

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)

25. Financial Risk Management, continued

25.2 Credit risk, continued

Exposure to credit risk before collateral held or other credit enhancements

Maximum exposure

Credit risk exposures relating to on-balance sheet assets are as follows:

	<u>2016</u>	<u>2015</u>
Loans and advances to customers:		
Consumer	\$ 576,840,304	530,921,980
Mortgages	407,541,779	360,308,001
Business	9,392,178	9,390,964
Financial investments:		
Held to maturity	29,074,183	25,838,462
Loans and receivables	3,550,855	3,112,780
Cash resources	128,343,666	108,772,406

Credit risk exposures relating to off-balance sheet items are as follows:

Loan commitments	<u>75,659,531</u>	<u>82,768,484</u>
Total maximum exposure	\$ <u>1,230,402,496</u>	<u>1,121,113,077</u>

The above table represents the maximum credit risk exposure of the Group as of March 31, 2016 and March 31, 2015, without taking account of any collateral held or other credit enhancements attached. For on-balance sheet assets, the exposures set out above are based on net carrying amounts as reported in the statement of financial position.

Credit quality by class of financial assets

Loans and advances

The credit quality of the loans and advances is managed through the prudent underwriting principles established by the Group.

Financial investments

The Group has principally invested in government bonds issued by the Government of Barbados which in the 2015 financial year was downgraded to a BB+ rating by Standard & Poors. During the year ended March 31, 2016, this rating was further downgraded to BB-.

Cash and balances with Central Bank

The credit quality of financial institutions holding the Group's cash resources is assessed according to the level of their credit worthiness and by comparison to other financial institutions. The Group places its cash resources with reputable financial institutions.