

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)

13. Loans and Advances, continued

In October 2015, the subsidiary entered into a Deed of Sale and Administration agreement with the Eastern Caribbean Home Mortgage Bank (ECHMB), wherein the subsidiary sold its rights to 100% of the cash flows arising on a portfolio of loans amounting to \$2,424,473. The agreement provides that the subsidiary could repurchase and replace any loan included in the loan portfolio subject to the mutual agreement of the parties. The subsidiary has determined that substantially all the risks and rewards of the said loan portfolio have been retained by the subsidiary and consequently, the loans were not derecognized. The subsidiary accounted for the transaction as collateralized borrowing and recorded the cash received from such agreement as loans payable reported in the consolidated statement of financial position (see Note 19).

A portfolio of mortgage loans of a subsidiary has been pledged as security for certain customer deposits totalling \$18,850,000 (2018 - \$18,850,000). At March 31, 2019 a floating charge of \$15,000,000 (2018 - \$15,000,000) over these deposits had been formalised.

- (ii) The movement in the expected credit loss allowance (2018 – provision for impaired loans) is as follows:

2019				
	Consumer	Business	Mortgages	Total
Balance, beginning of year	\$ 21,126,237	161,360	5,431,408	26,719,005
Impact of IFRS 9	(482,745)	22,255	925,354	464,864
Balance, beginning of year (adjusted)	20,643,492	183,615	6,356,752	27,183,869
Amounts charged/write off	(3,040,134)	(37,830)	(205,902)	(3,283,866)
Expected credit losses	3,482,087	737,237	34,436	4,253,760
Balance, end of year	\$ 21,085,445	883,022	6,185,296	28,153,763