

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Consolidated Financial Statements

For the year ended March 31, 2019

(Expressed in Barbados dollars)

12. Financial Investments, continued

The movement in expected credit loss allowance is as follows:

	<u>Note</u>	<u>2019</u>	<u>2018</u>
Balance at beginning of year		\$ -	-
Impact of IFRS 9	2(b)	<u>2,636,001</u>	-
Balance at beginning of year (adjusted)		2,636,001	-
Derecognition of expected credit loss allowance	(ii)	<u>(1,828,217)</u>	-
Expected credit loss on investments		<u>(110,000)</u>	-
Balance at end of year		\$ <u>697,784</u>	-

- (i) On October 1, 2018, the Government of Barbados restructured all of its treasury notes and debentures and some state owned debt resulting in the derecognition of the existing debt securities given the contractual cash flows of the new debt securities were significantly different. The carrying value of those debt securities was \$20,369,309 (i.e. gross carrying value of \$22,197,526 net of expected credit allowance of \$1,828,217). The new series B and D bonds issued by the Government of Barbados effective October 1, 2018 was \$16,331,378, resulting in a derecognition loss on investments of \$4,037,931 which was recognized in the consolidated statement of income.

\$35,642 and \$662,142 of the expected credit loss allowance at March 31, 2019 relate to debt securities classified as stage 1 and stage 3 respectively.

13. Loans and Advances

- (i) Loans and advances are comprised of the following:

	<u>2019</u>			
	<u>Consumer</u>	<u>Business</u>	<u>Mortgages</u>	<u>Total</u>
Gross loans	\$ 744,604,500	34,611,621	476,186,497	1,255,402,618
Less: ECL allowance ***	<u>(21,085,445)</u>	<u>(883,022)</u>	<u>(6,185,296)</u>	<u>(28,153,763)</u>
	\$ <u>723,519,055</u>	<u>33,728,599</u>	<u>470,001,201</u>	1,227,248,855
Add: interest receivable				<u>8,511,040</u>
			\$	<u>1,235,759,895</u>

*** Included in expected credit loss allowance as at March 31, 2019, is a provision for the undrawn loan commitments of \$231,587.