,935	548,115
<b>Total related party balances</b>	<b>1,989,181</b>	<b>1,037,407</b>	<b>3,744,948</b>	<b>4,620,380</b>

#### Related party transactions

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

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

	2025	2024
	\$	\$
Interest income on loans	112,010	101,709
Interest expense on deposits	38,353	326,186

#### Key management personnel compensation

Salaries and related benefits paid to key members of management are as follows:

	2025	2024
	\$	\$
Salaries and allowances	1,351,420	1,233,512
Other staff costs	336,309	360,084
	<b>1,687,729</b>	<b>1,593,596</b>

### 29 Dividends

At the 15<sup>th</sup> Annual General Meeting of the Credit Union, held on June 17, 2025, the Board of Directors recommended, and the members approved a dividend of \$965,159 in respect of year ended December 31, 2024 (2024: \$799,886 in respect of year ended December 31, 2023).

# First Federal Co-operative Credit Union Limited

## Notes to the Financial Statements

December 31, 2025

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(expressed in Eastern Caribbean dollars)

### 30 Commitments

As at the reporting date, the Credit Union had contractual commitments to extend credit to members, guarantee and other facilities, and capital commitments as follows:

	2025	2024
	\$	\$
Loan commitments	4,485,219	4,634,125
Credit card commitments	2,248,947	3,109,320
Total credit commitments	6,734,166	7,743,445
Capital commitments	–	59,097
	<u>6,734,166</u>	<u>7,802,542</u>

The Credit Union had a capital commitment as at December 31, 2024 related to the ongoing renovation of its main premises located at Bladen Commercial Development, Basseterre, St. Kitts. The renovation was completed in 2025 and aims to maintain and improve the property to support the Credit Union's operational needs.



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