

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Consolidated Financial Statements

For the year ended March 31, 2016

(Expressed in Barbados dollars)

24. Commitments and Contingencies, continued

(iii) Loan facilities

Loan facilities committed but not recognised in the financial statements as at March 31, 2016 are as follows:

- (a) an approved line of credit facility of \$10,000,000 (2015 - \$10,000,000) with a bank. This facility is secured by a first legal mortgage over the property at Belmont Road. At March 31, 2016 this facility was undisbursed.
- (b) an approved line of credit facility of \$125,000 (2015 - \$125,000) with a bank for the purpose of securing the corporate credits used by the Credit Union during the normal course of business. This facility is secured by an equivalent value of held-to-maturity investments. The commitment due on this facility at year end was \$28,732 (2015 - \$10,567).

(iv) Legal proceedings

At March 31, 2016, there were certain legal proceedings against the Group. In view of the inherent difficulty of predicting the outcome of such matters, the Group cannot state what the eventual outcome of such matters will be; however, based on current knowledge, the Group does not believe that liabilities, if any, arising from pending litigation will have a material adverse effect on its financial position or results of operations.

25. Financial Risk Management

25.1 Introduction

Risk is inherent in the Group's activities but is managed through a process of on-going identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual is accountable for the risk exposures relating to his or her responsibilities. The Group is exposed to credit risk, liquidity risk, market risk and operational risk.

The Group's aim therefore is to achieve an appropriate balance between risk and return and minimise potential adverse effects on its financial performance.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. The Group's policy is to monitor those business risks through its strategic planning process.

Risk management structure

The Board of Directors is responsible for the overall risk management approach and for approving the risk management strategies and principles.

Supervisory and Audit Committees have the responsibility to monitor the overall risk process within the Group.