



# POLICE CO-OPERATIVE CREDIT UNION

(ST. CHRISTOPHER & NEVIS LTD.)



## *Stanley V. Franks* **SCHOLARSHIP** PROGRAM

EVOLVING TOGETHER: STABILITY IN CHANGE, GROWTH IN ACTION.  
OUR MEMBERS ARE OUR MOVEMENT

# ANNUAL REPORT 2024





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## **NOTICE OF THE 41<sup>st</sup> ANNUAL GENERAL MEETING**

Dear Member,

Notice is hereby given that the **41<sup>st</sup> Annual General Meeting** of the Police Co-operative Credit Union (St. Christopher & Nevis) Ltd., will be held on **Tuesday, 8<sup>th</sup> July 2025** at Royal St. Kitts Hotel, 406 Zenway Blvd, Frigate Bay, St. Kitts at 5:00 pm. The meeting will also be streamed via Zoom Platform.

The business to be transacted:

1. To confirm the Minutes of the 40<sup>th</sup> Annual General Meeting held on Tuesday, 28th May 2024.
2. To consider the Matter Arising from the Minutes of the 40<sup>th</sup> Annual General Meeting.
3. To approve the reports of the Board of Directors, Treasurer, Supervisory and Compliance Committee, and the Credit Committee, for the year ended 31st December 2024.
4. To approve the Independent Auditor's Report for the year ended 31<sup>st</sup> December 2024.
5. To approve the Dividend for the year ended 31<sup>st</sup> December 2024.
6. To set the Maximum Liability for the ensuing year.
7. To elect volunteers to the Board of Directors, Credit Committee, and Supervisory and Compliance Committee.
8. To appoint the Independent Auditors for the year ending 31<sup>st</sup> December 2025.
9. Any Other Business of the Police Co-operative Credit Union Ltd.

**By Order of the Board of Directors**

Lt. Col (Ret.) Patrick Wallace  
**Executive Secretary**  
Monday 2<sup>nd</sup> June 2025



# AGENDA

## Opening Session

1. Call to Order
2. National Anthem
3. Invocation and Silent Tribute to Deceased Members
4. President's Welcome Remarks
5. Featured Speaker
6. Adjournment

## Business Session

7. Call to Order
8. Ascertainment of Quorum
9. Confirmation of Minutes of the 40<sup>th</sup> Annual General Meeting
10. Matters Arising from the 40<sup>th</sup> Annual General Meeting
11. Report and Adoptions:
  - a. *Board of Director's Report*
  - b. *Treasurer's and Auditor's Report*
  - c. *Credit Committee's Report*
  - d. *Supervisory and Compliance Committee's Report*
12. Declaration of Dividend
13. Setting a Maximum Liability Ceiling
14. Appointment of External Auditors
15. Nominating Committee's Report
16. Election of Volunteers
17. Any Other Business
18. Vote of Thanks
19. Adjournment



## Prayer of St. Francis of Assisi

Lord, make me an instrument of your 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;

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.



## **OUR VISION**

**To provide education in co-operative principles, encourage thrift through savings and grant loans at the most competitive rates but, ultimately to improve the economic and social conditions of all its members**

## **OUR MISSION**

**To contribute to each member's financial success and committed to maintaining a sound financial position**



### **STANDING ORDERS**

1. A member may only address the meeting through the Chairperson and must stand or raise his/her hand on the virtual platform when addressing the Chairperson.
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 shall immediately take a seat or lower his/her hand.
4. A member shall not speak twice on the same subject except:
  - a. The mover of a motion, who has the right to reply;
  - b. To object or explain (with permission from the Chair).
5. The mover of a procedural motion (adjournment, lay on the table, motion to postpone) has no right to reply.
6. No speeches are to be made after the “Question” has been put and carried or negated.
7. 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”).
8. 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”.
9. 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.
10. Only one amendment should be before the meeting at any given time.
11. When a motion is withdrawn any amendment to it fails.
12. The Chairperson has the right to a “Casting Vote.”
13. If there is equality of voting on an amendment and if the Chairperson does not exercise his casting vote the amendment is lost.
14. Provision is to be made for protection by the Chairperson from vilification (personal abuse).
15. No member shall impute improper motives against another member.

# Boart of Directors



**Mr. David Allen**  
President



**Mrs. Shoma Edwards**  
Vice-President



**Mr. Marvin Thompson**  
Treasurer



**Mr. Ervin Williams**  
Asst. Treasurer



**Mr. Patrick Wallace**  
Secretary



**Mrs. Leah Francis**  
Asst. Secretary



**Mr. Daniel Jacobs**  
Member



**Mr. Kayode Sutton**  
Member



**Mr. Leroy Percival**  
Member



## Leadership



**Cindelle DeCosta**  
Accountant



**Kirk Warner**  
Loans Supervisor



**Janet Johnson**  
Member Services  
Supervisor



**Sandrine Williams**  
Compliance and  
Risk Officer



**Tarique Hercules**  
Marketing and Member  
Relations Officer

## Loans



**Antonio Murrain**  
Collections Officer



**Shauna Williams**  
Loans Officer

## Accounting



**Ms. Venesha Woodley**  
Accounting Officer

## Administration



**Mrs. Ventura Smithen**  
Admin and HR Assistant

## Member Services



**Ms. Anika Charles**  
Member Services  
Representative



**Mr. Keanu Phipps**  
Member Services  
Representative

# Meet Our Team!

# PCCU Credit Committee



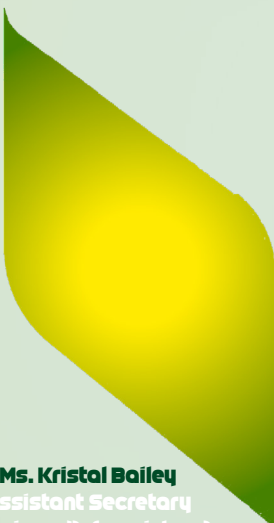
**Mr. Zeon Hector**  
Chairperson



**Mr. Vivian Caesar**  
Vice chairperson (Resigned)



**Mrs. Karimah Pemberton**  
Secretary



**Ms. Kristal Bailey**  
Assistant Secretary  
(Resigned). (no picture)



**Ms. Nyameke Powell**  
Member



**Mr. Shawn Stevens**  
Member



**Mr. Valentine Hodge**  
Member

## Meet Our Team!



# **Supervisory and Compliance Committee**



**Mrs. Consie Rogers**  
Chairperson



**Dr. Natasha Weekes**  
Vice-Chairperson



**Ms. Oretha Mitcham**  
Secretary



**Ms. Avonelle Martin**  
Member



**Mr. Ijaz Francis**  
Member

## **Meet Our Team!**



**Year in Review!**



**MINUTES OF THE 40<sup>TH</sup> ANNUAL GENERAL MEETING  
OF THE POLICE CO-OPERATIVE CREDIT UNION  
(SAINT CHRISTOPHER AND NEVIS) LIMITED  
HELD ON TUESDAY 28<sup>TH</sup> MAY 2024**

## **OPENING SESSION**

### **1. Call to Order**

The 40<sup>th</sup> Annual General Meeting (AGM) of the Police Co-operative Credit Union (St. Christopher and Nevis) Ltd., was called to order at 5:23 PM at the Caribbean Confederation of Credit Union's (CCCU) Conference Center, Fort Lands, Basseterre on Tuesday 28<sup>th</sup> May 2024 by Ms. Mellicia Phillip, the Society's General Manager.

### **2. National Anthem**

A recorded version of the Federation's National Anthem was rendered electronically with the members present in person singing along.

### **3. Invocation and Silent Tribute to Deceased Members**

Chaplain Ericson Cumberbatch of the Royal St. Christopher and Nevis Police Force invoked God's blessings on the proceedings.

Immediately following the Invocation a minute of silence was observed in remembrance of members who had died during the past year.

### **4. President's Welcome Remarks**

President Matthew McGuire welcomed the members to the 40<sup>th</sup> AGM. He said the meeting was remarkable and of historic importance as it marked the PCCU's fortieth year of existence. He highlighted the Society's achievements attained over the past four decades, and the fact that it has evolved from an idea to an institution of financial stability and integrity.

He gave credit to the PCCU founders, the late Commissioner of Police (Ret) Mr. Stanley V. Franks and the late Deputy Commissioner of Police (Ret) Mr. Felix Hodge, for the foresight in initiating an institution to serve and empower the Federation's law enforcement community.



He further acknowledged the dedicated work of past presidents and executive members who had served since 1984.

President McGuire acknowledged the presence of the invited guests, particularly those from the Nevis Co-operative Credit Union (NCCU), he explained that through a Memorandum of Understanding between the two credit unions the NCCU facilitates members of the PCCU living and working on Nevis.

He concluded by saying that the PCCU was more than a financial institution, that it was a family in which every member should feel valued and supported. He thanked the executive, staff, and members/stakeholders for their unwavering support; and stressed that the PCCU will always remain true to its roots as, “Our Members are Our Movement”.

## **5. Featured Speaker**

Mr. Curtis Martin former speaker of the Federal Parliament of St. Kitts and Nevis and presently Acting Permanent Secretary in the Ministry of Health was the featured speaker for the 40<sup>th</sup> AGM.

Mr. Martin stated that for the PCCU to survive forty years as a going concern in a competitive financial environment is no easy attainment and that achievement meant the PCCU had to be creative, innovative and adoptive in its approach to business. He commended the management and particularly the staff for this accomplishment.

He urged the PCCU not to sit on its laurels as there is “no failure like success” and emphasized that management should not just think outside the box but must be prepared at times to throw away the box, as what worked yesterday may not necessarily work today – “strategy must be regularly reviewed to ensure continued productivity” he said.

Mr. Martin also encouraged the PCCU to embrace technology while simultaneously being cognizant of its pitfalls, one of which he identified as the cell phone: though viewed as essential today it can undermine staff productivity. He stressed leadership must take care of stakeholders and staff, as success and failure belong to all. Mr. Martin explained that the formula for continuous success should contain what he explained as the 3C’s:

- Commitment – make sure it gets done,
- Competence – Volunteers and staff trained for roles, and
- Chemistry – Examine systems and processes and fix what needs to be fixed.

Regarding staff training, he counseled management to move away from specialization by giving personnel the chance to learn other functions and to grow. He said the PCCU must not be afraid of failure, but when such anomalies are encountered to keep trying until the right system or solution is found. He also stated that management must pay attention to workforce needs so staff can focus on customer service and by extension the more important, customer experience.

Mr. Martin concluded his motivating address by thanking leadership for the work done thus far and recited a poem he had specifically penned for the PCCU's 40<sup>th</sup> Anniversary.

## **6. Adjournment**

The Chairperson gave the Vote of Thanks and brought the Opening Session to a close, adjourning this segment at 6:08 pm.

## **BUSINESS SESSION**

### **7. Call to Order**

The Business Session of the 40<sup>th</sup> AGM of the Police Co-operative Credit Union (St. Christopher and Nevis) Ltd., was called to order at 6:22 pm by President Matthew McGuire. He welcomed members to the secession and read the Notice of the 40<sup>th</sup> AGM. He informed members that proceedings will be guided by the "Standing Orders which are to be found on page eight of the booklet."

### **8. Ascertainment of Quorum**

Mrs. Kjellin Elliott, the Registrar of Credit Unions, was invited to the podium. She confirmed there was a quorum and granted permission for the meeting to proceed. She then extended her best wishes on behalf of the Financial Services Regulatory Commission (FSRC).

### **9. Confirmation of Minutes of the 39<sup>th</sup> Annual General Meeting**

Lieutenant Colonel (Ret) Patrick Wallace, the PCCU's Executive Secretary presented the Minutes of the 39<sup>th</sup> Annual General Meeting – see pages 13 through 19 of the AGM Booklet.

#### Correction to the Minutes

Page 13, under Welcoming Remarks:



- Line four of the second paragraph - correct spelling of “brining” to “bringing”
- Last sentence of the second paragraph - insert “the past year” after the word “over”.

Page 14

- First sentence of first paragraph - place a “full stop” after the word “trajectory.”
- Last line of the page - remove “stated” from before the word “further”.

Page 15

- Second line of first paragraph - place “a period” after the word “products”.
- Immediately beneath “Adoption of Minutes” – place the word “amended” before the word “minutes”.

Page 16 under Credit Committee Report:

- First line - change “the” before “Mr. Valentine Hodge” to “by”.

Page 18 under Election:

- First line - insert “retired Registrar of co-operatives” before “Mr. Clyde Thompson”.

Adoption of the Minutes

There were no further corrections, the motion to adopt the minutes as corrected was moved by Major Kayode Sutton and was seconded by Mrs. Natalie Fough.

The motion carried; the minutes of the 39<sup>th</sup> AGM were adopted as corrected.

**10. Matters Arising from the 39th Annual General Meeting**

Mrs. Paulette Hector enquired about the success of the “PCCU on the Move” campaign launched in 2022 – how many loans were granted, and if none, why?

General Manager Phillip explained the campaign was not a loan promotion initiative, but an “evergreen campaign” launched to signal the “strategic shift” of the PCCU from a closed society to being open bond; its focus was on growing membership.

**11. Reports and Adoptions**

- a. The Board of Directors Report for the year Ended 31<sup>st</sup> December 2023 (see page 20 of the booklet), was presented by Mr. Matthew McGuire.

Mr. Stuart Henry moved a motion that the report as presented be adopted and was seconded by Ms. Esmeralda Benjamin – the report was adopted.

- b. The PCCU Treasurer’s Report (see page 23 to 27 of the AGM Magazine) for the Year Ended 31<sup>st</sup> December 2023 was presented by Mr. Marvin Thompson.

Member Ambassador (AMB) Mr. Ian Queeley who was online asked questions pertaining to:

- a) Attendance at meetings by executive members: He expressed his observation that of the Board of Directors twenty-two meetings, no director had a 70% attendance. He also questioned why the “excuse column” was omitted from the attendance record.
- b) To the Treasurer: Under the sub-head DELINQUENCY of the Treasurer’s Report the dollar amount for delinquent loans is given as EC\$1,013,096.06. However, in the Credit Committee Report the amount given is EC\$1,223,308.20; he wanted to know which amount was correct.

AMB Queeley also asked by how much the membership had grown during the reporting period and what the present membership size was.

- c) What is the number of members who are linked with direct deposits?

In response to AMB Queeley’s first question, President McGuire acknowledged and apologized for the absence of the excuse column of the attendance record as “this was an oversight”. He went on to explain that the last AGM was held in June of the previous year and a new Board was then empaneled. The accounting period was for the year ending in 2023; therefore, for some members the attendance record reflects when they joined, not a lack of attendance.

In answering the Ambassador’s other question, General Manager Phillip explained:



- The figures and percentage given in the Supervisory and Compliance Committee report are correct, the dollar figure given in the Treasurer’s Report was an oversight.
- Membership at the end of 2023 was nine hundred and eighty (980) members, and at the end of April 2024 the number of members was one thousand one hundred and twenty-five (1,125), the majority of which are direct deposit members.
- Addressing the delinquency problem is a priority. The challenge is the aged/old matters going back more than fifteen years. She gave the delinquency stratification showing that most delinquent loans (twenty-one) fell in the category of “aged” and that “current delinquencies were nine. The matter has been referred to the PCCU attorney for action and some persons have resumed payments. To date thirty-two thousand dollars have been recouped.

Mrs. Shorna Edwards moved the report presented be adopted and was seconded by Ms. Nyameke Powell – the report was adopted.

- c. The report of the PCCU Credit Committee for the Year Ended 31<sup>st</sup> December 2023 was presented by Mr. Zeon Hector on behalf of the Committee’s Chairperson Mr. Vivian Caesar.

Mr. David Allen moved that the report presented on Page 28 of the booklet be adopted and was seconded by Mrs. Paulette Hector – the report was adopted.

- d. The Supervisory and Compliance Committee Report for the Year Ended 31<sup>st</sup> December 2023 was presented by the committee’s chairperson Mrs. Kamara Phillip.

Mrs. Natalie Fough moved that the report presented on Page 23 of the booklet be adopted and was seconded by Mr. Clarence Hendrickson – the report was adopted.

- e. The Independent Auditor’s Report to the Members of the Police Cooperative Credit Union (St. Christopher & Nevis) Ltd., was presented by Ms. Mellisa Wigley of the auditing firm MNW Chartered Certified Accountants.

Mr. Glenroy Phillip moved that the report presented on Page 39 of the booklet be adopted and was seconded by Mr. Daniel Jacobs – the report was adopted.

## **12. Declaration of Dividend**

President McGuire stated that due to a deficit in year 2022 no dividend was paid to members in 2023. He said he promised the situation would not be repeated; and the Board and management had worked hard to ensure the Society made a profit of over EC\$1.5 million in 2023. He was now happy to inform members that the Board had declared a dividend of eight (8%) percent.

Ms. Nyameke Powell moved the motion for the dividend proposed to be accepted and was seconded by Mrs. Consie Rogers. The declared dividend of eight (8%) percent was accepted.

### **13. Resolution**

The resolution before the membership for approval and adoption was the Stanley Franks Scholarship Program. General Manager Phillip gave an overview of the program articulating its objectives, eligibility criteria, bursary and administration and governance. She said the program embodied Mr. Franks' vision of supporting education within the wider community.

AMB. Ian Queely recommended that the name of the program be amended to "Stanley V. Franks Scholarship Program". He further stated that it will be good for the governing body to include one member from the general membership and an individual external to the PCCU.

General Manager Phillip accepted the Ambassador's recommendations and assured him that they will be implemented. She then proceeded to read the resolution for the members,

The motion to adopt the resolution was moved by Mrs. Diana Mills and seconded by Mrs. Natalie Fough. The motion carried.

### **14. Setting a Maximum Liability Ceiling**

President McGuire said that in 2022, the Maximum Liability Ceiling was set at Five Million Eastern Caribbean Dollars, and the Board was recommending that ceiling be maintained.

Mr. Austin Williams moved the motion for the stated ceiling to be retained and was seconded by Mr. Clarence Hendrickson. The proposed ceiling was accepted.

### **15. Appointment of Auditors**

The President informed membership the Board was recommending the auditing firm of MNW Chartered Certified Accountants be retained as PCCU auditors for the upcoming financial year.

A motion to accept the auditing firm of MNW Chartered Certified Accountants as PCCU auditors for the upcoming year was moved by Mr. Daniel Jacobs and seconded by Ms. Nyameke Powell. The motion carried.

## **16. Nominating Committee Report**

Chairman of the Nominating Committee Mr. Marvin Thompson delivered his committee's report which can be found on Page 30 of the AGM booklet. In his presentation, Mr. Thompson notified the membership that member Dr. Natasha Weekes who had submitted her name as a nominee for the Supervisory and Compliance Committee; was not present at the meeting as she was hospitalized. He requested that she still be allowed to stand for election.

The motion to adopt the report was submitted by Commissioner of Police (Ret) Mr. Austin Williams and seconded by Mr. Joseph Gerald. The motion carried.

## **17. Election of Volunteers**

The former Registrar of Cooperatives, Mr. Clyde Thompson, was invited to conduct the elections. As a preliminary he stated that members were entitled to nominate suitably qualified members from the floor to serve on the executive; that the Nomination Committee does not bar any member being nominated from the floor.

### **a. Supervisory and Compliance Committee**

The Nominating Committee submitted the names of five (5) members who were qualified to be elected. They were Ms. Oretha Mitcham, Ms. Avonelle Martin, Mrs. Consie Rogers, Dr. Natasha Weekes and Mr. Ijaz Francis.

There being no challenge from the floor Mr. Daniel Jacobs moved a motion for nominations to cease and was seconded by Mrs. Paulette Hector – the motion carried.

All nominees were elected unopposed.

b. Credit Committee

As per the Nominating Committee Report, the names of three (3) members were submitted, namely Ms. Kyrstal Bailey, Mrs. Karimah Pemberton-Daniel and Mr. Shawn Stevens.

There was no nomination from the floor, Mr. Daniel Jacobs moved that nomination cease; he was seconded by Mr. Zenhestal Hector. The motion carried and the members nominated were elected unopposed.

c. Board of Directors

The Nominating Committee submitted the following suitable qualified members: Mr. Matthew McGuire, Mr. Daniel Jacobs, Mrs. Leah Francis and Mr. Ervin Williams.

Nomination from the Floor

- Major (Ret) Leroy Percival nominated Mr. David Allen and was seconded by Mr. Cyril Browne.
- Mr. Stuart Henry was nominated by Mr. Coker and seconded by Mr. Craig Jules.

Member Shorna Edwards moved for nominations to cease and was seconded by Mrs. Natalie Fough – the motion carried.

Results

Voting was done by secret ballot, and members were asked to add to their ballots the names of candidates nominated from the floor. Members online submitted their vote electronically:

Mr. Matthew McGuire	-37 votes
Mr. Daniel Jacobs	- 51
Mrs. Leah Francis	- 54
Mr. Ervin Williams	- 42
Mr. David Allen	- 55
Mr. Stuart Henry	- 33



As there were four (4) vacancies on the board of directors, the members elected to serve were Mr. David Allen, Mr. Ervin Williams, Mrs. Leah Francis and Mr. Daniel Jacobs.

### **18. Any Other Business**

AMB. Queeley enquired if the General Manager Phillip was able to obtain for him a copy of the policy pertaining to payment of honorarium to executive members. President McGuire promised to send him a copy of the document via email.

The Chairman reminded members that the activities to commemorate the PCCU 40<sup>th</sup> Anniversary were still on going and the next major event was the gala. He urged all to support the activities by attending.

### **19. Vote of Thanks**

President McGuire thanked the general body of the PCCU for its participation in the 40<sup>th</sup> Anniversary AGM, the executive and staff for their dedication and hard work which made the event a success. He then called for the motion for the meeting's adjournment.

### **20. Adjournment**

The 40<sup>th</sup> Annual General Meeting of the Police Cooperative Credit Union (St. Christopher and Nevis) Ltd., was adjourned at 9:21 PM on a motion moved by Mrs. Consie Rogers and seconded by Major Kayode Sutton. The motion to adjourn was carried.

## Board of Directors Report

### 41st Annual General Meeting

**Police Co-operative Credit Union Ltd**

**Theme: *Evolving Together: Stability in Change, Growth in Action***

On behalf of the Board of Directors of the Police Co-operative Credit Union Ltd (PCCU), it is my distinct honour to present the Board of Directors report for the financial year ending December 31, 2024. This 41st Annual General Meeting comes at a pivotal moment in our history - a time of reflection, progress, and renewed purpose.

#### 1. Governance and Oversight

The Board of Directors remained steadfast in its fiduciary responsibility to safeguard the interest of our members and to ensure that PCCU remains a sound, resilient, and forward-thinking financial institution. Over the past year, we convened monthly board meetings, strategic planning sessions, and participated in committee reviews to provide direction, approve key policies, and ensure regulatory compliance.

Directors		2024 - Months and Dates of Meetings										Total
Name	Position	Jan	Feb	March			April			May		
		16 <sup>th</sup>	14 <sup>th</sup>	7 <sup>th</sup>	20 <sup>th</sup>	27 <sup>th</sup>	4 <sup>th</sup>	15 <sup>th</sup>	29 <sup>th</sup>	8 <sup>th</sup>	22 <sup>nd</sup>	
Matthew McGuire	President	P	P	P	P	P	P	P	P	P	P	10
Shorna Edwards	V. President	P	*	*	P	*	*	*	*	*	p	3
Patrick Wallace	Secretary	P	P	P	P	P	P	P	P	P	P	10
Marvin Thompson	Treasurer	P	P	P	P	P	P	P	P	P	P	10
Leah Francis	Asst Secretary	P	P	*	P	P	*	*	P	P	P	7
Leroy Percival	Member	P	P	P	P	P	P	P	P	P	P	10
Daniel Jacobs	Member	P	P	P	P	P	P	P	P	P	P	10
Kayode Sutton	Member	P	P	P	P	P	P	P	P	P	P	10
John Bergan	Member											0
<b>No. of Meetings for Month</b>		1	1	3			3			2		10

**P – Present/Attended**

**\* Absent with apology**

Directors		Year 2024 - Months and Dates of Meetings														Total
Name	Position	June		July		Aug		Sept			Oct	Nov		Dec		
		5 <sup>th</sup>	12 <sup>th</sup>	3 <sup>rd</sup>	24 <sup>th</sup>	21 <sup>st</sup>	26 <sup>th</sup>	4 <sup>th</sup>	11 <sup>th</sup>	25 <sup>th</sup>	30 <sup>th</sup>	13 <sup>th</sup>	20 <sup>th</sup>	5 <sup>th</sup>	18 <sup>th</sup>	
Matthew McGuire	President	P														1
David Allen	President	P	P	P	P	P	P	P	P	P	P	P	P	P	P	14
Shorna Edwards	V. President	P	P	*	P	P	P	P	P	P	*	*	P	*	P	10
Patrick Wallace	Secretary	P	P	P	P	P	P	P	P	P	P	P	P	P	P	14
Marvin Thompson	Treasurer	P	P	*	P	P	P	P	P	P	P	P	P	P	P	13
Ervin Williams	Asst. Treasurer	P	P	*	P	P	P	P	P	*	*	*	*	*	P	8
Leah Francis	Asst Secretary	P	P	P	*	*	P	P	P	P	P	P	P	P	P	12
Leroy Percival	Member	P	P	P	P	P	P	P	P	P	P	P	P	P	P	14
Daniel Jacobs	Member	P	P	P	P	P	P	P	P	P	P	P	P	P	P	14
Kayode Sutton	Member	P	P	P	P	P	P	P	P	P	P	P	P	P	P	14
<b>No. of Meetings for Month</b>		2		2		2		3			1	2		2		14

**P – Present/Attended**

**\* Absent with apology**

Directors		Meetings			Remarks
Name	Position	Held	Attended	%	
Matthew McGuire	President	11	11	100	Board president for period January to May 2024
David Allen	President	14	14	100	Joined the Board in June 2024
Shorna Edwards	Vice President	24	13	54	No apology submitted for two meetings missed
Patrick Wallace	Secretary	24	24	100	
Marvin Thompson	Treasurer	24	23	95	Apologies submitted for all absences
Ervin Williams	Assistant Treasurer	14	8	57	Joined the Board in June 2024 No apology submitted for one missed meeting
Leah Francis	Assistant Secretary	24	19	79	Apologies submitted for all absences
Leroy Percival	Member	24	24	100	Apologies submitted for all absences
Daniel Jacobs	Member	24	24	100	No apology submitted for two meetings missed
Kayode Sutton	Member	24	24	100	Apologies submitted for all absences
Joseph Bergan	Member	24	0	0	Term ended in May 2024

We continued to work collaboratively with the Supervisory and Compliance Committee and the Credit Committee, ensuring that all areas of operations were functioning in alignment with our bylaws, our risk appetite, and our statutory obligations.

As at the 2024 reporting period, the governance structure of the Police Co-operative Credit Union Ltd., that consists of the Board of Directors, Supervisory & Compliance Committee and the Credit Committee remain firmly rooted in the co-operative principles of accountability, continuity, and democratic oversight.

Together, these bodies have demonstrated strong governance, transparency, and commitment to the Credit Union’s mission and sustainability.

The executive composition reflects a mix of new and experienced leadership, ensuring both continuity and fresh perspectives.

NAME	POSITION	TERM OF SERVICE & YEAR OF AGM				
		Term	Year of Ascension	Term Expires	Year of AGM	Status
<b>Board of Directors</b>						
Mr. David Allen	President	1	2024	2027	2028	Serving
Mr. Ervin Williams	Asst. Treasurer	1	2024	2027	2028	Serving
Mrs. Leah Francis	Asst. Secretary	2	2024	2027	2028	Serving
Mr. Marvin Thompson	Treasurer	2	2021	2024	2025	Retired
Mr. Kayode Sutton	Member	2	2022	2025	2026	Serving
Mr. Daniel Jacobs	Member	2	2024	2027	2028	Serving
Mrs. Shorna Edwards	V-President	1	2021	2024	2025	Re-election
Mr. Patrick Wallace	Secretary	1	2021	2024	2025	Re-election
Mr. Leroy Percival	Member	1	2022	2025	2026	Serving
<b>Credit Committee</b>						
Mr. Vivian Ceasar	V. Chairperson	2	2022	2025	2026	Re-signed
Mr. Valentine Hodge	Member	2	2022	2025	2026	Re-signed
Mrs. Karimah Pemberton-Daniel	Secretary	1	2024	2027	2028	Serving
Ms. Kristal Bailey	Asst. Secretary	2	2024	2027	2028	Re-signed
Ms. Nyameke Powell	Member	1	2021	2024	2025	Re-election
Mr. Shawn Stevens	Member	1	2024	2027	2028	Serving
Mr. Zeon Hector	Chairperson	1	2021	2024	2025	Re-election
<b>Supervisory and Compliance Committee</b>						
Mrs. Consie Rogers	Chairperson	1	2024	2027	2028	Serving
Dr. Natasha Weekes	V. Chairperson	1	2024	2027	2028	Serving
Ms. Oretha Mitcham	Secretary	1	2024	2027	2028	Serving
Mr. Ijaz Francis	Asst. Secretary	1	2024	2027	2028	Serving

Ms. Avonelle Martin	Member	1	2024	2027	2028	Serving
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## 2. Human Resource & Administration

During the year, the Police Co-operative Credit Union Ltd. was led by General Manager, Ms. Mellicia Phillip, who tendered her resignation effective 30th November 2024. Following her departure, Ms. Janet Johnson, the Member Services Supervisor and the institution’s longest serving and most senior employee, assumed responsibility for overseeing the day-to-day operations in the capacity of Acting General Manager.

The financial year saw the addition of three new team members who have since contributed meaningfully to the operations of the Credit Union: Ms. Cindelle DeCosta joined as Accountant, Mr. Kirk Warner as Loans Supervisor, Mr. Tarique Hercules as Marketing and Member Relations Officer, Ms. Venesha Woodley as Accounting Officer and Ms. Elvisia Herbert as Member Service Representative II.

The PCCU currently operates with a team of twelve (12) employees. Our staff will continue to receive the prerequisite training and development, with special emphasis on customer service and compliance.

## 3. Strategic Objectives and Performance

Our 2022–2024 Strategic Plan guided the Board’s decisions and institutional priorities. The main pillars of the plan included:

- **Financial Stability and Sustainable Growth**
- **Membership Growth and Engagement**
- **Operational Efficiency**
- **Technology and Innovation**
- **Risk Management and Compliance**
- **Member Service Excellence**

Despite economic uncertainties within the Federation and the wider global community, PCCU stayed the course. We adopted a conservative yet purposeful approach to managing our financial assets while positioning the credit union for sustainable growth.

#### 4. Loans

In keeping with our commitment to improving the lives of our members, the PCCU has partnered with the National Housing Corporation (NHC) to facilitate access to affordable homeownership. For the year 2024, we have financed six (6) housing loans under this initiative, totaling ECD1,967,000, demonstrating our dedication to community development and member empowerment through responsible lending.

Loans to members continue to be one of our main avenues for growth. During the year in review, loans grew by 31%; our loans portfolio for 2024 was ECD37,409,190 compared to 28,526,809 in 2023.

#### 5. Financial Highlights

Despite a decline in net income of approximately \$400,000 compared to the previous year, we are pleased to report that PCCU has remained financially sound, and our liquidity position is stable. This reduction was largely due to rising operational costs, adjustments in member lending trends and our 40<sup>th</sup> Anniversary celebrations.

The 2024 results indicate that while our net earnings experienced some contraction, the credit union maintained prudent financial management, continued to meet its statutory obligations, and fulfilled its commitment to members. Our Net Institutional Capital Ratio remains within the recommended threshold of 10%, closing at the end of the fiscal year at 38.5% of total assets.

This performance, though tempered by celebratory and economic factors, reflects the strength of our balance sheet and our ability to adapt and reinvest in the long-term sustainability of the institution. The Board remains optimistic that with targeted strategic action, revenue growth and operational efficiencies will rebound in the upcoming financial year.

Our Reserves remain strong at 19%, well above the regulatory minimum of 10%. In keeping with prudential guidelines and our commitment to long-term financial stability, the Board, in collaboration with Management, proposed the allocation of 6% of the current year's surplus—amounting to EC\$70,000.00—to the Statutory Reserve.

The financial performance of the Police Co-operative Credit Union Ltd for 2024 reflects a year of measured growth and prudent financial stewardship. The institution achieved a net surplus of ECD1,172,878, marking a 25.38% decrease compared to the prior year. This downturn was largely attributed to stronger loan demand, strategic expenditures, decline in fees, higher loan loss provisioning and increased operational costs. Total assets surpassed EC\$64 million, representing a solid 10% expansion.

While PCCU experienced strong loan growth, we had an increase in delinquency, indicating some deterioration in loan quality. The delinquency ratio increased from **4.21% in 2023** to **5.70% in**



**2024**, reflecting a rise in the number or value of loans that fell into arrears. This upward movement in delinquency triggered higher loan loss provisioning, as part of prudent risk management and compliance with accounting standards.

The Board through Management continues to provide oversight and monitoring with respect to this very critical and challenging issue affecting the overall operations and efficiency of the credit union.

Continuous efforts to reduce delinquency remained a priority throughout the year, including consistent follow-up calls to members, the issuance of formal notice letters, and, when necessary, the initiation of legal action as a last resort.

In light of these efforts and the overall financial performance, including the impact of increased provisioning and a rise in delinquency, the Board will be putting forward a measured and responsible dividend proposal for members' consideration. This recommendation seeks to balance the need to reward members for their continued loyalty while preserving PCCU's financial stability and long-term sustainability.

## **6. Membership and Member Engagement**

During the past year, we welcomed 369 new members to our cooperative family, pushing our total membership to new heights. Our growth initiatives focused not only on recruitment but also on retaining and re-engaging existing members through educational outreach, improved member service experiences, and digital accessibility enhancements.

The Board commends the management team for providing one-on-one financial coaching and member appreciation events, which reinforced our values of empowerment, inclusion, and community.

## **7. Operational Developments**

Significant strides were made to modernize operations in 2024, including:

- Strengthened internal controls and reporting through the creation of several policy documents.
- Continued migration and training on FedComp for improved data accuracy and reporting.
- Enhanced member service protocols and cash-handling procedures.
- Progress toward identifying a new location to support expansion and staff welfare.

## 8. Looking Ahead

As we advance into the new fiscal year, the Board will maintain its focus on innovation, compliance, and resilience. We intend to:

- Support the expansion of green lending initiatives
- Advance digital transformation projects
- Strengthen governance through ongoing board education
- Continue advocating for improved facilities and staffing resources

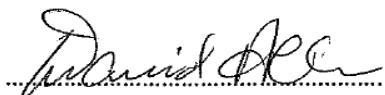
We are also mindful of the critical role of leadership succession, and efforts are ongoing to strengthen our governance framework to prepare the next generation of credit union leaders.

### Conclusion

The theme of this AGM, "*Evolving Together: Stability in Change, Growth in Action*," captures the very essence of our journey. The Police Co-operative Credit Union has stood as a beacon of hope and opportunity for forty-one years—rooted in service, committed to integrity, and driven by the collective will of its members.

To the membership, we thank you for your continued trust. To the management and staff, we salute your hard work and professionalism. To our committee members and fellow directors, your unwavering dedication has made our shared progress possible.

Together, let us continue to evolve, grow, and serve with pride.



David Allen, President  
For & Board of Directors  
**Police Co-operative Credit Union Ltd**  
11<sup>th</sup> June 2025

## **TREASURER'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2024**

### **INTRODUCTION**

The Police Cooperative Credit Union (PCCU) continues to thrive as a successful institution in the financial services sector, despite facing various challenges throughout its journey. In an increasingly competitive market and amidst rising operational costs, the PCCU has made remarkable progress, especially considering its modest size.

During these challenging times, your PCCU remains committed to evolving into a modern financial institution that meets the needs of its members. We continue to offer a wide range of loan and savings products at highly competitive interest rates.

As we work toward growth and improved service, we remain steadfast in our belief that **“Our Members Are Our Movement.”** The Board and Management continue to take all prudent measures to protect the credit union’s stability while ensuring that you, our valued members, receive strong returns on your investment.

Looking ahead, the PCCU will intensify efforts to expand its membership base and strengthen its marketing strategy to boost income. We are here to partner with you, meet your financial needs, and deliver the best possible value.

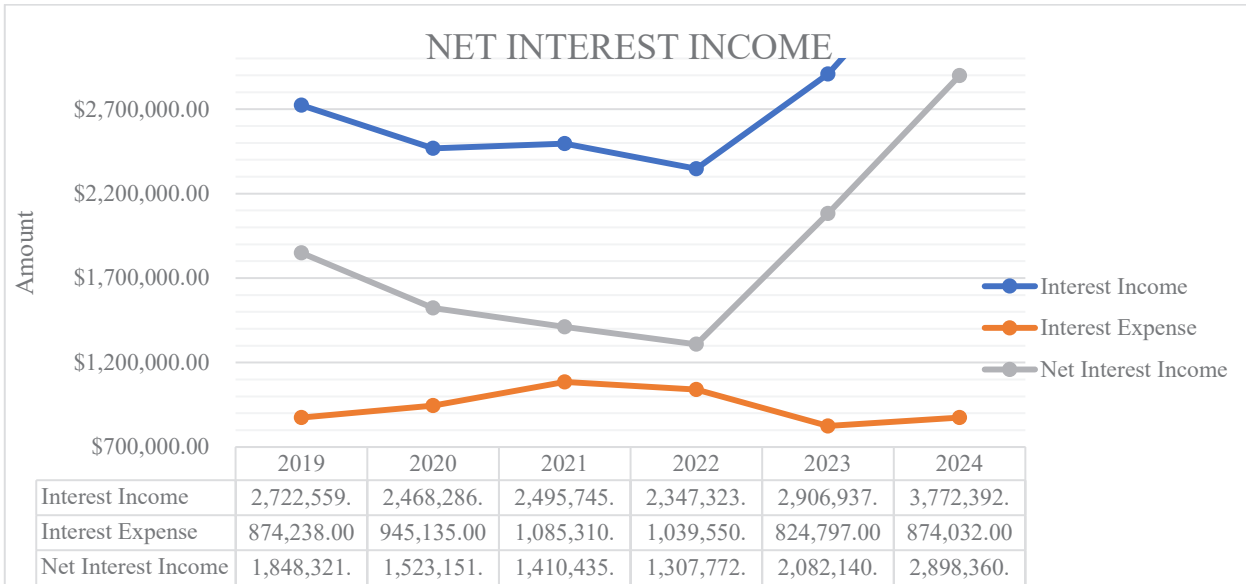
Against this backdrop, it is my privilege to present the Treasurer’s Report of the Police Cooperative Credit Union for the year ending December 31, 2024.

### **RESULTS OF OPERATIONS**

The PCCU has again demonstrated strong profitability in the current reporting year, with notable increases across key financial metrics. Total net interest income has surged, driven by robust performance in the loan portfolio and effective marketing strategies. Net income overall has seen a substantial uptick, reflecting prudent cost management and operational efficiency improvements.

In addition, the credit union's profitability ratios, including return on assets and return on equity, have shown healthy growth, indicating effective utilization of resources and favorable returns for members. Overall, the credit union’s solid financial performance underscores its resilience in navigating market challenges and positions it well for sustained growth and profitability in the future. Further details are explained below.

#### **Net Interest Income**



Interest Income includes **interest income on loans** and **interest income on investments**. The PCCU reported a commendable increase in interest income in 2024 after suffering a steady decline from 2019 to 2022. Interest income from investments on the other hand showed opposite results. There was a marginal decline in interest income from investments in 2024 compared to the results of 2019 to 2023.

As of December 31, 2024, interest income on investments represented 14% (2023: 19%) of total interest income. There were no new investments purchased during the year nor were there any redemptions during the year. The interest income on investment yields for the year 2024 was reduced to 3.5% (2023: 3.9%).

The interest income on loans’ yield for the year 2024 is 8.7% (2023: 8.2%). Currently, we maintain an average interest rate on loans of 9.27%.

Interest on member deposits represents the majority of expenses incurred by the Credit Union, amounting to \$874,032 (2023: 824,797). Interest expenses increased by 6% during the year, while members’ deposits increased by 15%.

**Non - Interest Income**

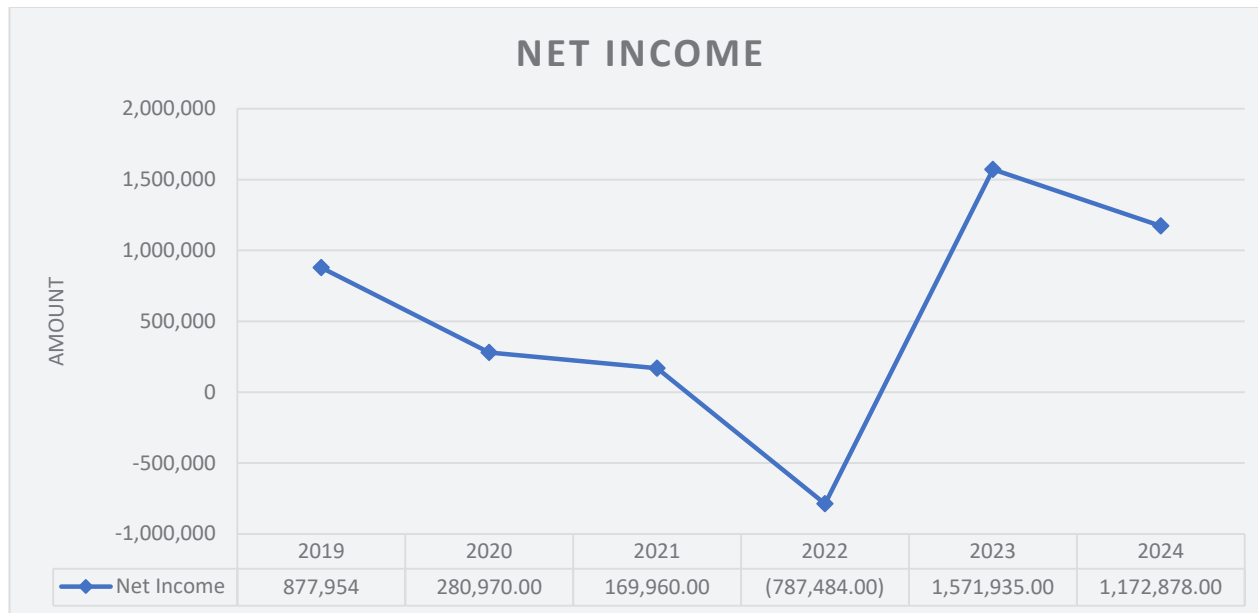
Non-interest income comprises all other income streams not directly related to loans or investments. These include loan fees, entrance fees, refinance charges, late fees, etc. Non-interest income increased by 54% in 2024 to \$666,303.00 (2023: \$431,323.00). This increase was seen specifically in the loan fee account and is consistent with the significant increase in the loan portfolio in 2024.

**Non – Interest Expenses**

The PCCU’s non-interest expenses include salaries and benefits expenses, occupancy expenses, marketing expenses, depreciation, amortization, general and administrative expenses and loan loss provision. Despite fluctuations in the economic landscape, the credit union has managed to maintain its non-interest expenses at a level that is not significantly higher than the previous year. This stability suggests disciplined cost management practices and a focus on operational efficiency. By keeping non-interest expenses in check, the credit union has demonstrated resilience against external pressures and maintained profitability levels. This achievement reflects prudent decision-making and a commitment to optimizing resource allocation. Moving forward, the credit union’s ability to sustain this level of expense control will be crucial in supporting continued profitability and long-term growth initiatives.

## Net Income

The significant rebound in net income following a loss in the previous year marks a pivotal achievement for the credit union. The PCCU's financial position over the years has generally been profitable. The Credit Union recorded a profit of \$1,172,878.00 for the financial year ended December 31, 2024. Overall, the return to profitability showcases the credit union's commitment to delivering value to the membership.



## FINANCIAL CONDITIONS

### ASSETS

#### Loans

Loans to members remained the highest portion of total assets at 58% (2023: 49%) of total assets. Loans to members saw an increase during the financial year ended December 31, 2024, owing to the success of our loan promotions throughout the year. While these efforts are notable, there is still room for improvement of this ratio as the PEARLS standard requires a ratio of 70-80% of total assets.

#### Delinquency

As at December 31, 2024, the loan portfolio consisted of 789 loans totaling \$38,140,969 before provision. There were 61 delinquent loans which totaled 2,186,889. This represented a loan delinquency rate of 5.73%. The PEARLS standard for delinquency is 5%. The PCCU is working aggressively on delinquency so that our ratios can remain within the PEARLS standards.

There was an increase in the allowance for loan impairment by \$260,995, from \$588,165 in 2023 to \$849,160 in 2024. Based on our gross loan portfolio of \$38,140,969 at the end of the financial year 2024, including a delinquent amount of \$2,186,889.00, our consultants determined that an IFRS 9 Loan Loss provision amount of \$849,159.72 is therefore required. At year-end, our provision account balance was \$635,634.80, lower than the provision requirement.

#### Cash and Investments

Cash and cash equivalents reduced significantly and now represent 10% (2023: 17%) of total assets. Our cash resources were utilized and converted into loans as a result of successful loan promotions during the year. On the other hand, Investment Securities to total assets ratio showed 23% (2023: 24%). Movement in the Investment Securities during the year represented the interest income received on investments.

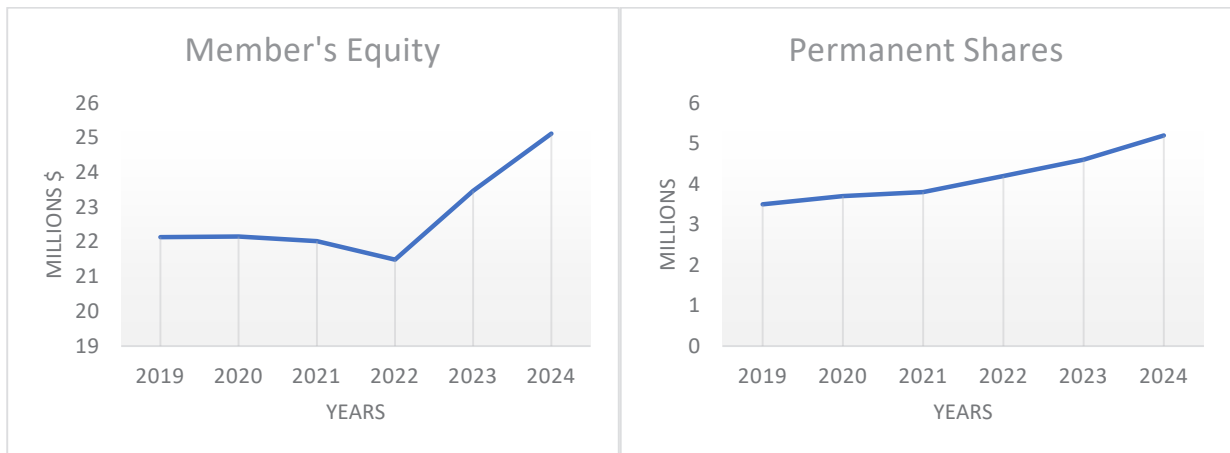
**GROWTH ACHIEVEMENT**

PCCU’s comparative growth achievement 2019 -2024 demonstrates a solid and stable financial position.



**Member’s Equity**

Overall, Member equity showed a significant increase of 6% between 2023 and 2024. Over a six (6) year period (2019-2024) share capital grew \$1.65M (47%).



**KEY PERFORMANCE INDICATORS**

The PCCU’s performance is measured using the Prudential Financial Standard (PEARLS), as recommended by the Financial Services Regulatory Commission (FSRC).

The PCCU has a strong capital base, and we continue to maintain a sound liquidity position year on year. Our PCCU reserves remain compliant with the regulatory requirements of a minimum of 10% of the total assets, standing sturdily at 29.66%. Notwithstanding, the ratios have room for improvement. It gives me great pleasure to affirm that PCCU remains a stable, secure, and viable financial institution.

PEARLS	Ratios	Goals	Current Year Ratio
Protection	Provision for Loans Delinquent > 12 months	100%	90.06%
	Provision for Loans Delinquent < 12 months	35%	68.26%
Effective Financial Structure	Loans/Total Assets	80%	58%
	Savings Deposits/Total Assets	80%	59%
	Institutional Capital/Total Assets	Minimum 10%	38.5%
Asset Quality	Delinquency/ Gross Loan Portfolio	Max 5%	5.73%
Rates of Return	Net Income/Average Total Assets	2%	1.81%
Liquidity	Liquid Assets/Deposits	Minimum 15%	51.52%
Signs of growth	Growth in assets	Minimum 10%	10.16%

**CONCLUSION & ACKNOWLEDGEMENTS**

It has been a privilege, honor, and indeed a pleasure to serve PCCU as Treasurer. As such, I wish to thank the management and staff for their dedication, commitment, sacrifice, and support. I would also like to thank my fellow Directors, members of Committees, including those who served on sub-committees, our auditors and the Credit Union Fraternity.

We will continue to be steadfast, proactive, and prudent in our decisions to safeguard our members’ savings and investments. We will deliver consistent and excellent services as we go forward. As we plan, the Credit Union continues to prioritize its members, and provides innovative, exceptional products and services at the most competitive rates in the Federation.

May God continue to favor and bless our progressive Credit Union.



Marvin Thompson (Mr.)  
Treasurer

## CREDIT COMMITTEE REPORT FOR THE YEAR ENDED 31ST DECEMBER 2024

### INTRODUCTION

The Credit Committee is honored to present its Report for the year ending December 31, 2024. This report encapsulates the diligent efforts and accomplishments of the Committee over the past year. Our primary objective has been to ensure the financial well-being of our members by adhering to the Credit Risk Policy, Loan Manual, and By-Laws of the Police Co-operative Credit Union Ltd.

Throughout 2024, we have maintained a steadfast commitment to reviewing and ratifying loan applications, providing financial guidance, and upholding the highest standards of credit management. The Committee has consistently worked towards supporting our members and enhancing the integrity of our loan portfolio.

### MANDATE

The Committee's mandate is to comply with the Credit Risk Policy, Loan Manual, and By-Laws of the Police Co-operative Credit Union Ltd and thus:

- Ensure all decisions taken are in accordance with the Co-operative Society Act, By-Laws, and Credit Risk and Loan Policy.
- Convene meetings at least once monthly.
- Conduct interviews of applicants, co-makers, and guarantors, where applicable.
- Ascertain all relevant securities and supporting documentation is present and satisfactory for the loan under review.
- Prepare and submit monthly reports to the Board of Directors.
- Make recommendations to the Board in respect of the Loan Policy of the Credit Union.

This report highlights our financial analysis, achievements, addresses areas of improvement, and outlines our plans for the coming year.

The attendance record of the Credit Committee volunteers is provided in the table below:

**Table 1: Composition of Credit Committee**

Name	Position	Period Serve 2024	Membership Period (Months)	No. of Meetings	Attendance
Zeon Hector	Chairman	Jan-Dec	12	16	15

<b>Vivian Caesar</b>	Vice Chairman	Jan-Dec	12	16	7
<b>Nyamekye Powell</b>	Member	Jan-Dec	12	16	15
<b>Valentine Hodge</b>	Member	Jan-Dec	12	16	5
<b>Krystal Bailey</b>	Secretary	Jan-Oct	10	16	9
<b>Leburnah Liburd</b>	Asst. Secretary	Jan-Mar	3	16	1
<b>Keisha Mills</b>	Member	Jan-Mar	3	16	1
<b>Shawn Stevens</b>	Member	Jun-Dec	6	16	10
<b>Karimah Pemberton-Daniel</b>	Secretary	Jun-Dec	6	16	6
<b>Rodney Browne</b>	Member	Dec-Dec	1	16	3

The Committee is pleased to report that it met regularly during the year under review, holding a total of 16 meetings. It is worth noting that poor attendance at some meetings was due to professional duties and medical issues.

**Krystal Bailey** served as the Secretary for a slightly shorter period (January to October, 10 months) and attended 9 meetings out of 16 where she resigned to attend education obligations.

**Leburnah Liburd** is the Assistant Secretary whose term covers January to March (a 3-month membership), and she attended just 1 meeting out of 16 where she resigned for personal reasons.

**Keisha Mills** is also a member serving a 3-month term (January–March) with attendance at only 1 meeting where she resigned for personal reasons.

**Rodney Browne** is a member who appears to have been active for just one month (December) and attended 3 meetings out of the scheduled 16, currently still apart of the Committee and serves as a Member.

Each month, the committee reviewed and ratified the granted and declined loans, providing feedback in the respective files. We interviewed members when necessary and offered financial counseling to help them better manage their finances. Additionally, we reviewed loan applications and made recommendations to the Board for loans outside our mandate.

## LOAN PORTFOLIO

Substantial loan activity occurred in 2024, reflecting both the economic climate and the diverse needs of borrowers. This report provides an in-depth analysis of loan types, their frequencies, and the total values disbursed over the year. It will delve into the specifics and highlight notable trends and observations.

### Overall Loan Statistics

The total number of loans issued in 2024 stands at 789, with a cumulative value of \$38,140,969.18. This figure demonstrates significant financial activity and a variety of loan types catering to different purposes and needs.

**Table 1:** Loan Growth Summary Report

Year	2022	2023	2024
<b>Number of Loans Approved</b>	492	629	789
<b>Total Value Loans Approved (\$)</b>	8,399,377.17	13,687,331.22	15,501,106.2
<b>Total Loan Portfolio (\$)</b>	22,423,535.7	29,044,997.97	38,140,969.1
<b>Growth Rate %</b>	10.12%	29.53%	31.32%

### Analysis

The data indicates a robust upward trend in the number of loans approved and their total value over the past three years. The growth rates also reflect significant year-over-year increases.

- **Number of Loans Approved:** There has been a consistent increase in the number of loans approved each year. From 492 loans in 2022, the number grew to 629 in 2023, and further to 789 in 2024. This represents a growth of 137 loans (27.85%) from 2022 to 2023, and 160 loans (25.44%) from 2023 to 2024.
- **Total Value of Loans Approved:** The total value of loans approved also shows a substantial increase. In 2022, the total value was \$8,399,377.17, which rose to \$13,687,331.22 in 2023, and further to \$15,501,106.23 in 2024. This represents a growth of \$5,287,954.05 (62.93%) from 2022 to 2023, and \$1,813,775.01 (13.25%) from 2023 to 2024.
- **Total Loan Portfolio:** The total loan portfolio has expanded significantly, from \$22,423,535.72 in 2022 to \$29,044,997.97 in 2023, and to \$38,140,969.18 in 2024.

This represents a growth of \$6,621,462.25 (29.53%) from 2022 to 2023, and \$9,095,971.21 (31.32%) from 2023 to 2024.

### Growth Rate Analysis

- The growth rate in the loan portfolio was 10.12% in 2022, reflecting a moderate increase.
- In 2023, the growth rate surged to 29.53%, indicating a significant expansion.
- The growth rate continued its upward trajectory in 2024, reaching 31.32%, which underscores the sustained growth and increasing demand for loans.

The loan portfolio has demonstrated remarkable growth over the past three years. The consistent increase in the growth rate highlights the robust demand for loans and the effectiveness of loan approval strategies. As the portfolio continues to expand, it is essential to maintain a focus on loan quality and risk management to ensure sustainable growth in the future.

**Table 2: Products in Loan Portfolio**

LOAN TYPE	# OF LOANS	\$ VALUE OF LOANS
40 Grand Promotion	40	\$ 1,167,804.83
Business Loans	7	\$ 455,472.29
Christmas Bonanza	33	\$ 1,383,588.02
Christmas Promo 21	3	\$ 29,189.28
Christmas loans	1	\$ 15,193.76
Consolidation	85	\$ 7,040,403.90
Dreamer LOC	0	\$ -
Education	12	\$ 525,431.19
EZ 60	48	\$ 2,044,820.29
EZ LOC	176	\$ 2,976,440.32
EZ Ride Vehicle Loan	6	\$ 647,010.64
Food/Clothing	1	\$ 21,341.87
General Purpose	162	\$ 4,544,731.66
Home Improvement	19	\$ 818,779.57
Jolly Christmas	89	\$ 3,764,031.39
Jolly Ride	1	\$ 17,093.77
Land	6	\$ 371,311.65
Legal Fees	1	\$ 413.48
Line of Credit	2	\$ 38,000.00
Mas Madness	1	\$ 3,759.66
Medical	2	\$ 43,702.72
Mortgage	39	\$ 9,783,619.99
Property Insurance	0	\$ -
Restructured	11	\$ 829,873.60
Vacation/Travel	2	\$ 8,659.64
Vehicle Purchase	41	\$ 1,601,781.13
Vehicle Repairs	1	\$ 8,514.53
<b>TOTAL</b>	<b>789</b>	<b>\$ 38,140,969.18</b>

### Top Loan Categories by Value

#### 1. Mortgage Loans:

- **Number of Loans:** 39
- **Total Value:** \$9,783,619.99

Mortgage loans are leading the portfolio with the highest loans applications. This reflects a robust demand for home financing. Additionally, the significant value indicates a healthy housing market and a strong preference for homeownership among borrowers.

#### 2. Consolidation Loans:

- **Number of Loans:** 85
- **Total Value:** \$7,040,403.90.

Consolidation loans are the second highest in value, aiding borrowers in combining multiple debts into a single loan. This helps in managing financial obligations more effectively and possibly securing better interest rates.

#### 3. General Purpose Loans:

- **Number of Loans:** 162
- **Total Value:** \$4,544,731.66

General purpose loans have the third highest number of issuances. These loans cater to a broad spectrum of needs, from everyday expenses to unexpected financial demands.

### Significant Loan Types

#### 1. 40 Grand Promotion:

- **Number of Loans:** 40
- **Total Value:** \$1,167,804.83

The 40 Grand Promotion appears to be a popular choice, with substantial uptake, suggesting successful marketing efforts and attractive terms.

#### 2. Christmas Bonanza:

- **Number of Loans:** 33
- **Total Value:** \$1,383,588.02.

The Christmas Bonanza loans show a seasonal trend, with a spike during the holiday season. This category helps families manage the financial demands of the festive period.

#### 3. EZ LOC:

- **Number of Loans:** 176
- **Total Value:** \$2,976,440.32

EZ LOC loans reflect a strong demand for flexible, revolving lines of credit. These loans allow borrowers to access funds as needed and repay over time, providing financial flexibility.

### Categories with Minimal or No Activity

Several categories saw minimal or no activity:

- **Dreamer LOC and Property Insurance:** No loans were issued in these categories, indicating either low demand or a shift in borrower preferences.
- **Legal Fees, Mas Madness, and Vehicle Repairs:** These categories saw very few loans, which may suggest limited need or alternative funding sources for these purposes.

**Observations and Trends**

- **High-Value Loans:** Mortgage and Consolidation loans constitute the bulk of the total loan value, pointing to a stable housing market and the continued popularity of debt consolidation.
- **Seasonal Loans:** Categories like Christmas Bonanza exhibit seasonal peaks, aligning with the financial demands during specific times of the year.
- **Flexibility and General Needs:** Loans like EZ LOC and General Purpose show the importance of flexible financing options that cater to diverse needs.

The loan activities in 2024 highlight a dynamic financial landscape with varied borrower preferences and needs. Mortgage and Consolidation loans dominate in terms of value, while General Purpose and seasonal promotions like Christmas Bonanza reflect broader borrowing trends. Understanding these patterns helps in tailoring future financial products to meet the evolving demands of borrowers.

**DELINQUENCY**

DELINQUENCY RATIOS						
DATE	TOTAL PORTFOLIO	TOTAL PORTFOLIO LOANS (EC\$)	TOTAL DELINQUENT LOANS	TOTAL DELINQUENT LOANS (EC\$)	% #	% \$
December	629	29,044,993.97	30	1,223,308.20	4.77	4.21
January	652	29,828,837.89	34	1,381,996.22	5.21	4.63
February	676	30,795,280.72	31	1,677,186.86	4.59	5.45
March	687	30,895,234.75	33	1,355,599.24	4.80	4.39
April	704	31,565,032.17	33	1,500,111.52	4.69	4.75
May	721	31,928,650.13	34	1,501,040.03	4.72	4.70
June	742	33,102,117.52	36	1,971,032.07	4.85	5.95
July	762	33,608,487.26	38	1,566,946.64	4.99	4.66
August	775	33,981,893.98	37	1,565,341.39	4.77	4.61
September	784	34,778,584.68	44	1,768,354.69	5.61	5.08
October	786	35,918,679.31	44	1,729,548.08	5.60	4.82
November	783	36,612,078.40	58	2,111,202.69	7.41	5.77
December	789	38,140,969.18	61	2,186,888.90	7.73	5.73

**Analysis of Delinquent Loans:**

- The number of delinquent loans has shown a marked increase from August 2024 onwards. This could be a sign of potential issues in loan repayment processes, borrower quality, or broader economic factors affecting borrowers’ ability to repay.
- The sharp increase in delinquency rates in the last two months of the year suggests a possible seasonal or economic influence that needs to be investigated.

**Portfolio Growth Analysis:**

- The total portfolio has shown steady growth throughout the year. This is a positive sign indicating strong loan origination and portfolio expansion efforts.

**Delinquency Rate Trend:**

- The delinquency rate remained relatively stable until August 2024, after which it showed a notable upward trend. This could be indicative of a shift in the risk profile of new loans being added to the portfolio or external economic factors impacting repayment capabilities.

**Plan of Action to Lower Delinquency Rate For 2025:****Enhanced Credit Risk Assessment:**

- Review and strengthen credit risk assessment processes to ensure that new loans are being granted to borrowers with a high probability of repayment.
- Consider implementing stricter credit score requirements or additional checks for loan approval.

**Monitoring and Early Intervention:**

- Develop and implement early warning systems to identify loans that may become delinquent. This could include monitoring payment behaviors, changes in borrower credit profiles, and economic indicators.
- Engage with borrowers showing early signs of distress to provide support and prevent loans from becoming delinquent.

**Diversification and Risk Mitigation:**

- Diversify the loan portfolio to spread risk across different borrower segments, industries, or geographic regions.
- Consider offering financial education and support programs for borrowers to improve their financial management skills and repayment capabilities.

**Investigate External Factors:**

- Analyze external factors such as economic conditions, employment rates, and industry-specific challenges that may impact borrowers' ability to repay loans.
- Collaborate with industry peers, regulators, and economic experts to understand broader trends and adjust strategies accordingly.

**ACHIEVEMENTS OF THE CREDIT COMMITTEE FOR THE YEAR ENDING 2024****Loan Portfolio Management:**

- Successfully reviewed and ratified 100% loan applications, ensuring adherence to the Credit Risk Policy and Loan Manual.
- Maintained a healthy loan portfolio with minimal delinquency rates, reflecting strong financial oversight and member support.

**Financial Counseling:**

- We conducted numerous financial counseling sessions with members, helping them to better manage their finances and make informed decisions about their loan applications.
- Provided personalized guidance to members facing financial difficulties, contributing to improved financial literacy.

**Professional Development:**

- Committee members attended various training sessions and workshops to enhance their knowledge and skills in credit management and financial counseling.
- Implemented best practices and industry standards to ensure the highest level of service and support for members.

**Innovation and Efficiency:**

- Introduced new processes to streamline loan application reviews and approvals, resulting in faster turnaround times and improved member satisfaction.
- Continuously evaluated and improved internal procedures to enhance overall efficiency and effectiveness

**AREAS TO IMPROVE FOR CREDIT COMMITTEE FOR THE YEAR ENDING 2025**

**Enhanced Training and Development:**

- Provide ongoing training for committee members on the latest credit management practices, financial analysis, and regulatory requirements.
- Encourage committee members to attend workshops, conferences, and seminars to stay updated on industry trends and best practices.

**Improved Communication:**

- Foster better communication among committee members and with other stakeholders, including the Board and Credit Union members.
- Implement regular check-ins and updates to ensure everyone is aligned and informed about ongoing activities and decisions.

**Streamlined Processes:**

- Review and optimize existing processes for loan application reviews, approvals, and feedback.
- Leverage technology to automate routine tasks and improve overall efficiency.

**Financial Literacy Programs:**

- Implement programs to improve financial literacy among Credit Union members.
- Offer workshops and resources to help members better understand financial products, budgeting, and credit management.



## ACTIONS TO BE TAKEN BY CREDIT COMMITTEE FOR THE YEAR ENDING 2025.

### Strengthening Loan Portfolio Management

- **Objective:** Ensure a robust and healthy loan portfolio.
- **Actions:**
  - Implement stricter risk assessment protocols to minimize default rates.
  - Review and update the Credit Risk Policy regularly.
  - Enhance the loan monitoring and follow-up processes

### Improving Operational Efficiency

- **Objective:** Streamline processes and improve overall efficiency.
- **Actions:**
  - Leverage technology to automate routine tasks and reduce processing times.
  - Implement an integrated loan management system.
  - Conduct regular training for committee members on best practices and new tools.

### Monitoring and Evaluation

- **Objective:** Track progress and assess the impact of initiatives.
- **Actions:**
  - Develop a comprehensive monitoring and evaluation framework.
  - Set key performance indicators (KPIs) to measure success.
  - Regularly review and report on the committee's performance and achievements.

## CONCLUSION & ACKNOWLEDGEMENTS

The Credit Committee is pleased to report a year of significant achievements and diligent oversight for 2024. Regular meetings, careful review of loan applications, and continuous financial counseling have enabled us to support our members effectively while maintaining the integrity of our loan portfolio. Despite some challenges with attendance due to professional duties and medical issues, we remained committed to our mandate and successfully fulfilled our responsibilities.

We extend our gratitude to the Board, members, and all stakeholders for their unwavering support and collaboration. Moving forward, we remain dedicated to upholding the highest standards of financial management and member service excellence.

Thank you for your trust and confidence in our committee. Our members are our movement!



God Bless us all.

Mr. Zeon Hector  
**Chairperson**

## SUPERVISORY & COMPLIANCE COMMITTEE REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

### INTRODUCTION

The Supervisory and Compliance Committee is pleased to present to the membership of the Police Co-operative Credit Union Ltd (“PCCU”) the report on its activities in relation to the Credit Union’s performance for the year ending December 31 2024 in accordance with section 66 (1) (f) of the Co-operative Societies Act, Chapter 21.04 of the Laws of Saint Christopher and Nevis, 2017 Revised Edition and the Society's By-Laws. The Committee members during the year ending 2024 were:

Mrs. Consie Rogers – Chairperson  
Mrs. Natasha Weekes - Deputy Chairperson  
Ms. Oretha Mitcham – Secretary  
Ms. Avonelle Martin – Member  
Mr. Ijaz Francis – Member

### OVERVIEW

During the year under review, the Committee concentrated its efforts on the following areas:

- Examining loan file samples to determine if lending criteria were aligned with loan policy procedures and best practices.
- Reviewing procedures including cash counts and daily teller transactions to ascertain compliance with the cash management policy. This process entailed performing surprise cash counts of tellers and vault for accuracy.
- Ascertaining conformity with financial processes and procedures. This approach required comparing the operating standards and practices to those of the industry, such as PEARLS and FSRC.
- Thorough inspection of Executive Officers' and staff records to ensure completeness and compliance with the due diligence process consistent with AML guidelines.
- Examining the delinquent borrowers’ portfolio. This involved reviews of the Board, Management, and staff procedures and actions to improve collections in a timely manner to reduce delinquency.
- Assessing the level of communication and service provided to members as a predictor of member satisfaction.
- Examine the society's policies and procedures to confirm that the legislative framework was followed.

- Continuous monitoring of the Credit Union’s physical facilities and amenities, security and safety processes, including Intruder Detection, Panic-Response Systems, Fire Prevention, and Surveillance System.

During the period under review, the SCC held fourteen (14) meetings; the table below shows the composition and attendance of committee members.

**Table 1: Composition of the Supervisory & Compliance Committee**

Name	Position	Period Serve	Membership Period (Months)	No. of Meetings	Attendance
Mrs. Consie Rogers	Chairperson	Jun-Dec 2024	6	14	10
Dr. Natasha Weeks	Vice Chairperson	Jun-Dec 2024	6	14	12
Ms. Oretha Mitcham	Secretary	Jun-Dec 2024	6	14	12
Mr. Ijaz Francis	Asst. Secretary	Jun-Dec 2024	6	14	10
Ms. Avonelle Martin	Member	Jun-Dec 2024	6	14	9

*NB: The entire Supervisory and Compliance Committee was elected during the 40th AGM, following the resignation of all members of the previous committee.*

**OPERATIONAL MANAGEMENT**

During the year under review, the organization experienced notable staff turnover, as several individuals either joined The Police Co-operative Credit Union Ltd to fill existing vacancies or left to pursue career advancement elsewhere. Among those who departed were Miss Saskia Evans and Miss Chyann Purcell-Jackson, both of whom served as Member Services Support Officers. Additionally, Ms. Mellicia Phillip, the General Manager, resigned from her position during this period. In response to these changes, the credit union welcomed Miss Elvisia Herbert as a Member Services Representative and promoted Ms. Anika Charles to the role of Member Services Support Officer. Additionally, the Board of Directors appointed Ms. Janet Johnson as Acting General Manager, citing her extensive knowledge of the credit union movement and long-standing service within the PCCU.

The Supervisory and Compliance Committee conducted a Know Your Staff (KYS) activity to familiarize themselves with the staff members at the PCCU. Additionally, there were several, unannounced inspections of various departments to assess adherence to established policies, procedures, and internal controls. Observations were documented, and management was encouraged to maintain ongoing improvements and remain proactive in upholding compliance standards.

As mandated by the PCCU By-laws, the Committee ensured that the reports on its examinations, including the management, staff, and relevant documents, were adequately maintained. There were no discrepancies detected during the review of employees' records.

### **HUMAN RESOURCE TRAINING AND DEVELOPMENT**

During the period under review, executives and staff participated in a number of training and development seminars and activities aimed at enhancing employee performance and ensuring compliance with relevant regulations. The areas targeted were:

- Compliance and Risk Training
- Critical Thinking Skills
- Credit Risk Assessment
- Loan Policy
- Reading and Understanding Financial Statements
- Enterprise Risk Management
- Anti-Money Laundering Customer Service and Service Levels
- Internal Audit

The Chairperson, Mrs. Consie Rogers, attended the 2024 OECS Credit Union Summit in September 2024, held in Dominica.

### **FINANCIALS**

The Supervisory and Compliance Committee conducted a thorough review of the credit union's financial performance and compliance for the fiscal year ending 2024. In our evaluation, we examined the credit union's financial statements, including the audited financial report, and confirmed that they provide an accurate and transparent view of our financial position. In 2024, the credit union recorded a notable increase in revenue of 29.77%, driven by expanded lending activities and enhanced member engagement. Concurrently, operating expenses also rose, primarily due to strategic investments in staffing, marketing and advertisement, as well as activities associated with our 40th anniversary celebrations. These expenditures were aligned with our commitment to strengthening our human capital, increasing our visibility in the financial marketplace, and commemorating a significant milestone in our institution's history. Despite the increase in expenses, the credit union remained financially stable, with a positive net surplus and a continued focus on sustainable growth and providing value to our members.

We also ensured that all financial reporting adhered to the highest standards, in compliance with International Financial Reporting Standards (IFRS9) and PEARLS applicable regulatory requirements. The external audit, conducted by MNW Chartered Certified Accountants, resulted in an unqualified opinion, affirming the integrity and accuracy of the PCCU's financial records. Additionally, the committee reviewed the internal control systems overseeing financial operations and found them to be effective. The committee reviewed financial risks, including

potential exposure to market volatility. The PCCU continues to employ prudent risk management strategies to mitigate these risks and safeguard our financial stability. The committee also confirmed that the credit union's practices are fully aligned with regulatory requirements, including those pertaining to members' data privacy and anti-money laundering laws.

PCCU's capital was 38.5% of total assets, a slight decrease from 40% in 2023. This remains well above the industry benchmark, as the PEARLS ratio stipulates a minimum requirement of 10%, indicating strong capital performance. The loan-to-assets ratio for 2024 was 57.9% compared to 49% in 2023, which indicates an 8.9% increase. The PEARLS standard for this ratio is 70%-80%. The deposit-to-asset ratio was at 59% (2023: 56.5%) when compared to the PEARLS benchmark of 70%- 80%.

Looking ahead, the Supervisory and Compliance Committee will continue to monitor the credit union's financial performance and ensure compliance with all relevant laws and regulations. We remain committed to supporting the credit union's financial health and maintaining the trust and confidence of our members.

## **DELINQUENCY**

For the period under review, there were sixty-one (61) delinquent loans totaling EC \$2,186,888.90. The total value of the loans for the period (2024) totaled EC\$38,140,969.18 (gross, before provision) and EC\$ 37,505,334.38 (net, after provision) in comparison to EC\$29,044,993.97 (gross, before provision) and EC\$28,526,809 (net, after provision) in 2023. The PEARLS ratio recommends that delinquency remain at or below 5%; however, PCCU's delinquency rate slightly exceeded this threshold, closing the year at 5.72%. While this indicates a marginal increase in delinquent accounts compared to 2023, it remains within a manageable range. The credit union continues to monitor its loan portfolio closely and has intensified its credit risk management efforts to address delinquency. These include strengthened follow-up procedures, enhanced member engagement, and the continued application of prudent lending practices to maintain portfolio quality. The committee urges that legal action be taken to recover the non-performing loans. We continue to appeal to members to honour their loan obligations and to comply with the terms of their loan agreements.

## **OUTLOOK**

The Supervisory and Compliance Committee recognizes the significant improvements within the organization, including the introduction of new strategic initiatives and innovations that have enhanced the overall experience and well-being of our members. However, the need for better internal control is still an area to be strengthened and will help to realize a smoother-running organization. A higher sense of efficiency and accountability will boost membership confidence in sustainability.



**CONCLUSION**

The Supervisory and Compliance Committee appreciates the opportunity given to serve you, the members. We look forward to continuing our charge to strive to make the PCCU the preferred financial institution to conduct business. We strive to meet the needs of the members and adhere to monitoring standards. At this point, the Board of Directors, Executive members and employees are acknowledged for their hard work and dedication to the PCCU, throughout the course of the year under review. Additionally, we would like to thank the members for their commitment to the PCCU and look forward to collaborating with you to build a stronger financial future.



.....  
Consie Rogers (Mrs.)  
Chairperson  
For and behalf of the  
Supervisory & Compliance Committee

## NOMINATIONS COMMITTEE REPORT TO THE 41ST ANNUAL GENERAL MEETING (AGM)

Meetings of the Nominating Committee appointed by the Board of Directors in accordance with section 56 of the PCCU’s By-Laws were held on Friday 21<sup>st</sup> February and Friday 11<sup>th</sup> April , 2025, at the PCCU’s Conference Room. Consideration and recommendations were made for members to fill vacancies on the executive body whose term will expire at the 41<sup>st</sup> Annual General Meeting.

### Executives of the Nomination Committee

<b>NAMES</b>	<b>POSITION</b>
Mrs. Leah Francis	Chairperson
Mrs. Consie Rogers	Vice Chair
Ms. Sandrine Williams	Secretary
Mr. Shawn Stevens	Member
Ms. Janet Johnson	Ex-officio Member

As part of its fiduciary responsibility to ensure effective governance, supervision and compliance with the Cooperative Society’s Act CAP 21.04 and the PCCU’s By-Laws, the requisite due diligence was exercised to ensure that all nominees are:

- Eighteen (18) years and older
- A member of the PCCU for one (1) year or more
- A citizen or resident of St. Kitts and Nevis
- Is a citizen of another CARICOM Member State residing in St. Kitts & Nevis
- The holder of a minimum of five hundred (500) fully paid shares or five hundred dollars (\$500.00) savings in the PCCU; and
- Of financial soundness and good character.

Nominees were also required to complete the following documents:

- Nomination form
- Director and Committee Member Disclosure Agreement
- Director and Committee Member Declaration of Interest Form; and the
- Fitness and Probity Questionnaire for Management Officials.

The nominees were submitted for review and approval by the Financial Services Regulatory Commission (FSRC). The Nominating Committee reports that the candidates nominated have met the criteria for selection to form part of the executive body.



**Executives Term in Office and Nominees**

<b>Names</b>	<b>Executive Body</b>	<b>Status</b>	<b>Nominees</b>	<b>Term</b>
Mr. Marvin Thompson	Board of Directors	Retiring	Rodney Browne	1 <sup>st</sup>
Mrs. Shorna Francis-Edwards	Board of Directors	Re-election	Mrs. Shorna Francis-Edwards	2 <sup>nd</sup>
Mr. Patrick Wallace	Board of Directors	Re-election	Mr. Patrick Wallace	2 <sup>nd</sup>
Mr. Zeon Hector	Credit Committee	Re-election	Mr. Zeon Hector	2 <sup>nd</sup>
Ms. Nyameke Powell	Credit Committee	Re-election	Ms. Nyameke Powell	2 <sup>nd</sup>
Ms. Kristal Bailey	Credit Committee	Resigned	Ms. Trevicia Adams	1 <sup>st</sup>
Mr. Vivian Ceasar	Credit Committee	Resigned	Mrs. Corliss Toby	1 <sup>st</sup>
Mr. Valentine Hodge	Credit Committee	Resigned	Mr. Travis Henry	1 <sup>st</sup>

Sincere gratitude is hereby expressed to the retiring and resigning volunteers for their stellar contributions to the continued development of the Police Cooperative Credit Union (St. Christopher and Nevis) Ltd. Your unwavering commitment and dedication to the growth of the institution will always be remembered.

Director Leah Francis  
Nominations Committee, Chairperson

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West Indies

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**Independent Auditor's Report  
To the Members of  
Police Co-operative Credit Union (St. Christopher & Nevis) Limited**

**Opinion**

We have audited the financial statements of the **Police Co-operative Credit Union (St. Christopher & Nevis) Limited** (the "Credit Union") which comprise the statement of financial position as at December 31, 2024, 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 a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Credit Union as at December 31, 2024 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

**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 Firm in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") together 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 and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements as at and for the year ended December 31, 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not express a separate opinion on these matters.

## Impairment of financial assets

### *Description of Key Matter*

The impairment of financial assets is a key audit matter, as it requires the application of critical management judgement and use of subjective estimates in determining the amount of impairment losses that are required to be recognised in the financial statements.

Accordingly, the Credit Union used the ECL model in determining the impairment allowance for its financial assets. Under IFRS 9, the assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of default occurring, the associated loss ratio and of default correlation between counterparties. Furthermore, the Credit Union incorporated forward-looking information into the assessment of whether the credit risk of an instrument has increased significantly from its initial recognition to the measurement of the ECL. The Credit Union has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and using an analysis of historical data, has estimated relationship between macro-economic variables, credit risk and credit losses.

### *How the Matter was addressed in the Audit*

Our audit procedures performed to address the risk of material misstatement relating to the adequacy of the impairment allowance on the financial assets, which was considered to be a significant risk, included the following:

- Obtained an understanding and critically assessed the Credit Union's accounting policies relating to the classification, measurement, and impairment of financial assets;
- Assessed and evaluated the effectiveness of controls over the approval, recording, and monitoring of financial assets, classification into credit risk stages and calculation of impairment allowance;
- Evaluated the inputs and assumptions, as well as the formulas used in the development of the ECL models for the various financial assets. This includes assessing the appropriateness of the design of the ECL impairment model and formula used in determining the ECL;
- Evaluated the classification of credit-impairment loans to members to stage 3 for completeness of the population of loans to members included in the stage 3 ECL calculation. Independently tested the accuracy of management's stage 3 ECL calculation on a sample basis;
- Examined the collateral values recorded by management by comparing them to independent valuation reports of independent professional valuers;
- Assessed the estimated costs and time to sell pledged collaterals used in the ECL calculation for reasonableness.
- Assessed the key credit risks factors such as default history, macro-economic factors, and financial capability of counterparties.

### **Responsibilities of Management and the Board of Directors for the Financial Statements**

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

In preparing the financial statements, management is responsible for assessing the 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.

### **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.



**MNW**  
CHARTERED CERTIFIED  
ACCOUNTANTS

**Auditor's Responsibilities for the Audit of the Financial Statements ...continued**

- 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

*MNWCCA*

Chartered Accountants  
May 30, 2025  
Basseterre, St. Kitts

**MNW**  
CHARTERED CERTIFIED  
ACCOUNTANTS

# Police Co-operative Credit Union (St. Christopher & Nevis) Limited

## Statement of Financial Position

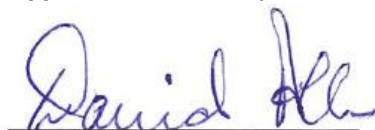
As at December 31, 2024

(expressed in Eastern Caribbean dollars)

	Note	2024 \$	2023 \$
<b>Assets</b>			
Cash and cash equivalents	7	6,663,486	9,961,839
Loans to members	8	37,409,190	28,526,809
Investment securities	9	14,609,952	14,259,717
Investment properties	10	5,719,553	5,590,752
Property and equipment	11	126,161	123,585
Right of use assets	13	–	28,011
Intangible assets	12	34,581	59,969
Other assets		43,375	95,844
<b>Total assets</b>		<b>64,606,298</b>	<b>58,646,526</b>
<b>Liabilities and members' equity</b>			
<b>Liabilities</b>			
Members' deposits	14	38,083,879	33,142,341
Lease liability	13	–	30,173
Other liabilities	15	1,651,006	2,002,422
<b>Total liabilities</b>		<b>39,734,885</b>	<b>35,174,936</b>
<b>Members' equity</b>			
Members' share	16	5,187,800	4,617,105
Reserves	17	8,171,573	8,112,929
Special reserve funds	18	4,414,978	4,403,249
Retained earnings		7,097,062	6,338,307
<b>Total members' equity</b>		<b>24,871,413</b>	<b>23,471,590</b>
<b>Total liabilities and members' equity</b>		<b>64,606,298</b>	<b>58,646,526</b>

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

Approved for issue by the Board of Directors on May 30, 2025.



David Allen  
President



Patrick Wallace  
Secretary

**Police Co-operative Credit Union (St. Christopher & Nevis) Limited**  
Statement of Comprehensive Income  
For the year ended December 31, 2024

(expressed in Eastern Caribbean dollars)

	Note	2024 \$	2023 \$
Interest income	19	3,772,392	2,906,937
Interest expense	20	(874,032)	(824,797)
<b>Net interest income</b>		<b>2,898,360</b>	<b>2,082,140</b>
Other income	21	666,303	431,323
<b>Operating income</b>		<b>3,564,663</b>	<b>2,513,463</b>
<b>Operating expenses</b>			
Employee costs	23	(1,029,208)	(803,354)
General and administrative	22	(994,518)	(674,682)
Loan impairment provision	8	(260,994)	–
Depreciation	11 & 13	(81,400)	(237,872)
Amortisation	12	(25,388)	(16,131)
Finance cost	13	(277)	(5,163)
<b>Total operating expenses</b>		<b>(2,391,785)</b>	<b>(1,737,202)</b>
<b>Surplus for the year</b>		<b>1,172,878</b>	<b>776,261</b>
Other comprehensive income	10	–	795,674
<b>Total comprehensive surplus for the year</b>		<b>1,172,878</b>	<b>1,571,935</b>

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

## Police Co-operative Credit Union (St. Christopher & Nevis) Limited

### Statement of Changes in Members' Equity For the year ended December 31, 2024

(expressed in Eastern Caribbean dollars)

	Note	Members' shares \$	Reserves \$	Special reserve funds \$	Retained earnings \$	Total \$
<b>Balance at December 31, 2022</b>		4,204,250	8,034,332	4,230,336	5,017,882	21,486,800
<b>Comprehensive surplus</b>						
Issuance of permanent shares	16	412,855	–	–	–	412,855
Transfer to development fund		–	–	15,719	(15,719)	–
Transfer to technology & improvement fund		–	–	157,194	(157,194)	–
Transfer to statutory reserves		–	78,597	–	(78,597)	–
Surplus for the year		–	–	–	1,571,935	1,571,935
<b>Balance at December 31, 2023</b>		<b>4,617,105</b>	<b>8,112,929</b>	<b>4,403,249</b>	<b>6,338,307</b>	<b>23,471,590</b>
<b>Comprehensive surplus</b>						
Issuance of permanent shares	16	570,695	–	–	–	570,695
Transfer to development fund		–	–	11,729	(11,729)	–
Transfer to statutory reserves		–	58,644	–	(58,644)	–
Dividends paid		–	–	–	(343,750)	(343,750)
Surplus for the year		–	–	–	1,172,878	1,172,878
<b>Balance at December 31, 2024</b>		<b>5,187,800</b>	<b>8,171,573</b>	<b>4,414,978</b>	<b>7,097,062</b>	<b>24,871,413</b>

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

# Police Co-operative Credit Union (St. Christopher & Nevis) Limited

## Statement of Cash Flows

For the year ended December 31, 2024

(expressed in Eastern Caribbean dollars)

	Note	2024 \$	2023 \$
<b>Cash flows from operating activities</b>			
Surplus for the year		1,172,878	1,571,935
Adjustments for items not affecting cash:			
Interest expense		874,032	824,797
Loan loss recovery		260,994	–
Depreciation	11 & 13	81,400	237,872
Amortisation		25,388	16,131
Interest income		(3,772,392)	(2,906,937)
<b>Operating loss before changes in operating assets and liabilities</b>		<b>(1,357,700)</b>	<b>(256,202)</b>
(Increase)/decrease in operating assets:			
Loans to members		(9,143,375)	(6,691,794)
Other assets		52,469	(16,009)
Increase/(decrease) in operating liabilities:			
Members' deposits		4,941,538	2,121,684
Other liabilities		(351,416)	113,189
<b>Cash used in operations</b>		<b>(5,858,484)</b>	<b>(4,729,132)</b>
Interest received		3,227,459	2,349,747
Interest expense		(874,032)	(824,797)
<b>Net cash used in operating activities</b>		<b>(3,505,057)</b>	<b>(3,204,182)</b>
<b>Cash flows from investing activities</b>			
Interest received from investment securities		309,153	523,485
Purchase of property and equipment	11	(55,965)	(43,288)
Loss on investment		(125,676)	(795,673)
Purchase of investment securities		(117,580)	(315,256)
Acquisition of intangible assets	12	–	(74,013)
<b>Net cash flows from/(used in) investing activities</b>		<b>9,932</b>	<b>(704,745)</b>
<b>Cash flows from financing activities</b>			
Issuance of shares		570,695	412,855
Interest paid on lease liability		277	5,163
Repayment of lease liability		(30,450)	(121,800)
Dividends paid		(343,750)	–
<b>Net cash generated from financing activities</b>		<b>196,772</b>	<b>296,218</b>
<b>Net increase in cash and cash equivalents</b>		<b>(3,298,353)</b>	<b>(3,612,709)</b>
<b>Cash and cash equivalents, beginning of year</b>		<b>9,961,839</b>	<b>13,574,548</b>
<b>Cash and cash equivalents, end of year</b>	7	<b>6,663,486</b>	<b>9,961,839</b>

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

# Police Co-operative Credit Union (St. Christopher & Nevis) Limited

## Notes to Financial Statements

December 31, 2024

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(expressed in Eastern Caribbean dollars)

### 1 Nature of operations

The principal activity of the Police Co-Operative Credit Union (St. Christopher & Nevis) Limited ("the Credit Union") is to promote thrift among, and to create a source of credit for its members at a reasonable rate of interest for provident and productive purposes.

### 2 General information and statement of compliance with International Financial Reporting Standards (IFRS)

The Credit Union was registered on January 20, 1984 under the provisions of the Co-operative Societies Ordinance, Chapter 120 of the laws of St Christopher and Nevis. The Ordinance was subsequently repealed and replaced by the Co-operative Societies Act of 1995. Following that Act, the Credit Union was re-registered under Section 241 of the said Act on October 14, 1998. The 1995 Act was replaced by the Co-operatives Societies Act No. 30 of 2011, and the Credit Union was automatically re-registered on October 17, 2011.

The Credit Union is regulated by the Financial Services Regulatory Commission - St. Kitts Branch.

The registered office of the Credit Union is situated at Cayon Street, Basseterre, St Kitts.

#### **Statement of Compliance**

The accompanying financial statements of the Credit Union have been prepared under the historical cost convention in accordance with IFRS and International Financial Reporting Standards Interpretations Committee (IFRIC) interpretations as issued by the International Accounting Standards Board (IASB).

These financial statements were approved by the Board of Directors on May 30, 2025.

#### **Going concern**

These 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.

### 3 Changes in accounting policies

#### ***New and amended standards and interpretations effective for the financial year beginning January 1, 2024***

The accounting policies adopted are consistent with those of the previous financial year with the exception of those impacted by new and amended standards and interpretations which were effective for annual period beginning on or after January 1, 2024 (unless otherwise stated).

# Police Co-operative Credit Union (St. Christopher & Nevis) Limited

## Notes to Financial Statements

December 31, 2024

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(expressed in Eastern Caribbean dollars)

### 3 Changes in accounting policies ...continued

#### ***New and amended standards and interpretations effective for the financial year beginning January 1, 2024...continued***

- Definition of Accounting Estimates (Amendments to IAS 8);
- Disclosure of Accounting Policies (Amendments to IAS 1 and Practice Statement 2);
- IFRS 17, Insurance Contracts;
- Amendments to IFRS 17 Insurance Contracts;
- Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4);
- *Lease Liability in a Sale and Leaseback* – (Amendments to IFRS 16);
- *Supplier Finance Arrangements* – (Amendments to IAS 7 and IFRS 7); and
- International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12).

*The adoption of these new and amended standards and interpretations did not have a material impact on the Credit Union's financial statements as at and for the year ended December 31, 2024, therefore the disclosures have not been made.*

#### ***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. Information on those expected to be relevant to the Credit Union's financial statements is provided below.

Management anticipates that all relevant pronouncements will be adopted in the Credit Union's accounting policies, if applicable, for the first period beginning after the effective date of the pronouncement. These standards are not expected to have a material impact on the Credit Union's financial statements in future reporting periods and on foreseeable future transactions.

- (1) *IFRS 18 Presentation and Disclosure in Financial Statements – Effective January 1, 2027.*
- (2) *Amendments to IAS 21 - Lack of Exchangeability – Effective January 1, 2025.*

### 4 Summary of significant accounting policies

The financial statements have been prepared using the significant accounting policies and measurement bases summarized below.

#### **a) Foreign currency translation**

##### *(i) Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the Credit Union operates (the "functional currency"). The financial statements are presented in Eastern Caribbean dollars, which is the Credit Union's functional and presentation currency.

##### *(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income within 'Other income' or 'General and administrative expenses'.

# Police Co-operative Credit Union (St. Christopher & Nevis) Limited

## Notes to Financial Statements

December 31, 2024

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(expressed in Eastern Caribbean dollars)

### 4 Summary of significant accounting policies ...continued

#### b) Financial instruments

##### *Recognition and derecognition*

Financial assets and financial liabilities are recognised when the Credit Union becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

##### *Measurement methods*

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 of the financial asset (i.e., its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees. For purchased or originated credit-impaired ("POCI") financial assets – assets, credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

When the Credit Union revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

##### *Classification and measurement of financial assets*

At initial recognition, the Credit Union initially measures a financial asset or financial liability at its fair value 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 incremental and directly attributable to the acquisition or issue of the financial asset or financial liability such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expenses in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

# Police Co-operative Credit Union (St. Christopher & Nevis) Limited

## Notes to Financial Statements

December 31, 2024

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(expressed in Eastern Caribbean dollars)

### 4 Summary of significant accounting policies ...continued

#### b) Financial instruments ...continued

##### *Classification and measurement of financial assets ...continued*

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

- When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e., a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.
- In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realized through settlement.

Financial assets are classified into the following categories:

- amortised cost;
- fair value through profit or loss (FVTPL); or
- fair value through other comprehensive income (FVOCI).

In the current and prior periods presented, the Credit Union does not have any financial assets categorised as FVTPL. All income and expenses relating to financial assets that are recognised in the statement of income are presented within interest income whereas loss allowance is presented within operating expenses and are presented in the statement of comprehensive income.

The classification requirements for debt and equity instruments are described below.

##### *Debt instruments*

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from members in factoring arrangements without recourse.

The classification and subsequent measurement of debt instruments is determined by both:

- the Credit Union's business model for managing the financial asset and,
- the contractual cash flow characteristics of the financial assets.

Based on these factors the Credit Union classifies its debt instruments into the measurement category of amortised cost.

# Police Co-operative Credit Union (St. Christopher & Nevis) Limited

Notes to Financial Statements

December 31, 2024

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(expressed in Eastern Caribbean dollars)

## 4 Summary of significant accounting policies ...continued

### b) Financial instruments ...continued

#### Financial assets at amortised cost and effective interest rate

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

#### *Business model*

The business model reflects how the Credit Union manages the assets in order to generate cash flows. That is, whether the Credit Union's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g., financial assets are held for trading purposes), then the financial assets are classified as part of the 'other' business model and measured at FVTPL. Factors considered by the Credit Union in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

#### *SPPI*

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Credit Union assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI' test). In making this assessment, the Credit Union considers whether the contractual cash flows are consistent with a basic lending arrangement i.e., interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Credit Union reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

# Police Co-operative Credit Union (St. Christopher & Nevis) Limited

## Notes to Financial Statements

December 31, 2024

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(expressed in Eastern Caribbean dollars)

### 4 Summary of significant accounting policies ...continued

#### b) Financial instruments ...continued

##### Financial assets at amortised cost and effective interest rate ...continued

###### *Impairment of financial assets*

The Credit Union uses the IFRS 9's impairment requirement which assesses on a forward-looking basis, the expected credit losses – the 'expected credit loss (ECL) model' on its financial assets carried at amortised cost and with the exposure arising from loan commitments. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans to members and other debt-type financial assets measured at amortised cost and FVOCI, receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Credit Union first identifying a credit loss event. Instead, the Credit Union considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The Credit Union makes use of the 12-month expected credit loss approach in accounting for other financial assets at amortised cost and lifetime expected credit loss approach for long-term interest-bearing loans to members and investment securities and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating the expected credit losses, the Credit Union uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses.

The Credit Union assesses loss allowance of financial assets at amortised cost on a collective basis as they possess shared credit risk characteristics based on the days past due.

# Police Co-operative Credit Union (St. Christopher & Nevis) Limited

## Notes to Financial Statements

December 31, 2024

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(expressed in Eastern Caribbean dollars)

### 4 Summary of significant accounting policies ...continued

#### b) Financial instruments ...continued

##### Modification of loans

The Credit Union sometimes renegotiates or otherwise modifies the contractual cash flows of loans to members. When this happens, the Credit Union assesses whether or not the new terms are substantially different to the original terms. The Credit Union does this by considering, among others, the following factors:

- If the member is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the member is expected to be able to pay;
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan;
- Significant extension of the loan term when the member is not in financial difficulty;
- Significant change in the interest rate;
- Change in the currency the loan is denominated in; and
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Credit Union derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Credit Union also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the member being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Credit Union recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

##### Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include members shares.

# Police Co-operative Credit Union (St. Christopher & Nevis) Limited

## Notes to Financial Statements

December 31, 2024

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(expressed in Eastern Caribbean dollars)

### 4 Summary of significant accounting policies ...continued

#### b) Financial instruments ...continued

##### Modification of loans ...continued

##### *Fair Value through Other Comprehensive Income (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. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value.

##### Financial liabilities

##### (i) *Classification and subsequent measurement*

In both the current and prior periods, financial liabilities are classified as subsequently measured at amortised cost.

##### (ii) *Derecognition*

Financial liabilities are derecognised when they are extinguished (i.e., when the obligation specified in the contract is discharged, cancelled or expires). The exchange between the Credit Union and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

#### c) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short term highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

# Police Co-operative Credit Union (St. Christopher & Nevis) Limited

## Notes to Financial Statements

December 31, 2024

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(expressed in Eastern Caribbean dollars)

### 4 Summary of significant accounting policies ...continued

#### d) Offsetting financial instruments

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

#### e) Property and equipment

Property and equipment are stated at historical cost less depreciation and any impairment losses. Property and equipment are initially recognised at acquisition cost, including any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Credit Union. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Credit Union and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to write down the cost less estimated residual value (if any) at the following annual rates:

Furniture and fittings	10%
Office equipment	15%
Leasehold improvements	33.33%

Gains and losses on disposal of property and equipment are determined by comparing proceeds with the carrying amount. These are included in the statement of comprehensive income in the year the assets are disposed.

The assets' residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

#### f) Intangible assets

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Subsequently, these intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. These costs are amortised over their estimated useful life of three (3) years (33.33% annual rate). The amortisation period and the amortisation method used for the computer software are reviewed at least at each financial year-end.

Computer software is assessed for impairment whenever there is an indication that they may be impaired. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Costs associated with maintaining computer software programmes are recognised as an expense when incurred.

# Police Co-operative Credit Union (St. Christopher & Nevis) Limited

## Notes to Financial Statements

December 31, 2024

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(expressed in Eastern Caribbean dollars)

### 4 Summary of significant accounting policies ...continued

#### g) Impairment of non-financial assets

Non-financial assets that are subject to amortisation are reviewed 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 carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

#### h) Provisions, contingent assets and contingent liabilities

Provisions for legal disputes, onerous contracts 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 and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

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.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

#### i) Income taxes

According to section 242 (2) of the Co-operative Societies Act, 31 of 2011 and the Income Tax Act of St Christopher and Nevis, Chapter 20.22, Section 5(1)(b), with reference to Friendly Societies, the Credit Union is exempt from the payment of income taxes.

#### j) Leases – Credit Union as a lessee

For any new contracts entered, the Credit Union considers whether a contract is, or contains a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition the Credit Union assesses whether the contract meets three key evaluations which are whether:

1. The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Credit Union;

# Police Co-operative Credit Union (St. Christopher & Nevis) Limited

## Notes to Financial Statements

December 31, 2024

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(expressed in Eastern Caribbean dollars)

### 4 Summary of significant accounting policies ...continued

#### j) Leases – Credit Union as a lessee ...continued

2. The Credit Union has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract;
3. The Credit Union has the right to direct the use of the identified asset throughout the period of use. The Credit Union assesses whether it has the right to direct how and for what purpose the asset is used throughout the period of use.

At lease commencement date, the Credit Union recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Credit Union, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). The Credit Union depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Credit Union also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Credit Union measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Credit Union's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero. The Credit Union has elected to account for short-term leases and leases of low-value assets, if any, using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term. The right-of-use assets and lease liabilities have been disclosed separately on the statement of financial position.

#### k) Equity, reserves and dividend payments

##### Member's shares

Members shares represents the proceeds of shares that have been issued.

##### Reserves

###### (i) Statutory reserves

Statutory reserve fund is a reserve fund which is required by the Co-operatives Societies Act of 2011 and article XXL, section 85 of the By-Laws of the Credit Union, which states that every Co-operative Credit Union shall maintain a reserve fund and shall, out of its surplus of each year, transfer to that fund a sum equal to not less than twenty percent of such surplus.

###### (ii) Financial asset revaluation reserve

Financial asset revaluation reserve comprises of unrealised gains and losses from financial assets at FVTOCI.

# Police Co-operative Credit Union (St. Christopher & Nevis) Limited

## Notes to Financial Statements

December 31, 2024

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(expressed in Eastern Caribbean dollars)

### 4 Summary of significant accounting policies ...continued

#### k) Equity, reserves and dividend payments ...continued

##### Reserves ...continued

##### (iii) General and special reserves

General and special reserves are reserves created under the discretion of the Board of Directors. The general and special reserves represent non-distributable reserve and is not available for the payment of dividends.

##### Retained earnings

Retained earnings include all current and prior period retained profits as reported in the statement of comprehensive income, net of dividends.

##### Dividends

Dividend distributions to members are recorded in equity when the dividends have been approved by the Credit Unions members at the Annual General Meeting.

#### l) Interest income and expense

Interest income and expense are recognised in the statement of comprehensive income for all instruments measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period.

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

The calculation of the effective interest rate includes transaction costs and fees paid or received that are an integral part of the effective interest rate.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

- a) POCI financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset.
- b) Financial assets that are not "POCI" but have subsequently become credit impaired (or 'stage 3'), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e., net of the expected credit loss provision).

# Police Co-operative Credit Union (St. Christopher & Nevis) Limited

## Notes to Financial Statements

### December 31, 2024

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(expressed in Eastern Caribbean dollars)

#### 4 Summary of significant accounting policies ...continued

##### l) Interest income and expense ...continued

In the prior financial year ended December 31, 2023, once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest to discount the future cash flows for the purpose of measuring the impairment loss.

##### m) Dividend income

Dividends are recognised in the statement of comprehensive income when the Credit Union's right to receive payment is established.

##### n) Expenses

Expenses are recognised in the statement of comprehensive income upon utilisation of the service or as incurred.

##### o) Employee benefits

*Short-term employee benefits*

Short-term employee benefits, including holiday entitlement, are current liabilities measured at the undiscounted amount that the Credit Union expects to pay as a result of the unused entitlement.

#### 5 Financial risk management

The Credit Union's Board of Directors has overall responsibility for the establishment and oversight of the Credit Union's risk management framework. The Board of Directors has established a Supervisory and Credit Committee for the Credit Union, which are responsible for developing and monitoring the Credit Union's risk management policies along with senior management.

The Credit Union's risk management policies are established to identify and analyse the risks faced by the Credit Union, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The risk management policies and systems are reviewed regularly to reflect changes in market conditions and Credit Union's activities. The Credit Union, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The most important types of risk are credit risk, market risk, liquidity risk, and other operational risk. Market risk includes currency risk and interest rate risk.

# Police Co-operative Credit Union (St. Christopher & Nevis) Limited

## Notes to Financial Statements

December 31, 2024

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(expressed in Eastern Caribbean dollars)

### 5 Financial risk management ...continued

#### 5.1 Credit risk

The Credit Union takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss to the Credit Union by failing to discharge an obligation. Credit risk arises principally from the Credit Union's cash at banks and treasury bills, loans to members, other receivables, loan commitments and investment activities that bring financial instruments into the Credit Union's asset portfolio and can also arise from credit enhancement and financial guarantees, if any.

Credit risk is the risk that the Credit Union will incur a loss because its members or counterparties fail to discharge their contractual obligations.

Credit risk is the most important risk for the Credit Union's business. Those charged with governance, therefore, carefully manages its exposure to credit risk. Credit exposures arise principally in lending activities that lead to loans to members, and investment activities that bring debt securities and other instruments into the Credit Union's asset portfolio. There is also credit risk in off-balance sheet financial instruments, such as loan commitments.

The Board of Directors has delegated responsibility for the oversight of credit risk to its Credit Committee.

#### Credit-related commitments

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Credit Union is potentially exposed to losses in an amount equal to the total unused commitments. However, the likely amount of losses is less than the total unused commitments, as most commitments to extend credit are contingent upon members maintaining specific credit standards.

#### 5.1.1 Credit risk measurement

##### Loans to members including loan commitments and investment securities

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Company measures credit risk through various approaches using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) or a loss rate approach. The approaches used for the purposes of measuring Expected Credit Loss (ECL) under IFRS 9 are outlined in note 5.1.2 for more details.

# Police Co-operative Credit Union (St. Christopher & Nevis) Limited

## Notes to Financial Statements

December 31, 2024

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(expressed in Eastern Caribbean dollars)

### 5 Financial risk management ...continued

#### 5.1 Credit risk ...continued

##### 5.1.2 Expected credit loss measurement

The Credit Union uses the Expected Credit Loss ("ECL"), to estimate the amount the Credit Union is likely to lose in the event of a default. IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

##### **Stage 1**

A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Credit Union. This stage includes financial instruments for which there is no evidence of a significant increase in credit risk since initial recognition and loans that are due to mature within 12 months of the reporting date providing that such loans were not in default.

##### **Stage 2**

If a significant increase in credit risk ("SICR") since initial recognition is identified, the financial instrument is moved to 'Stage 2' but it is not yet deemed to be credit-impaired. This stage considers loans past due for 31 to 90 days and loans that experienced a significant increase in credit risk even if past due days threshold is not met.

##### **Stage 3**

If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. Financial instruments loans past due over 90 days and show evidence of impairment even if the 90 days threshold is not met are factored into this stage.

Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward looking information. Purchased or originated credit-impaired financial assets are those financial assets that are credit impaired on initial recognition. The ECL related to these financial assets is always measured on a lifetime basis (Stage 3).

# Police Co-operative Credit Union (St. Christopher & Nevis) Limited

## Notes to Financial Statements

December 31, 2024

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(expressed in Eastern Caribbean dollars)

### 5 Financial risk management ...continued

#### 5.1 Credit risk ...continued

##### 5.1.2 Expected credit loss measurement ...continued

###### Significant increase in credit risk (SICR)

The Credit Union considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following qualitative or backstop criteria have been met:

Qualitative criteria:

For loans to members, if the borrower meets one or more of the following criteria:

- In short-term forbearance;
- Cancellation of direct debits established under the terms of the loan;
- Extension to the terms granted;
- Previous arrears within the last twelve (12) months;
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default; and
- Early signs of cashflow/liquidity problems such as delay in servicing contractual payments of interest and/or principal.

For investment securities, where the instrument meets one or more of the following criteria:

- Significant increase in credit spread;
- Significant adverse changes in business, financial and/or economic conditions in which the institution operates;
- Actual or expected forbearance or restructuring;
- Actual or expected significant adverse change in operating results of the institution; and
- Early signs of cashflow/liquidity problems such as delay in servicing contractual payments of interest and/or principal.

The assessment of SICR incorporates forward-looking information and is performed on an annual basis at a portfolio level for all loans to members held by the Credit Union. In relation to investment securities, the Credit Union monitors credit risk based on performance of the investment securities at the counterparty level as well as on a periodic basis. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by those charged with governance.

###### Definition of default and credit-impaired assets

The Credit Union defines a financial instrument as in default, which is fully aligned with the definition of being credit-impaired (Stage 3), when it meets one or more of the following criteria:

# Police Co-operative Credit Union (St. Christopher & Nevis) Limited

## Notes to Financial Statements

December 31, 2024

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(expressed in Eastern Caribbean dollars)

### 5 Financial risk management ...continued

#### 5.1 Credit risk ...continued

##### 5.1.2 Expected credit loss measurement ...continued

###### Quantitative criteria

Default is deemed to have occurred where the borrower or institution is more than 90 days past due on its contractual payments.

###### Qualitative criteria

The borrower meets the unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- The borrower or institution is in long-term forbearance;
- The borrower is deceased;
- The borrower or institution is insolvent;
- The borrower is in breach of financial covenant(s);
- An active market for that financial asset has disappeared because of financial difficulties;
- Concessions have been made by the lender relating to the borrower's or institution's financial difficulty;
- It is becoming probable that the borrower or institution will enter bankruptcy; and
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

The criteria above have been applied to all financial instruments held by the Credit Union and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout the Credit Union's expected loss calculations. The Credit Union has not rebutted and maintains that default takes place when a financial asset is 90 days past due given its contractual obligations, which is consistent with regulatory guidelines particularly with respect to loans to members.

An instrument is considered to no longer be in default (i.e., to have cured) when it no longer meets any of the default criteria for a consecutive period of twelve (12) months. This period of twelve (12) months has been determined based on consideration given to historical performance of the financial instrument returning to default status after cure.

###### Maximum exposure to credit risk – Financial instruments subject to impairment

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Credit Union's maximum exposure to credit risk on these assets.

# Police Co-operative Credit Union (St. Christopher & Nevis) Limited

## Notes to Financial Statements

December 31, 2024

(expressed in Eastern Caribbean dollars)

### 5 Financial risk management ...continued

#### 5.1 Credit risk ...continued

##### 5.1.3 Maximum exposure to credit risk before collateral held or other credit enhancements

	2024 \$	2023 \$
<b>Credit risk exposures relating to on-Statement of Financial Position assets:</b>		
Cash and cash equivalents	6,663,486	9,961,839
Loans to members	37,409,190	28,526,809
Investment securities	14,609,952	14,259,717
Other assets	43,375	95,844
<b>Total</b>	<b>58,726,003</b>	<b>52,844,209</b>

The above table represents a worst-case scenario of credit risk exposure to the Credit Union at December 31, 2024 and 2023, without taking account of any collateral held or other credit enhancements attached. For the on-statement of financial position assets, the exposures set out above are based on the net carrying amounts as reported in this statement of financial position. Based on the above figures, 64% (2023: 54%) of the total maximum exposure is derived from loans, while 25% (2023: 27%) and 11% (2023: 19%) represented investments securities and cash resources respectively.

##### 5.1.4 Gross loans and allowance for loan losses

	Gross loans \$	ECL \$	Net loans \$
Stage 1	36,089,500	(60,009)	36,029,491
Stage 2	133,109	(16,514)	116,595
Stage 3	1,918,360	(772,637)	1,145,723
<b>Balance at December 31, 2024</b>	<b>38,140,969</b>	<b>(849,160)</b>	<b>37,291,809</b>
	Gross loans \$	ECL \$	Net loans \$
Stage 1	27,806,596	(58,939)	27,747,657
Stage 2	108,717	(9,608)	99,109
Stage 3	1,129,681	(519,618)	610,063
<b>Balance at December 31, 2023</b>	<b>29,044,994</b>	<b>(588,165)</b>	<b>28,456,829</b>

The Credit Union's Expected Credit Loss (ECL) is calculated using three components which includes Exposure at Default (EAD), Loss at Default (LGD) and Probability of Default (PD).  $ECL = EAD \times LGD \times PD$ .

# Police Co-operative Credit Union (St. Christopher & Nevis) Limited

## Notes to Financial Statements

December 31, 2024

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(expressed in Eastern Caribbean dollars)

### 5 Financial risk management ...continued

#### 5.1 Credit risk ...continued

##### 5.1.4 Gross loans and allowance for loan losses ...continued

The Credit Union invests in Loans. It lends its Members Principal and earns Interest from the Member while the Loan Principal is repaid. The Exposure at Default (EAD) is the value of its Loan Portfolio, or unpaid Loan Principal Balance, that is liable to be lost if Members' default on their loan commitments. As loans are paid in installments into the future, the Credit Union uses the present value of the stream of principal payments that are to be paid by Members. EAD is therefore calculated by subtracted the Collateral from the Present Value of the Loan Investment Portfolio.

#### **EAD = Present Value of Loan Portfolio – Loan Collateral**

The Present Value of the stream of Members' Principal Payments is calculated using the Discounted Cash Flow (DCF) Approach given that DCF is a valuation method used to estimate the value of an investment based on its expected future cash flows. DCF analysis attempts to determine the value of an investment today, based on projections of how much money it will generate in the future. In calculating the Present Value of the Credit Unions' Loan Investment Portfolio for the purpose of calculating the Exposure of Default, a Discount Factor of 10% is applied.

#### 5.2 Market risk

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

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Overall authority for market risk is vested in the Board of Directors. The Board of Directors is responsible for the development of detailed risk management policies and for the day-to-day review of their implementation.

##### 5.2.1 Foreign currency risk

The Credit Union does not face any such risk since its transactions are substantially in Eastern Caribbean Dollars, which is its functional currency.

The Credit Union takes on exposure to the effects of fluctuations in the prevailing foreign currency rates on its financial position and cash flows.

Foreign currencies held by the Credit Union are in United States dollars. The exchange rate of the Eastern Caribbean dollar (EC\$) to the United States dollar (US\$) has been formally pegged at EC\$2.7 = US\$1.00 since 1974. Therefore, the Credit union does not believe any significant foreign currency risk exists at year end.

# Police Co-operative Credit Union (St. Christopher & Nevis) Limited

## Notes to Financial Statements

December 31, 2024

(expressed in Eastern Caribbean dollars)

### 5 Financial risk management ...continued

#### 5.2 Market risk ...continued

##### 5.2.2 Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Credit Union takes on exposure to the effects of fluctuations in the prevailing level of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce losses in the event that unexpected movements arise.

The following table summarises the Credit Union's exposure to interest rate risks. It includes the Credit Union's financial instruments at carrying amounts categorised by maturity dates.

	Up to 1 year \$	1 to 5 years \$	Over 5 years \$	Non- interest bearing \$	Total \$
<b>As at December 31, 2024</b>					
<b>Assets</b>					
Cash and cash equivalents	6,138,589	–	–	524,897	6,663,486
Loans to members	509,961	9,030,510	27,868,719	–	37,409,190
Investment securities:					
<i>Deposits with non- bank institutions</i>	11,905,197	–	–	69,820	11,975,017
<i>Treasury bills</i>	2,476,563	–	–	15,625	2,492,188
<i>AFS investments – quoted</i>	–	–	–	142,747	142,747
Other assets	–	–	–	43,375	43,375
<b>Total financial assets</b>	<b>21,030,310</b>	<b>9,030,510</b>	<b>27,868,719</b>	<b>796,464</b>	<b>58,726,003</b>
<b>Liabilities</b>					
Members' deposits	38,083,879	–	–	–	38,083,879
Other liabilities	–	–	–	1,651,006	1,651,006
<b>Total financial liabilities</b>	<b>38,083,879</b>	<b>–</b>	<b>–</b>	<b>1,651,006</b>	<b>39,734,885</b>
<b>Total interest repricing gap</b>	<b>(17,053,569)</b>	<b>9,030,510</b>	<b>27,868,719</b>	<b>(854,542)</b>	<b>18,991,118</b>

# Police Co-operative Credit Union (St. Christopher & Nevis) Limited

## Notes to Financial Statements

December 31, 2024

(expressed in Eastern Caribbean dollars)

### 5 Financial risk management ...continued

#### 5.2 Market risk ...continued

##### 5.2.2 Interest rate risk ...continued

	Up to 1 year \$	1 to 5 years \$	Over 5 years \$	Non- interest bearing \$	Total \$
<b>As at December 31, 2023</b>					
<b>Assets</b>					
Cash and cash equivalents	8,974,284	–	–	987,555	9,961,839
Loans to members	458,892	5,799,326	22,268,591	–	28,526,809
Investment securities:					
<i>Deposits with non- bank institutions</i>	11,521,483	–	–	100,174	11,621,657
<i>Treasury bills</i>	2,476,563	–	–	15,625	2,492,188
<i>AFS investments – quoted</i>	–	–	–	145,872	145,872
Other assets	–	–	–	95,844	95,844
<b>Total financial assets</b>	<b>23,431,222</b>	<b>5,799,326</b>	<b>22,268,591</b>	<b>1,345,070</b>	<b>52,844,209</b>
<b>Liabilities</b>					
Members' deposits	33,142,341	–	–	–	33,142,341
Lease liability	30,173	–	–	–	30,173
Other liabilities	–	–	–	2,002,422	2,002,422
<b>Total financial liabilities</b>	<b>33,172,514</b>	<b>–</b>	<b>–</b>	<b>2,002,422</b>	<b>35,174,936</b>
<b>Total interest repricing gap</b>	<b>(9,741,292)</b>	<b>5,799,326</b>	<b>22,268,591</b>	<b>(657,352)</b>	<b>17,669,273</b>

Due to limited volatility in the securities markets in which the Credit Union's investments are held, the Credit Union is not unduly exposed to fair value interest rate risk.

# Police Co-operative Credit Union (St. Christopher & Nevis) Limited

## Notes to Financial Statements

December 31, 2024

(expressed in Eastern Caribbean dollars)

### 5 Financial risk management ...continued

#### 5.3 Liquidity risk

Liquidity risk is defined as the risk that the Credit Union will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Credit Union might be unable to meet its payment obligations when they fall due under both normal and stress circumstances. The Credit Union's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Credit Union's reputation. The key elements of the Credit Union's liquidity strategy are as follows:

- Carrying a portfolio of highly liquid assets, diversified by maturity; and
- Monitoring liquidity ratios, liquidity stress testing using PEARLS-specific ratios, maturity mismatches and the extent to which the Credit Union's assets are encumbered and thus not available as potential collateral for obtaining funding.

The Board of Directors sets the Credit Union's strategy for managing liquidity risk and delegates responsibility for oversight of the implementation of this policy to the Supervisory Committee.

#### Non-derivative cash flows

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, whereas the Credit Union manages the inherent liquidity risk based on expected undiscounted cash flows.

<b>As at December 31, 2024</b>	<b>\$</b>
Members' deposits	38,083,879
Other liabilities	<u>1,651,006</u>
<b>Total financial liabilities</b>	<b><u>39,734,885</u></b>
<b>As at December 31, 2023</b>	<b>\$</b>
Members' deposits	33,142,341
Lease liability	30,173
Other liabilities	<u>2,002,422</u>
<b>Total financial liabilities</b>	<b><u>35,174,936</u></b>

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash and cash equivalents, investment securities, other assets and loans due to the Credit Union by its members. The Credit Union would also be able to meet unexpected net cash outflows by selling securities and accessing additional funding sources.

# Police Co-operative Credit Union (St. Christopher & Nevis) Limited

## Notes to Financial Statements

December 31, 2024

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(expressed in Eastern Caribbean dollars)

### 5 Financial risk management ...continued

#### 5.3 Liquidity risk ...continued

##### Off-balance sheet financial instrument

###### Capital commitments

The Credit Union had no contractual capital commitments at December 31, 2024 and 2023.

#### 5.4 Fair value of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between participants at the measurement date.

Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

##### Cash and cash equivalents

Cash and cash equivalents represent the estimated value of deposits with no stated maturity or terms to maturity of 90 days or less, which includes non-interest-bearing deposits and is the amount repayable on demand. The fair values of these financial assets equal their carrying values due to their relatively short-term nature.

##### Loans to members

Loans to members are net of charges for impairment. The estimated fair value of loans to members represents the discounted amount of estimated future cash flows expected to be received. The interest rates on loans reflect the market interest rates, hence the carrying values are considered to approximate the fair values.

##### Investment securities

Investment securities include assets classified as FVOCI and at amortised. Cost is used for unquoted AFS financial assets once they are not impaired. Investment securities classified as loans and receivables are composed of fixed deposit instruments and treasury bills that are interest-bearing. The fair values of these securities equal their carrying values due to their relatively short-term nature.

##### Members' deposits

The estimated fair value of fixed interest-bearing deposits not quoted in an active market is based on discounted cash flows using market interest rates for new deposits with similar remaining maturity.

##### Other receivables and other liabilities

The fair values of other receivables and other liabilities equal their carrying values due to their relatively short-term nature.

# Police Co-operative Credit Union (St. Christopher & Nevis) Limited

## Notes to Financial Statements

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(expressed in Eastern Caribbean dollars)

### 5 Financial risk management ...continued

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

The table below summarises the carrying amounts and fair values of the Credit Union's financial assets and liabilities. Only investment securities measured at FVOCI (equity instruments) are measured at fair value.

	Carrying value		Fair value	
	2024 \$	2023 \$	2024 \$	2023 \$
<b>Financial assets</b>				
Cash and cash equivalents	6,663,486	9,961,839	6,663,486	9,961,839
Loans to members	37,409,190	28,526,809	37,409,190	28,526,809
Investment securities	14,609,952	14,259,717	14,609,952	14,259,717
Other assets	43,375	95,844	43,375	95,844
	<b>58,726,003</b>	<b>52,844,209</b>	<b>58,726,003</b>	<b>52,844,209</b>
<b>Financial liabilities</b>				
Members' deposits	38,083,879	33,142,341	38,083,879	33,142,341
Lease liability	–	30,173	–	30,173
Other liabilities	1,651,007	2,002,423	1,651,007	2,002,423
	<b>39,734,886</b>	<b>35,174,937</b>	<b>39,734,886</b>	<b>35,174,937</b>

#### 5.5 Fair value measurement of financial assets

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Credit Union's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1: Quoted prices in active markets for identical assets and liabilities. This level includes equity securities and debt instruments listed on exchanges.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the assets or liabilities that are not based on observable market data. This level includes equity investments and debt instruments with significant unobservable components.

The hierarchy requires the use of observable market data when available. The Credit Union considers relevant and observable market prices in valuations where possible.

# Police Co-operative Credit Union (St. Christopher & Nevis) Limited

## Notes to Financial Statements

December 31, 2024

(expressed in Eastern Caribbean dollars)

### 5 Financial risk management ...continued

#### 5.6 Capital management

The Credit Union manages and monitors capital from several perspectives including operational capital requirements and regulatory capital requirements. In order to support the entity and to provide its members with a source of finance, the primary objectives of the Credit Union's capital management policy are to ensure:

- i) the Credit Union complies with capital requirements set by regulatory requirements of the Co-operative Societies Act and the PEARLS regulations; and
- ii) maintains strong credit ratings and healthy capital ratios.

The Credit Union manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board of Directors along with the capital adequacy and the use of regulatory capital of the Credit Union.

The Credit Union regulatory capital as managed by those charged with governance and is outlined in the two tiers noted below:

- Tier 1 Capital: members capital, retained earnings and reserves created by appropriation of retained earnings; and
- Tier 2 Capital: qualifying subordinated loan capital, collective impairment allowance and unrealised gains arising on the fair valuation of security instruments held as available for sale.

The table below summarises the composition of regulatory capital of the Credit Union for the two-year presentation. During those two years, the Credit Union complied with externally imposed capital requirements to which it must comply.

	2024 \$	2023 \$
<b>Tier 1 capital</b>		
Members' share	5,187,800	4,617,105
Reserves	8,171,573	8,112,929
Special reserve funds	4,414,978	4,403,249
Retained earnings	7,097,064	6,338,308
<b>Total qualifying Tier 1 capital</b>	<b>24,871,415</b>	<b>23,471,591</b>
<b>Tier 2 capital</b>		
Accumulated impairment allowance	849,160	588,165
<b>Total regulatory capital</b>	<b>25,720,575</b>	<b>24,059,756</b>

# Police Co-operative Credit Union (St. Christopher & Nevis) Limited

## Notes to Financial Statements

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(expressed in Eastern Caribbean dollars)

### 6 Significant management judgment in applying accounting policies and estimation uncertainty

When preparing the financial statements, those charged with governance make a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may be substantially different.

#### *i) Fair value of financial instruments*

Those charged with governance apply valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires those charged with governance to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, those charged with governance uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

#### *ii) Evaluation of business model applied in managing financial instruments*

Upon adoption of IFRS 9, the Credit Union developed business models which reflect how it manages its portfolio of financial instruments. The Credit Union's business models need not be assessed at entity level or as a whole but shall be applied at the level of a portfolio of financial instruments (i.e., group of financial instruments that are managed together by the Credit Union) and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of individual financial instrument).

In determining the classification of a financial instrument under IFRS 9, the Credit Union evaluates in which business model a financial instrument or a portfolio of financial instruments belong to taking into consideration the objectives of each business model established by the Credit Union (e.g., held-for-trading, generating accrual income, direct matching to a specific liability) as those relate to the Credit Union's investment and trading strategies.

#### *iii) Testing of cash flow characteristics of financial assets and continuing evaluation of the business model (2024)*

In determining the classification of financial assets under IFRS 9, the Credit Union assesses whether the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI on the principal outstanding, with interest representing time value of money and credit risk associated with the principal amount outstanding. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents time value of money and credit risk) does not meet the amortised cost criteria. In cases where the relationship between the passage of time and the interest rate of the financial instrument may be imperfect, known as modified time value of money, the Credit Union assesses the modified time value of money feature to determine whether the financial instrument still meets the SPPI criterion. The objective of the assessment is to determine how different the undiscounted contractual cash flows could be from the undiscounted cash flows that would arise if the time

# Police Co-operative Credit Union (St. Christopher & Nevis) Limited

## Notes to Financial Statements

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(expressed in Eastern Caribbean dollars)

### 6 Significant management judgment in applying accounting policies and estimation uncertainty

*...continued*

#### iii) *Testing of cash flow characteristics of financial assets and continuing evaluation of the business model (2024)*

*...continued*

value of money element was not modified (the benchmark cash flows). If the resulting difference is significant, the SPPI criterion is not met. In view of this, the Credit Union considers the effect of the modified time value of money element in each reporting period and cumulatively over the life of the financial instrument.

In addition, IFRS 9 emphasizes that if more than an infrequent sale is made out of a portfolio of financial assets carried at amortised cost, an entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Credit Union considers certain circumstances documented in its business model manual to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessarily inconsistent with a held-to-collect business model if the Credit Union can explain the reasons for those sales and why those sales do not reflect a change in the Credit Union's objective for the business model.

#### iv) *Measurement of the expected credit loss allowance*

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g., the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

The most significant assumptions affecting the ECL allowance are as follows:

- The determination of the estimated time to sell the underlying collateral securing the financial assets;
- The determination of the fair value of the underlying collateral securing the financial assets; and
- The determination of the probabilities of default utilized in the assessment of 12-month and lifetime credit losses.

# Police Co-operative Credit Union (St. Christopher & Nevis) Limited

## Notes to Financial Statements

December 31, 2024

(expressed in Eastern Caribbean dollars)

### 7 Cash and cash equivalents

Cash and cash equivalents include the following:

	2024 \$	2023 \$
Cash on hand	40,809	85,020
Cash at bank	484,088	902,535
Cash at other Credit Unions	136,442	125,228
<b>Total cash</b>	<b>661,339</b>	<b>1,112,783</b>
Short-term deposits	6,002,147	8,849,056
<b>Total cash and cash equivalents</b>	<b>6,663,486</b>	<b>9,961,839</b>

Cash at bank is held in non-interest-bearing current accounts at the St. Kitts-Nevis-Anguilla National Bank Limited. Cash at other Credit Unions are held with the St. Kitts Co-operative Credit Union Limited, Nevis Co-operative Credit Union Limited and First Federal St. Kitts Co-operative Union Limited with interest rates ranging from 1% to 2.52%. (2023: 1% to 2.52%).

Short-term deposit is as follows:

	2024 \$	2023 \$
90-day term deposit at St. Kitts-Nevis-Anguilla National Bank Limited maturing on March 20, 2025 with an interest rate of 1% (2023: 1%).	6,002,147	8,849,056

### 8 Loans to members

	2024 \$	2023 \$
General	27,167,258	20,012,133
Mortgages loans	10,973,711	9,032,861
	<b>38,140,969</b>	29,044,994
Interest receivable	117,381	69,980
<b>Gross loans to members</b>	<b>38,258,350</b>	29,114,974
Allowance for loan impairment	(849,160)	(588,165)
<b>Total loans to members</b>	<b>37,409,190</b>	<b>28,526,809</b>
Current	509,961	458,892
Non-current	36,899,229	28,067,917
	<b>37,409,190</b>	<b>28,526,809</b>

# Police Co-operative Credit Union (St. Christopher & Nevis) Limited

## Notes to Financial Statements

December 31, 2024

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(expressed in Eastern Caribbean dollars)

### 8 Loans to members ...continued

The effective interest rates on productive loans to members at amortised cost as at December 31, 2024 is 5% to 15% (2023: 5% to 15%).

The movement in the impairment losses on loans to members during the year is as follows:

	2024 \$	2023 \$
<b>Movement in impairment losses on loans to members:</b>		
Balance at beginning of the year	(588,165)	(660,837)
ECL Loan provision adjustment	(308,464)	42,186
Expected credit recovery for the year	47,470	30,486
<b>Balance at end of the year</b>	<b>(849,160)</b>	<b>(588,165)</b>

Based on guidelines from the PEARLS methodology, the Credit Union provides for loan losses at the rate of thirty-five (35%) percent on balances less than twelve (12) months old and one hundred (100%) percent on balances more than twelve (12) months old on the net amount of delinquent loans according to the policy set by the Board of Directors. The PEARLS methodology is the basis of provision required by the Co-operatives Societies Act, No. 31 of 2011. Where the PEARLS loan loss provision is greater than the loan loss provision calculated under IFRS 9, the difference is set aside in a special loan loss reserve account in equity. As at December 31, 2024, the provision for credit losses in accordance with the PEARLS methodology amounted to \$1,509,664 (2023: \$1,248,669).

# Police Co-operative Credit Union (St. Christopher & Nevis) Limited

## Notes to Financial Statements

December 31, 2024

(expressed in Eastern Caribbean dollars)

### 9 Investment securities

	2024 \$	2023 \$
<b>Financial assets fair value through other comprehensive income (FVOCI)</b>		
<b>-Quoted equity securities</b>		
St. Kitts-Nevis-Anguilla National Bank Limited 34,999 ordinary shares at \$2.80 per share (2023: 34,999 ordinary shares at \$2.80 per share)	97,997	97,997
The Bank of Nevis Limited 12,500 ordinary shares at \$3.50 per share (2023: \$3.75 per share)	43,750	46,875
First Federal Co-operative Credit Union Ltd. 1,000 ordinary shares at \$1.00 per share	1,000	1,000
<b>Total financial assets fair value through other comprehensive income</b>	<b>142,747</b>	<b>145,872</b>
<b>Financial assets at amortised cost</b>		
<b>Treasury bills</b>		
Two (2) treasury bills from the Government of St. Kitts and Nevis treasury bills maturing on January 31, 2025 with an interest rate of 3.75% (2023: 3.75%)	2,476,563	2,476,563
<b>Term deposits</b>		
<b>The Bank of Nevis Limited</b>		
One year term deposit maturing December 31, 2025 with an interest rate of 3% (2023: 3%)	1,571,134	1,525,372
<b>St. Kitts Co-Operative Credit Union Limited</b>		
One year term deposit maturing December 10, 2025 with an interest rate of 3% (2023: 3%)	583,020	566,306
Six months term deposit maturing June 27, 2025 with an interest rate of 3% (2023: 3%)	135,000	131,102
<b>First Federal Co-operative Credit Union Limited</b>		
One year term deposit maturing December 31, 2025 with an interest rate of 3% (2023: 3.5%)	5,610,265	5,446,207
Six month term deposit maturing February 7, 2025 with an interest rate of 3.00% (2023: 3%)	2,154,481	2,091,103
Two year term deposit maturing January 1, 2025 with an interest rate of 3.25% (2023: 3.25%)	1,065,000	1,000,000
One year term deposit maturing May 26, 2025 with an interest rate of 3.25% (2023: 3.25%)	419,178	405,949
<b>TDC Financial Services Limited</b>		
Six months term deposit maturing June 30, 2025 with an interest rate of 3.25% (2023: 3.25%)	367,121	355,444
<b>Total financial assets at amortised cost</b>	<b>14,381,762</b>	<b>13,998,046</b>
<b>Total Investment securities</b>	<b>14,524,509</b>	<b>14,143,918</b>
Interest receivable	85,443	115,799
<b>Total investment securities, net</b>	<b>14,609,952</b>	<b>14,259,717</b>

# Police Co-operative Credit Union (St. Christopher & Nevis) Limited

## Notes to Financial Statements

December 31, 2024

(expressed in Eastern Caribbean dollars)

### 9 Investment securities ...continued

	2024	2023
	\$	\$
Current	14,467,205	14,113,845
Non-current	142,747	145,872
	<u>14,609,952</u>	<u>14,259,717</u>

### 10 Investment properties

	2024	2023
	\$	\$
Investment properties	<u>5,719,553</u>	<u>5,590,752</u>

#### Revaluation reserve

Revaluation reserve represents the excess of appraised values over the cost of the Credit Union's land purchased as investment properties based on the results of a professional valuation. The Credit Union's investment properties revaluation was performed by an independent professional qualified valuer on December 28, 2023, for properties located at Wingfield Estate and Mattingly Farm, resulting in revalued amounts of \$1,398,102 and \$4,192,650 respectively. The excess of the revaluation resulted in a gain totaling \$795,674, recognized in the statement of comprehensive income as at December 31, 2023. The Board of Directors decided to perform the valuations as at December 28, 2023 on the basis that there were no significant events or circumstances that would have affected the valuations between the year end and the valuation dates.

# Police Co-operative Credit Union (St. Christopher & Nevis) Limited

## Notes to Financial Statements

December 31, 2024

(expressed in Eastern Caribbean dollars)

### 11 Property and equipment

	Leasehold improvements \$	Furniture & fittings \$	Office equipment \$	Total \$
<b>Year Ended December 31, 2023</b>				
Opening net book amount	129,427	19,588	57,108	206,123
Additions	–	15,453	27,835	43,288
Depreciation charge	(103,541)	(6,513)	(15,772)	(125,826)
<b>Closing net book amount</b>	<b>25,886</b>	<b>28,528</b>	<b>69,171</b>	<b>123,585</b>
<b>At December 31, 2023</b>				
Cost	310,624	116,666	212,063	639,353
Accumulated depreciation	(284,738)	(88,138)	(142,892)	(515,768)
<b>Net book amount</b>	<b>25,886</b>	<b>28,528</b>	<b>69,171</b>	<b>123,585</b>
<b>Year Ended December 31, 2024</b>				
Opening net book amount	25,886	28,528	69,171	123,585
Additions	–	10,393	45,572	55,965
Depreciation charge	(25,886)	(8,995)	(18,508)	(53,389)
<b>Closing net book amount</b>	<b>–</b>	<b>29,926</b>	<b>96,235</b>	<b>126,161</b>
<b>At December 31, 2024</b>				
Cost	310,624	127,059	257,635	695,318
Accumulated depreciation	(310,624)	(97,133)	(161,400)	(569,157)
<b>Net book amount</b>	<b>–</b>	<b>29,926</b>	<b>96,235</b>	<b>126,161</b>

# Police Co-operative Credit Union (St. Christopher & Nevis) Limited

## Notes to Financial Statements

December 31, 2024

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(expressed in Eastern Caribbean dollars)

### 12 Intangible assets

	Computer software \$
<b>Year ended December 31, 2023</b>	
Opening net book amount	2,087
Additions	74,013
Amortisation charge	<u>(16,131)</u>
<b>Closing net book value</b>	<b><u>59,969</u></b>
<b>At December 31, 2023</b>	
Cost	179,324
Accumulated amortisation	<u>(119,355)</u>
<b>Net book amount</b>	<b><u>59,969</u></b>
<b>Year ended December 31, 2024</b>	
Opening net book amount	59,969
Amortisation charge	<u>(25,388)</u>
<b>Closing net book value</b>	<b><u>34,581</u></b>
<b>At December 31, 2024</b>	
Cost	179,324
Accumulated amortisation	<u>(144,743)</u>
<b>Net book amount</b>	<b><u>34,581</u></b>

# Police Co-operative Credit Union (St. Christopher & Nevis) Limited

## Notes to Financial Statements

December 31, 2024

(expressed in Eastern Caribbean dollars)

### 13 Leases

The Credit Union leases property for its operations with lease term of three (3) years.

Information about the lease for which the Credit Union is a lessee is presented below.

(i) Amounts recognised in the statement of financial position:

	2024 \$	2023 \$
<b>Right of use assets</b>		
Opening net book value	28,011	140,057
Depreciation charge	(28,011)	(112,046)
<b>Closing net book value</b>	-	28,011
Cost	336,138	336,138
Accumulated depreciation	(336,138)	(308,127)
<b>Balance as at December 31, 2023</b>	-	28,011
<b>Lease liabilities</b>		
Opening balance	30,173	146,810
Interest expense	277	5,163
Lease payments	(30,450)	(121,800)
<b>Balance at end of year</b>	-	30,173
Current	-	30,173
Non-current	-	-
	-	30,173

(ii) Amounts recognised in the statement of comprehensive income:

	2024 \$	2023 \$
Depreciation charge on right-of-use assets	28,011	112,046
Interest expenses on lease liabilities	277	5,163
	28,288	117,209

# Police Co-operative Credit Union (St. Christopher & Nevis) Limited

## Notes to Financial Statements

December 31, 2024

(expressed in Eastern Caribbean dollars)

### 13 Leases ...continued

The table below describes the nature of the Credit Union leasing activity by type of right-of-use asset recognised on the statement of financial position.

Right-of-use Assets	Right-of-use asset Leased	Range of remaining term	Average remaining lease term	Leases with extension option	Leases with termination options
Office Buildings	1	Less than 1 year	3 months	Yes	Yes

The lease liabilities are unsecured and future minimum lease payments are as follows:

	Within 1 year \$
<b>December 31, 2023</b>	
Lease payments	30,450
Finance charges	(277)
<b>Net present values</b>	<b>30,173</b>
<b>December 31, 2024</b>	
Lease payments	-
Finance charges	-
<b>Net present values</b>	<b>-</b>

#### Lease payments not recognized as a liability

The Credit Union has elected not to recognise a lease liability for short-term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis.

# Police Co-operative Credit Union (St. Christopher & Nevis) Limited

## Notes to Financial Statements

December 31, 2024

(expressed in Eastern Caribbean dollars)

### 14 Members' deposits

	2024 \$	2023 \$
Regular savings	20,590,338	17,606,693
Certificate of deposit	8,242,263	7,980,837
Special savings	7,698,900	6,758,739
Business savings	778,085	–
Youth savings	563,085	467,830
Line of credit	178,009	286,007
Christmas savings	21,103	35,826
Insurance savings	12,096	6,409
<b>Total members' deposits</b>	<b>38,083,879</b>	<b>33,142,341</b>
<b>Current</b>	<b>35,383,879</b>	<b>30,442,341</b>
<b>Non-current</b>	<b>2,700,000</b>	<b>2,700,000</b>
	<b>38,083,879</b>	<b>33,142,341</b>

The Credit Union pays interest on all categories of members' deposits with interest rates ranging from 2.25% to 4% (2023: 2.25% to 4%).

# Police Co-operative Credit Union (St. Christopher & Nevis) Limited

## Notes to Financial Statements

December 31, 2024

(expressed in Eastern Caribbean dollars)

### 15 Other liabilities

	2024 \$	2024 \$
Non-member deposits	1,138,840	1,432,882
Accrued expenses	450,701	437,193
Accounts payable	49,448	89,099
Other liabilities	12,017	43,248
<b>Total other liabilities</b>	<b>1,651,006</b>	<b>2,002,422</b>
<b>Current</b>	<b>1,651,006</b>	<b>2,002,422</b>

Non-member deposits represents funds deposited by individuals who are yet to purchase shares and become a member. These accounts are non-interest bearing.

### 16 Members' share

	2024 \$	2023 \$
Balance at the beginning of the year	4,617,105	4,204,250
Issued during the year	570,695	412,855
<b>Total members' share</b>	<b>5,187,800</b>	<b>4,617,105</b>

#### Dividends

On May 28, 2024, at the Credit Union's 40th Annual General Meeting for the year ended December 31, 2023, the Board of Directors approved the declaration of dividends of 8% amounting to \$343,750. The dividends were paid on May 28, 2024. Dividends for the year ended December 31, 2024 will be determined at the 41st Annual General Meeting.

### 17 Reserves

	2024 \$	2023 \$
Statutory reserve	8,130,540	8,071,896
General reserve	61,553	61,553
Financial assets revaluation reserve	(20,520)	(20,520)
<b>Total reserves</b>	<b>8,171,573</b>	<b>8,112,929</b>

# Police Co-operative Credit Union (St. Christopher & Nevis) Limited

## Notes to Financial Statements

December 31, 2024

(expressed in Eastern Caribbean dollars)

### 17 Reserves ...continued

In accordance with Section 125 of the Co-operatives Societies Act, No. 31 of 2011 and Article XXI, Section 85 of the By-Laws of the Police Co-Operative Credit Union (St Christopher & Nevis) Limited, the Credit Union is required to maintain a non-distributable reserve fund in which not less than 20% of its net surplus before dividends shall be carried.

Statutory reserves and other institutional capital reserves shall at no stage be less than 10% of the Credit Union's total assets. If at the end of any financial year the statutory and other capital reserves before any transfers are less than 10% of total assets, the Credit Union shall transfer to statutory reserves no less than 25% of its surplus for that year or a lesser sum required to increase the reserves to 10% total assets. As of 31 December 2024, the ratio of reserves to total assets was 19% (2023: 21%), therefore the Board of Directors decided the Credit Union has opted to transfer five percent (5%) of its surplus to statutory reserves for the year ended December 31, 2024.

#### a) Statutory reserve

	2024	2023
	\$	\$
Balance at beginning of year	8,071,896	7,993,299
Transfers during the year	58,644	78,597
<b>Balance at end of year</b>	<b>8,130,540</b>	<b>8,071,896</b>

The statutory reserve fund may be used for the business of the society, including unforeseen losses; unexpected shortfalls in liquid cash; capital retention, improved earnings, financing of non-earning assets, repair and maintenance; and the avoidance of external borrowing. As at December 31, 2024, the Board of Directors has opted to transfer one percent (1%) of its surplus to the Credit Unions Development Fund.

#### b) General reserve

	2024	2023
	\$	\$
Balance at beginning of year	61,553	61,553
Transfers during the year	-	-
<b>Balance at end of year</b>	<b>61,553</b>	<b>61,553</b>

General reserve represents cumulative amounts appropriated from retained earnings based on the discretion of the Board of Directors for general efficient and administrative purposes.

# Police Co-operative Credit Union (St. Christopher & Nevis) Limited

## Notes to Financial Statements

December 31, 2024

(expressed in Eastern Caribbean dollars)

### 17 Reserves ...continued

#### c) Financial assets revaluation reserve

	2024 \$	2023 \$
Balance at beginning of year	(20,520)	(20,520)
Revaluation during the year	-	-
<b>Balance at end of year</b>	<b>(20,520)</b>	<b>(20,520)</b>

Financial assets revaluation reserve represents unrealised fair value gain or loss on financial assets at FVTOCI.

### 18 Special reserves

Special reserves represent cumulative amounts appropriated from retained earnings based on the discretion of the Board of Directors based on the Credit Unions By-Laws and guidance from the Regulators. It is the policy of the Board of Directors to periodically transfer amounts from retained earnings to special reserve as part of the Credit Union risk management. Special reserve represents a non-distributable reserve and is not available for the payment of dividends.

### 19 Interest income

	2024 \$	2023 \$
Loans to members	3,262,284	2,349,747
Investment securities	510,108	557,190
<b>Total interest income</b>	<b>3,772,392</b>	<b>2,906,937</b>

### 20 Interest expense

	2024 \$	2023 \$
Deposits	874,032	824,797

# Police Co-operative Credit Union (St. Christopher & Nevis) Limited

## Notes to Financial Statements

December 31, 2024

(expressed in Eastern Caribbean dollars)

### 21 Other income

	2024 \$	2023 \$
Fees and commissions	512,459	299,127
Miscellaneous income	152,034	129,198
Dividends income	1,810	2,998
<b>Total other income</b>	<b>666,303</b>	<b>431,323</b>

### 22 General and administrative

	2024 \$	2023 \$
40th Anniversary Celebrations	121,476	-
Insurance - members' loans & deposits	104,722	73,771
Marketing and advertisement	101,090	70,529
Rent	91,350	-
Audit and professional fees	85,028	100,984
Executive honorarium	70,000	62,400
League dues	34,338	41,527
Office expenses	34,253	34,244
Printing	34,230	21,202
Executive expenses	33,967	14,059
IT and website maintenance	33,878	21,516
Educational assistance	32,165	-
Utilities	27,262	20,526
Conventions and conferences	25,099	51,175
Software annual licence	20,826	22,042
Annual general and special meetings	20,000	23,528
IT Subscriptions	19,420	8,844
Cleaner Wages	18,516	12,150
Internet, Telephone and cable	18,427	13,834
Legal and consultation fees	11,813	25,950
Bank charges	11,800	2,802
Financial services registration fee	10,000	10,000
Donations and sponsorship	9,890	9,794
Social events	7,896	6,798
Waste disposal	5,184	5,599
Miscellaneous	5,134	4,249
Property tax	2,543	2,494
Stationery, postage and office supplies	2,411	12,865
Parking Fees	1,800	1,800
<b>Total general and administrative</b>	<b>994,518</b>	<b>674,682</b>

# Police Co-operative Credit Union (St. Christopher & Nevis) Limited

## Notes to Financial Statements

December 31, 2024

(expressed in Eastern Caribbean dollars)

### 23 Employee costs

	2024 \$	2023 \$
Salaries and wages	774,715	643,441
Other staff benefits	135,661	39,914
Social security and levy contributions	68,422	52,287
Bonus	26,775	46,349
Training	23,635	21,363
<b>Total employee costs</b>	<b>1,029,208</b>	<b>803,354</b>

### 24 Related party transactions and balances

Related party relationship exists when one party has the ability to control directly or indirectly, through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between or among entities under common control, with the reporting enterprise and its key management personnel, directors and members.

#### a) Related party balances

The outstanding balances at year end are as follows:

	2024 \$	2023 \$
<b>Loans</b>		
Board of directors	1,070,861	704,596
Supervisory and compliance committee	631,405	335,245
Credit committee	505,613	211,744
<b>Total related party loans</b>	<b>2,207,879</b>	<b>1,251,585</b>

	2024 \$	2023 \$
<b>Deposits</b>		
Board of directors	527,481	644,299
Supervisory and compliance committee	316,830	228,620
Credit committee	121,271	248,313
<b>Total related party deposits</b>	<b>965,582</b>	<b>1,121,232</b>

	2024 \$	2023 \$
Executive honorarium	70,000	62,400

**Police Co-operative Credit Union (St. Christopher & Nevis) Limited**  
Notes to Financial Statements  
**December 31, 2024**

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(expressed in Eastern Caribbean dollars)

**24 Related party transactions and balances ...continued**

**b) Key management**

**Key management balances**

	2024	2023
	\$	\$
Deposits	<u>52,237</u>	<u>27,118</u>

**Key management compensation**

During the year, salaries and allowances of \$204,401 (2023: \$324,900) were paid to the Credit Union’s key management.





**POLICE  
CO-OPERATIVE  
CREDIT UNION**

(ST. CHRISTOPHER & NEVIS LTD.)

OUR MEMBERS ARE OUR MOVEMENT

**ANNUAL REPORT 2024**