

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Non-consolidated Financial Statements

For the year ended March 31, 2015

(Expressed in Barbados dollars)

24. Financial Risk Management...(continued)

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Credit Union is mainly exposed to interest rate risk. The Credit Union's exposure to currency risk is minimal since it does not have any significant foreign currency denominated assets.

Interest rate risk

Interest rate risk is the risk of loss from the fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. It arises when there is a mismatch between interest-bearing assets and interest-bearing liabilities, which are subject to interest rate adjustments, within a specified period. It can be reflected as a loss of future net interest income and/or a loss of current market values.

A summary of the Credit Union's interest rate gap position is as follows:

		2015				Non-interest bearing	Total
		Up to 3 months	Within 3-12 months	Within 1-5 years	Over 5 years		
Cash resources	\$	48,134,476	29,615,243	16,023,003	-	-	93,772,722
Financial investments –							
Held-to-maturity		2,082,500	5,646,952	7,109,000	11,000,000	-	25,838,462
Loans and advances		14,231,946	25,200,556	190,162,891	516,901,546	-	746,496,939
Due from related companies		-	-	-	-	17,425,274	17,425,274
Other assets		-	-	-	-	3,937,049	3,937,049
Total assets	\$	64,448,922	60,462,751	213,294,894	527,901,546	21,362,323	887,470,446
Deposits	\$	431,817,993	55,072,201	256,421,519	31,804,572	-	775,116,285
Loans payable		765,343	2,332,256	13,298,434	17,049,099	-	33,445,132
Reimbursable shares		-	-	-	-	6,700,221	6,700,221
Other liabilities		-	-	-	-	7,418,620	7,418,620
Total liabilities		432,583,336	57,404,457	269,719,953	48,853,671	14,118,841	822,680,258
Interest rate gap	\$	(368,134,414)	3,058,294	(56,425,059)	479,047,875	7,243,482	64,790,188