CENTRAL BANK EMPLOYEES' CREDIT UNION
CO-OPERATIVE SOCIETY LIMITED

Loan Policy

October 2025

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Version History

Version	Date	Amendments
1.0	2012	
2.0	2014	
3.0	Oct-2025	Entire Document Reworded.

Central Bank Employees' Credit Union

Loan Policy

1. PURPOSE

The purpose of this policy is to guide lending decisions and manage lending risks within the Central Bank Employees' Credit Union Co-Operative Society Limited (Credit Union).

2. POLICY STATEMENT

2.1. The objectives of the Credit Union are to:
- (i) grant loans for provident and productive purposes to eligible members; and
- (ii) to promote thrift.

2.2. All loans will be granted within the limits and restrictions of the Co-operatives Societies Act.

2.3. Delivery of service from the Credit Union to its members shall be free from any discrimination on the grounds of race, colour, religion, national origin, sex or marital status.

2.4. An Officer[1] or staff member of the Credit Union shall not discourage a member from accessing a loan from the Credit Union. The Credit Union will accept and consider an application from any member of the Credit Union. Such requests must be via a completed Credit Union application form.

2.5. No credit facility shall be extended to any member who is delinquent in repaying any loan or has caused the Credit Union loss.

2.6. All loans are subject to normal lending criteria as determined by the Credit Committee in accordance with the Credit Policy. Refer to Appendix I.

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[1] An Officer means holders of elected office on the Board of Directors, Supervisory Committee, Credit Committee and any other person so identified by the Board.

3. EFFECTIVE DATE

3.1. This policy shall be in effect from the 7th day of October, 2025.

4. CONFIDENTIALITY

4.1. All information related to any application, member or transaction will be treated as strictly confidential.

4.2. Notwithstanding 4.1 above, confidential information may be disclosed:

4.2.1. upon the order of any court or to the extent required by statute, rule, regulation or judicial process;

4.2.2. upon request or demand of the Commissioner for Co-operative Development ("Commissioner") or any other regulatory agency having oversight of societies registered under the Co-operative Societies Act Chap. 81:03;

4.2.3. in connection with any litigation to which the Credit Union is a party; or

4.2.4. to the Union's legal counsel and independent auditors and accountants.

5. THE CREDIT COMMITTEE

5.1. A quorum of three elected members is required to assess and approve members' loan applications.

5.2. The Credit Committee shall have the responsibility of the approval and supervision of loans to members of the Credit Union. The Credit Committee shall foster a culture of thrift and prudent use of credit to the mutual benefit of the members and the Credit Union.

5.3. The Credit Committee shall meet at least once per week for the purpose of reviewing and approving loan applications.

5.4. All applications will be reviewed independently of each other. The Credit Committee may request additional information deemed necessary for the approving of loans.

5.5. The Credit Committee shall annually review this Policy and recommend any necessary updates to the Board for approval.

5.6. The Credit Committee shall report regularly to the Board of Directors and to members at the Annual General Meeting as required by the bye-laws.

5.7. Subject to ratification by the Board of Directors, the Credit Committee may delegate authority to the Manager to approve loans in accordance with the approved lending criteria.

6. RATE OF INTEREST

6.1. The rate of interest on loans from the Credit Union shall be 1% per month on the reducing balance, or such other rate as may be set by the Board of Directors in consultation with the Credit Committee.

7. REGULAR LOANS

7.1. Regular loans are divided into two categories:

(i) Partially secured regular loan – a loan against the value of shares where the total amount outstanding is partially covered by the value of the member's shares and that of any co-maker. A partially secured regular loan will not be granted within four months of the date of approval of the last regular loan granted to the member.

A partially secured regular loan shall not exceed a limit of three and a half (3 ½) times the value of the member's shares and the shares of any co-maker, or such other limit as may be approved by the Board of Directors.

Any unsecured portion of a partially secured loan that exceeds three hundred thousand dollars ($300,000) must be supported by additional liquid collateral in accordance with Section 16 of the policy.

(ii) Fully secured regular loans – a loan against the value of shares where the total amount outstanding is covered by the value of the member's shares and that of any co-maker and/or assigned liquid collateral. A fully secured regular loan may be granted at any time (no waiting period).

7.1.1. A member applying for a regular loan may access up to $5,000.00 beyond the amount supported by documentation.

7.1.2. A loan in excess of $300,000.00 or a loan that will take a member's total outstanding loan balance over $300,000.00, must be submitted to the Board of Directors prior to approval to facilitate liquidity management.

7.1.3. A regular loan shall have a maximum repayment period of seven years. All loans must be repaid in the time determined by the Credit Committee within the limits of the repayment schedule outlined in Appendix II.

7.1.4. A member is allowed to refinance an existing facility but shall not have more than regular loan at any time.

7.1.5. In the event of early repayment of a regular loan, interest due shall be immediately payable.

8. QUICK LOANS

8.1. A quick loan is an unsecured loan up to a limit of $10,000.00.

8.2. The applicant must have at least $1,500.00 in his/her share account to access a quick loan.

8.3. A quick loan shall have a maximum repayment period of one and a half (1 ½) years.

8.4. A member shall not have more than one quick loan at any time.

8.5. In the event of early repayment of a quick loan, all interest charges become immediately payable.

8.6. Quick loans are subject to regular lending criteria.

9. LOAN EXCEPTIONS

9.1. On the recommendation of the Credit Committee the Board of Directors may vary normal lending criteria on a case-by-case basis, to facilitate approval of a regular loan in cases of hardship or in exceptional circumstances, including:

- Medical expenses;
- Expenses to avoid foreclosure or eviction;
- Burial or funeral expenses for an immediate family member; and

- Urgent expenses in relation to owner occupied residence (such as losses from fires, earthquakes, floods, land slippage).

9.2. Hardship loans shall not be granted to facilitate recurring expenditure.

9.3. Under the circumstances, the Credit Committee may recommend to the Board a variation of the normal lending criteria which could include:
- Debt service ratio;
- Interest rate; and
- Tenor of the facility.

9.4. In cases such as medical incapacity, natural disasters, or other unforeseen circumstances where an applicant is unable to appear in person to sign an application submitted online, an alternate process may be facilitated.

9.5. Applications submitted under the alternate process shall be reviewed by the Credit Committee and, upon their recommendation, forwarded to the Board of Directors for approval on a case-by-case basis.

10. DEFERRAL OF MONTHLY INSTALMENT

10.1. On the recommendation of the Credit Committee, the Board of Directors may, on a case-by-case basis, approve the deferral of a scheduled repayment.

10.2. Authority for the granting of deferrals is vested with the Credit Committee.

10.3. The member must make an application in writing to the Credit Committee for consideration.

10.4. Deferrals shall not be granted to members whose loans are in arrears.

10.5. A member may be allowed to defer one monthly principal repayment per year based on the twelve (12) month anniversary of the loan approval date. A maximum of two deferrals shall be allowed over the life of the loan.

10.6. The interest due for the period of deferral shall be payable when the deferral is approved.

11. LOAN APPLICATION

11.1. Loans may be granted only to active members of the Credit Union. For the purposes of this loan policy, an active member is a member who has made at least one share purchase within the six months preceding a loan application.

11.2. All loan applications must be made in writing on the relevant Credit Union forms.

11.3. All applications submitted online via the website must be physically signed by the applicant in person to be considered valid.

11.4. In emergency situations, the applicant must submit a written request outlining the nature of the emergency, along with any supporting documentation.

11.5. All loans will be considered on the basis of the qualifying criteria, the prevailing circumstances and at the discretion of the Credit Committee.

11.6. Documentary evidence supporting the purpose of the loan must accompany loan applications, where applicable.

11.7. A signed salary or pension deduction form must accompany each loan application.

11.8. All loans are subject to processing fees as outlined in Appendix III.

12. LOAN INSURANCE

12.1. The Advance Protector Insurance (API) Plan can be accessed by members 18 years to 74 years.

12.2. API liquidates the loan balance in the event of the member's demise, thereby protecting the member's share balance from foreclosure up to the amount insured.

12.3. Loans to members over 75 years, must be fully secured by shares or liquid collateral.

12.4. All loans must be insured by the API Plan.

12.5. API gives the member the option to insure the entire loan or insure the difference between the member's share balance and the loan.

13. CO-MAKER LOANS

13.1. A member may use the shares of another member as collateral with the express permission of the co-maker.

13.2. The co-maker is required to repay the loan should the borrower fail to do so.

13.3. Co-makers must pledge their shares to the amount guaranteed to the Credit Union. These shares must be free of any encumbrances. The member's account will be pledged accordingly.

13.4. A member applying for a loan with one or more co-maker(s) must submit the written consent of the co-maker(s), together with their signed commitment to the loan.

13.5. A co-maker may only obtain a regular loan based on their unencumbered share balance, unless it is co-made by another member.

13.6. Loans may be granted on the condition that the Promissory Note includes one or more co-signatories who are members of good standing in Credit Union.

13.7. The co-maker is required to sign a "Notice to the Co-Maker" confirming their understanding of this arrangement and their responsibilities if the loan becomes delinquent.

14. LOANS TO MEMBERS EMPLOYED ON CONTRACT

14.1. Contract employees are eligible for loans based on the length of their contracts except where the loan is fully secured by shares or other eligible collateral.

15. LOAN APPLICATION SUPPORTING DOCUMENTS

15.1. Loan applications must be accompanied by the member's most recent payslip or other proof of income. Regular loans in excess of $5,000.00 for personal expenses must be accompanied by supporting evidence of the intended use of funds.

15.2. A member will not be allowed to draw down on his/her share account where the balance on the share account will fall below all outstanding loan balances.

15.3. The table below is a guide of the supporting documents for loan applications. The Credit Committee may request additional documentation.

Purpose of Loan	Required Supporting Documents
Purchase of new/used vehicle/ Roll on/Roll off Vehicle	Pro forma invoice from the dealer/vendor.
	Card copy and certified copy of ownership (as applicable).
	Insurance certificate/estimate.
	Letter of intention to sell vehicle to the member.
Car repairs	Detailed estimate of cost of repairs
Medical treatment	Letter from patient's physician and/or medical institution detailing estimated cost.
Income Tax	Statement from the Board of Inland Revenue indicating the taxes due.
Household Articles	Pro forma invoice from Vendor
Education	Copy of booklist, pro forma invoice for books, school fees etc.
Purchase of house and/or land	Letter of intent of sale from the vendor.
	Copy of relevant title deed
	Valuation report
Home Renovations	Detailed estimate of cost of repairs
Insurance	Statement from insurance company
Travel Expenses	Invoice for airline ticket or Itinerary
Court matter	Statement from magistracy or high court regarding the fine imposed.

Purpose of Loan	Required Supporting Documents
	Letter from attorney regarding legal fees.
Debt Consolidation	Legitimate proof of debt.

16. LOAN SECURITY

16.1. The Credit Committee will accept the following as collateral/security for a loan:

Share Deposits	100%
Fixed Deposits and Treasury Bills	100%
Insurance Policies	80% of the Cash Surrender Value (CSV)
Property	90% of value on Residential Properties 80% of the value Commercial properties and 50% of the value of Agricultural land, according to the Valuation Report, prepared by a Valuator accepted by the Society.
Motor Vehicles	85% of resale value for new cars and 70% for used cars as determined by the Credit Union's Valuator, to be held for a period determined by the Committee. For vehicle loans with a lien on the vehicle, the Credit Union must be designated as the loss payee on the insurance policy. Cancellation or failure to renew the vehicle insurance policy will be considered a breach of the loan agreement, resulting in the full outstanding balance of the loan becoming immediately payable.

17. APPROVAL OF LOANS

17.1. Applications must be submitted by 12:00 p.m. on the last business day before the meeting of the Credit Committee. Late applications will be considered at the next meeting of the Credit Committee.

17.2. In reviewing a loan application, the Credit Committee will take into account the following factors:

- Purpose of the loan;
- Eligibility of the applicant;
- Applicant's ability to repay;
- Applicant's loan history and repayment record;
- The amount of funds available for lending; and
- Such other factors the Credit Committee deems appropriate.

18. ESTABLISHING CREDITWORTHINESS

18.1. In establishing the creditworthiness of a member, the Credit Committee shall consider the following factors: -

- The member's ability to repay based on current income and payment obligations.
- The member's attitude towards repaying debts based on debt servicing history with the Credit Union or, if possible, any other lending agency.

18.2. The capacity for additional debt will be based on the following criteria:

- Loan request shall be granted to member, in keeping with proper Credit appraisal methods set.
- The debt service ratio as recommended by the Credit Committee and approved by the Board.

18.3. Consideration must be given to the number of years to retirement when assessing any facility. If the loan extends beyond the date of retirement a pension statement must be provided by the member. This document must be utilized to establish credit worthiness beyond retirement age.

19. REFINANCING

19.1. A member cannot have more than one of the same type of loan at any time. Where a member with an existing loan applies for another, the Credit Union will consolidate both accounts to reflect the overall loan balance and such amended terms as may be required.

19.2. The borrower must demonstrate good faith by regular servicing of the existing loan for a period of not less than four months.

19.3. No loans will be refinanced within four months of the date the previous loan was granted/refinanced except where the new loan is a fully secured regular loan, or if stipulated by a loan sale.

20. MONITORING

20.1. The Credit Committee is responsible for monitoring members who may be temporarily over-extended in their ability to take on additional debt. Such members may be placed on a watch-list and temporarily restricted from accessing further credit until their financial position aligns with the required standards.

21. RETIRED MEMBERS

21.1. Members approaching retirement must make arrangements three months prior to retirement for the orderly monthly repayment of their loans.

22. CHANGE OF EMPLOYMENT

22.1. Borrowers who are no longer employed with their original employer remain fully responsible for the repayment of their loan obligations.

22.2. In the event of a change in employment, the borrower must notify the Credit Union within 14 days and provide the name and contact information of the new employer.

22.3. Where applicable, salary deductions shall be re-established with the new employer, subject to the borrower’s written authorization. A new salary deduction authorization form must be completed to facilitate continued repayment from the new salary.

22.4. In the event a salary deduction cannot be obtained a bank standing order or direct debit are alternate repayment methods to be obtained.

22.5. Borrowers who become self-employed must also notify the Central Bank within 14 days and provide updated contact and income information. In such cases, the borrower shall be required to establish an alternative repayment arrangement, such as standing orders or direct debit instructions, to ensure timely loan repayments.

22.6. Failure to notify the Credit Union of a change in employment status or to make alternative repayment arrangements may result in the loan being classified as delinquent and subject to recovery proceedings in accordance with the institution's credit and collections policy.

23. DELINQUENT LOANS

23.1. A delinquent loan is a loan on which the member has failed to make a scheduled payment by its due date.

23.2. No loan facility will be granted to a member who has a delinquent loan.

23.3. Where a delinquent loan has been regularized the member shall be ineligible to access a credit facility for a period of twelve months following regularization of the loan.

24. LOAN RESTRUCTURING/RESCHEDULING

24.1. A member who is unable to meet his/her obligations to the Credit Union, is required to notify the Manager and/or Credit Committee in writing at least five working days before the scheduled payment is due.

24.2. Requests for rescheduling must be made to the Credit Committee through the Credit Union's office. A comprehensive review of the member's borrowing/saving pattern will be conducted along with a complete investigation of the member's recent state of affairs. Security documents will be amended accordingly.

24.3. The Credit Committee or any person(s) delegated by the Credit Committee may grant an extension of time or rescheduling of payments after careful consideration of the facts.

25. APPEALS

25.1. A member whose loan application was denied by the Credit Committee may request in writing that the Board of Directors consider the application. This request must be made to the Credit Union office within fourteen (14) calendar days of the Credit Committee denying the application.

26. GENERAL POLICIES

26.1. Repayment of all loans shall be done via payroll deductions or such other approved methods. Members may also make payments to the Credit union office where it has become unfeasible to do so via payroll deductions.

26.2. A member may only have one loan of each type at any given time.

26.3. A member of the Credit Committee shall not be present or participate in any deliberation on his/her own loan application or that of a family member or relative.

26.4. All loan applications except where the loan is a fully secured regular loan, must be brought before the Board of Directors for their consideration based on the recommendation of the Credit Committee, where the applicant is a registered Co-operative Society or a member of:

- The Board of Directors
- The Credit Committee
- The Supervisory Committee

26.5. Any alteration to a loan agreement must be approved by the Credit Committee and initialled by all parties to the agreement.

26.6. Notwithstanding the provisions as set forth in the Credit Policy, the Board of Directors reserves the right to exercise its discretion in the review and alteration of any provision(s) described herein and may therefore adjust interest rates and other aspects according to the national financial market and economic conditions.

26.7. The Loan Policy shall be reviewed at least every three years, or upon occurrence of an event that the Board or Credit Committee considers to be significant, to ensure continued relevance and adherence to international standards and best practices.

27. CONSEQUENCES FOR BREACH OF POLICY

27.1. Policy breaches will be subject to investigation by the Supervisory Committee and potential disciplinary action including dismissal shall be recommended to the Board by the Committee.

28. MISAPPLICATON OF LOANS

28.1. Where the Board of Directors or the Credit Committee determines that a member has used a loan for a purpose other than what was originally approved, they may issue a written notice requiring the member to repay the loan before the agreed repayment date.

29. EXCEPTION TO LOAN POLICY

In exceptional cases, the Credit Committee may recommend a policy waiver to the Board by submitting a Board Note outlining the circumstances and providing a detailed justification for the waiver. Supporting documents must be provided where possible.

APPENDIX I – LENDING CRITERIA

The Credit Committee must, at all times, apply standard lending criteria when evaluating and approving loan applications. This is essential to safeguard the Credit Union's assets and ensure the financial soundness of its loan portfolio. All decisions must be guided by prudent judgment, transparency, and consistency in accordance with the institution's credit risk management framework.

The Five Cs of Credit

All loan applications shall be assessed using the Five Cs of Credit framework to determine the applicant's creditworthiness and the overall risk of the facility. These criteria are:

- **Character:** The applicant's credit history, reputation, and demonstrated willingness to repay obligations.
- **Capacity:** The applicant's ability to repay the loan, based on income, employment stability, and existing debt.
- **Capital:** The applicant's own financial contribution or investment in the transaction.
- **Collateral:** Assets pledged to secure the loan, which may be used to recover losses in the event of default.
- **Conditions:** External factors such as economic environment, industry trends, and the purpose and terms of the loan.

Additional Assessment Factors

In addition to the Five Cs, the Credit Committee may consider other relevant factors when assessing loan applications. These may include, but are not limited to:

- The applicant's employment history and income stability
- The purpose and amount of the loan requested
- The applicant's savings and repayment history with the Credit Union
- The value and acceptability of proposed collateral
- Any existing obligations with the Credit Union or other financial institutions
- The applicant's overall financial position and net worth

APPENDIX II - REPAYMENT SCHEDULE

Value of the Loan $	Maximum Tenor of the Facility (Months)	Value of the Loan $	Maximum Tenor of the Facility (Months)
500 - 1,000	6	150,001 - 155,000	72
1,001 - 5,000	12	155,001 - 160,000	72
5,001 - 10,000	18	160,001 - 165,000	74
10,001 - 15,000	24	165,001 - 170,000	74
15,001 - 20,000	24	170,001 - 175,000	76
20,001 - 25,000	30	175,001 - 180,000	76
25,001 - 30,000	36	180,001 - 185,000	78
30,001 - 35,000	36	185,001 - 190,000	78
35,001 - 40,000	36	190,001 - 195,000	80
40,001 - 45,000	48	195,001 - 200,000	80
45,001 - 50,000	48	200,001 - 205,000	82
50,001 - 55,000	48	205,001 - 210,000	82
55,001 - 60,000	55	210,001 - 215,000	84
60,001 - 65,000	55	215,001 - 220,000	84
65,001 - 70,000	60	220,001 - 225,000	84
70,001 - 75,000	60	225,001 - 230,000	84
75,001 - 80,000	60	230,001 - 235,000	84
80,001 - 85,000	60	235,001 - 240,000	84
85,001 - 90,000	60	240,001 - 245,000	84
90,001 - 95.000	60	245,001 - 250,000	84
95,001 - 100,000	60	250,001 - 255,000	84
100,001 - 105,000	62	255,001 - 260,000	84
105,001 - 110,000	62	260,001 - 265,000	84
110,001 - 115,000	64	265,001 - 270,000	84
115,001 - 120,000	64	270,001 - 275,000	84
120,001 - 125,000	66	275,001 - 280,000	84
125,001 - 130,000	66	280,001- 285,000	84
130,001 - 135,000	68	285,001 - 290,000	84
135,001 - 140,000	68	290,001 - 295,000	84
140,001 - 145,000	70	295,001 - 300,000	84
145,001 - 150,000	70		

APPENDIX III - FEES AND CHARGES

The processing fees for loans will be based on the type or purpose of the loan and the steps involved in the adjudication process. The fees are as follows: -

Regular Loans	$40.00
Quick Loans	$40.00
Vehicle Loans	$40.00
Educational Loans	$40.00
Investment Loans	$40.00
Co-Maker Loans	$40.00
Loans Secured by an Instrument of Charge	$40.00
Mortgages	**TBD**

Any additional charges, including legal fees incurred during the perfection of a loan, shall be borne by the member.

Other Fees

Delinquency Surcharge	Monthly surcharge of $50.00
Waivers of Instalments -	$ 20.00