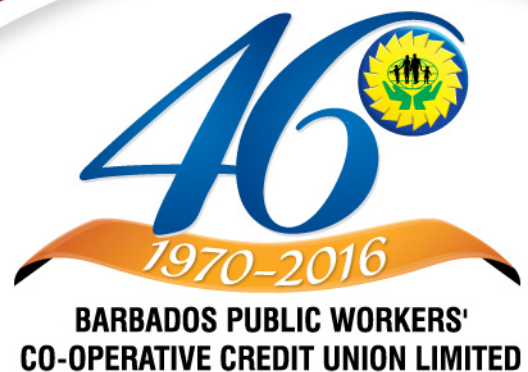
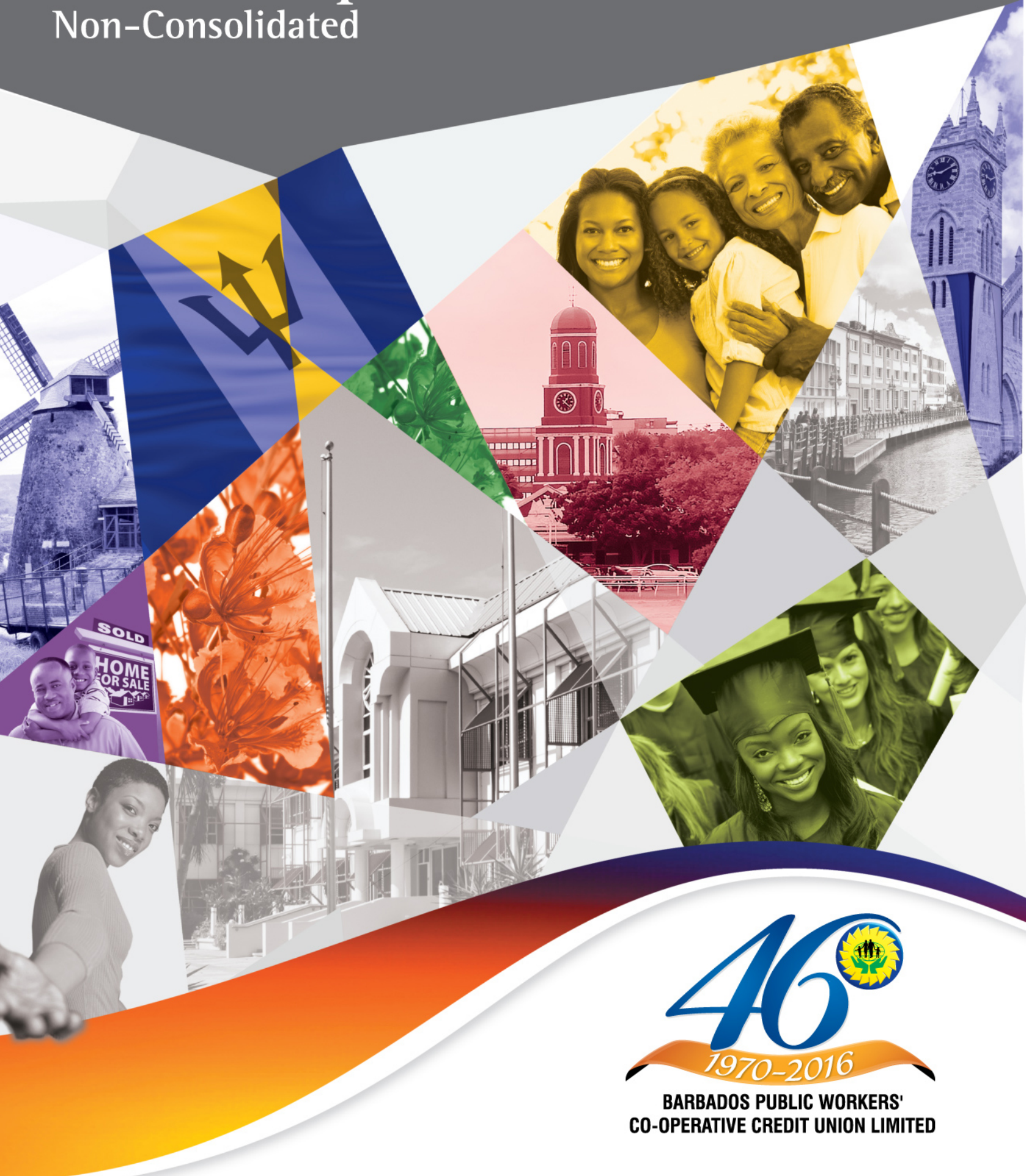


Annual Report 2016

Non-Consolidated



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**BARBADOS PUBLIC WORKERS'
CO-OPERATIVE CREDIT UNION LIMITED**

MISSION STATEMENT

Our mission is to render excellence in service to our members while providing the means for enhancing their financial, economic and social well being, in consonance with co-operative principles.

VISION STATEMENT

Our vision is to be the premier indigenous co-operative financial services provider in the region, hand in hand with our membership.

OUR COMMON BOND

We commit to these values to guide our decisions and behaviour.

VALUES

Respect for Individuals

We treat each other and our members with respect and dignity, valuing individual differences. We communicate frequently and with candor, listening to each other regardless of level or position.

Dedicated to Helping Members

We truly care for each member. We build enduring relationships by understanding and anticipating our members' needs and by serving them better each time than the time before.

Highest Standards of Integrity

We are honest and ethical in all our business dealings, starting with how we treat each other. We keep our promises and admit our mistakes. Our personal conduct ensures that the Barbados Public Workers' Co-

operative Credit Union Limited's (BPWCCUL) name is always worthy of trust.

Service Quality, Diversity and Innovation

We believe service quality, innovation and diversity are the engines that will keep us vital and growing. Our culture embraces quality and creativity, seeks different perspectives and risks pursuing new opportunities.

Team Work

We encourage and reward both individual and team achievements. We freely join with our vendors and business partners across organisational boundaries to advance the interest of our members.

By living these values, BPWCCUL aspires to achieve a standard of excellence that will reward our members, and all BPWCCUL people.

TRAINING AND DEVELOPMENT

As part of our commitment to continuous organizational development, members of staff completed the following training programmes during the year.

Course Title

- 2016 ProfitStars Educational Conference
- AML/CFT Training for Directors, Committee Members and Senior Management
- BCCI Business Luncheon "Export & Grow Revitalising the Barbados Economy"
- BEC Labour Law Custom & Practice Workshop
- Board HR Committee Program
- CaribDE Training
- CaribDE18
- Caribbean Confederation of Credit Unions' Conference
- Conducting Employee Discipline
- Conveyancing Seminar
- Credit Union InfoSecurity Conference
- CUES - CEO School
- CUES CEO Executive Network
- CUES Symposium, A CEO/Chairman Exchange
- CUNA Management School
- CUNA Marketing & Business Development Council Conference
- CUNA Sales & Service Culture Institute Conference
- CUNA Volunteer Institute
- CUNA World-Class Service Leadership Institute
- Demystifying IT Auditing - IT General Controls
- Distinguished Leadership & Innovation Conference 2015 (DLIC)
- HRMAB Conference 2015 - Compensation & Benefits
- HRMAB Conference 2015 - How to be Successful at Succession Planning
- HRMAB Conference 2015 - The Technology Driven Organisation
- ICAB: Corporate Governance - A Practical Guide
- IIA - Risk-Based Auditing - A Value Added Proposition
- Licensing Academy in Intellectual Property and Technology Transfer
- Managing Safely Workshop
- National Youth Involvement Board (NYIB) 2015 Conference
- Performance Development Review Training for Managers
- Performance Development Review Training for Supervisors
- Society for HRM (SHRM)
- Strategic HRM Program
- Systems Implementation Auditing
- World Council of Credit Unions' Conference

OUR LEADERS

BOARD OF DIRECTORS



President
Bro. Glendon A. Belle



Vice President
Bro. Raphael Holder



Treasurer
Bro. Anthony Christie



Secretary
Sis. Carole Layne-Browne



Assistant Secretary
Sis. Kerry-Ann King



Director
Bro. Cedric Murrell



Director
Sis. Julie Corbin



Director
Bro. Matthew Thornhill



Director
Bro. Trevor Colucci

MANAGEMENT TEAM



Group Chief Executive Officer
Sis. Clorinda Alleyne



Group Financial Controller
Bro. LeVere Catlyn



Group Human Resources Manager
Sis. Tania Nicholls



General Counsel
Sis. Natalie Holder



Manager, Management Information Systems
Bro. Irwin Gibson



Internal Auditor
Bro. Eric Small



Member Relations Manager - Loans
Bro. Philip Babb



Member Relations Manager - Savings and Deposits
Bro. Zandre Bowen



Compliance Manager
Sis. Wanda Massiah



Business Facilitation and Innovation Manager
Sis. Judith Sarjeant

CORPORATE INFORMATION

BOARD OF DIRECTORS - BPWCCUL

Mr. Glendon A. Belle, Dip. Credit Union Management, CCUV, CCD – **President**
Mr. Raphael Holder, CCP, GRP, CCD, CCUV – **Vice President**
Mrs. Carole Layne-Browne, B.Sc., CPA, CGA, ACIS, CCD, CCUV – **Secretary**
Ms. Kerry-Ann King, B.Sc. Accounting (Hons), CCUV, CCD – **Assistant Secretary**
Mr. Anthony Christie, B.Sc., CPA, CMA, CCUV, CCD – **Treasurer**
Mr. Cedric Murrell, Cert. Public Administration, Dip. ANS Management, CCUV, CCD – **Director**
Ms. Julie Corbin, MSc. Management, Bachelor of Arts - Psychology, CCUV – **Director**
Mr. Matthew Thornhill, MEng (Hons), CEng, CCUV – **Director**
Mr. Trevor Colucci, Diploma Co-operative Studies (Development & Management), CCUV – **Director**

AUDITORS

KPMG – Chartered Accountants

PRINCIPAL BANKER

Republic Bank (Barbados) Limited

EXECUTIVE MANAGEMENT

Miss Clorinda Alleyne, LLB, LEC, Dip. Credit Union Management – **Group Chief Executive Officer**
Mrs. Tania Nicholls, Dip. Mgmt. M.Sc. Human Resources Management – **Group Human Resources Manager**
Mr. LeVere Catlyn, CPA, CGA, CCUE – **Group Financial Controller**
Ms. Natalie Holder, LLB, LEC – **General Counsel**
Mr. Eric Small, B.Sc., CIA, CFE – **Internal Auditor**
Mr. Irwin Gibson, BEng, M.Sc., MBA – **Manager, Management Information Systems**
Miss Judith Sarjeant, B.Sc., M.Sc., CISSP, PMP, CFE – **Business Facilitation and Innovation Manager**
Mr. Philip Babb – **Member Relations Manager-Loans**
Mrs. Wanda Massiah, B.Sc., M.Sc. – **Compliance Manager**
Mr. Zandre Bowen, B.Sc. – **Member Relations Manager-Savings & Deposits**

SUPERVISORY & MIDDLE MANAGEMENT

Mr. Allan Clarke, Dip. Credit Union Management – **Senior Audit Assistant**
Mrs. Andrea Marshall, Dip. Credit Union Management – **Senior Financial Services Representative**
Mrs. Carol Toppin, B.Sc., Cert. P.M – **Senior Financial Services Representative**
Mr. Courtney Gibson, FCCA, MBA – **Financial Accountant**
Ms. Dawn Blades – **Contact Centre Team Leader**
Mrs. Dawn Corbin, APOM, CCST, B.Sc. (HR) – **Service Quality Leader (ag.)**
Miss Dale Edwards, B.Sc., MBA – **Assistant Senior Financial Services Representative**
Mrs. Elizabeth King, Dip. Credit Union Management, CCUE – **Branch Operations Officer**
Mr. Elridge Bend, AICB, Dip. Credit Union Management – **Branch Operations Officer**
Mrs. Gleneth Clarke, AICB – **Senior Financial Services Representative**
Mrs. Harriet Franklin, B.Sc. – **Branch Operations Officer**
Ms. Jameela Hollingsworth, B.Sc., HRM – **Human Resources Business Partner**
Miss Janet Goring – Assoc. Deg, AAS, CCUM, MCP – **Dbase Admin/Bus Sys. Analyst**
Mr. Jefferson Murray, Dip. Banking & Finance, CPAML – **Compliance Officer**
Mrs. Kim Bradshaw, Cert. IT, MCP, Assoc. Degree Bus. Studies – **Systems Administrator, MIS**
Mrs. Margaret Everatt, BSc. Mgmt. – **Assistant Accountant**
Miss Marian Niles – **Senior Financial Services Representative**
Mr. Mark Bailey – **Network Administrator**
Mrs. Michelle Ashby, Dip. Credit Union Management, AICB – **Branch Operations Officer**
Mrs. Nadia Richards – **Senior Financial Services Representative**
Miss Natasha Holder, B.A., Cert. Supervisory Management – **Assistant Senior Financial Services Representative**
Mr. Neil Lucas, B.Sc., M.Sc. – **Network Administrator**
Mrs. Rene Rudder, Assoc. Deg., B.Sc. – **Senior Audit Assistant**
Mr. Rommel Aimey, B.Sc. – **Senior Financial Services Representative**

Mrs. Sadie Austin – **Card & E-Services Supervisor**
Ms. Shirley George – **Senior Financial Services Representative**
Mrs. Susan Byer, B.Sc., LLB, CCUE – **Securities Officer**
Ms. Susan Coppin, APS, ACS, Dip. Mgmt. – **Executive Secretary**
Miss Suzette Grimes – **Assistant Accountant**
Ms. Patricia Archer, Post Grad Diploma Learning and Development – **Human Resources Development Officer**
Mrs. Petula Wiggins, AICB – **Senior Financial Services Representative**
Mrs. Tracia Pounder, B.Sc., Cert. Mktg. – **Marketing Officer**
Miss Tracia Sargeant, Dip. Banking & Finance – **Senior Financial Services Representative**
Miss Vette Forde – **Senior Financial Services Representative**
Miss Wilma Massiah, Dip. Credit Union Management, AICB – **Senior Financial Services Representative**

CEO's Office

Mrs. Kerry Ann Kirton, Cert. ICSA, CPS, ACS, Dip. Management – **Executive Secretary to CEO (ag.)**
Ms. Rosario Maynard, Associate Deg., ACS, APS – **Secretary**

ACCOUNTS & FINANCE DEPARTMENT

Mr. Andrew Gibson, Assoc. Deg. – **Accounts Assistant**
Mrs. Angela Headley – **Accounts Assistant**
Mrs. Chandra Price – **Accounts Assistant**
Miss Dasley Clarke – **Accounts Assistant**
Mr. Jamar McCaskie, B.Sc., M.Sc. – **Accounts Assistant**
Mrs. Kelly Jones – **Accounts Assistant**
Mr. Maxwell Benn, Associate Deg. – **Accounts Assistant**
Miss Rosie Bishop, Dip. IT, ACSC – **Accounts Assistant**
Miss Saadia Griffith, B.Sc., Dip. CMA – **Accounts Assistant**
Mrs. Sandra Waterman, APS, ACS, Dip. Management – **Secretary**
Mrs. Shelly Ann Morris-Brathwaite, CAT – **Accounts Assistant**
Mrs. Shontelle Brooks, CAT – **Accounts Assistant**
Ms. Tilia King – **Accounts Assistant**
Mrs. Tricia Archer, B.Sc. (Hons.) – **Junior Financial Analyst**

MORTGAGES & CONSUMER LOANS

Mr. Adrian Allen – **Financial Services Representative**
Mrs. Arlene Seale, Cert. Supervisory Management – **Financial Services Representative**
Mrs. Cecile O'Neale-Dorne, FICB, CCUM, CCUFC – **Financial Services Representative**
Miss Cheryl Rollins, Assoc. Deg. – **Secretary**
Mr. Evans Kirton – **Financial Services Representative**
Ms. Gena Lamontagne – **Financial Services Representative**
Mrs. Jalisa Jordan, Assoc. Deg. – **Financial Services Representative**
Miss Katrina Worrell, Assoc. Deg., B.Sc. – **Financial Services Representative**
Miss Karen Giles, APS, ACS – **Branch Secretary**
Mrs. Lana Antrobus – **Financial Services Representative**
Mrs. Lisa Goodridge – **Financial Services Representative**
Miss Natalie Nicholls – **Financial Services Representative**
Mr. Nicholas Alleyne, Cert. Project Management – **Financial Services Representative**
Mrs. Sheena Bowen, B.Sc. – **Financial Services Representative**
Miss Tricia Morris, B.Sc., Cert. Mktg, Advt. & PR – **Financial Services Representative**

HUMAN RESOURCES/ADMINISTRATION DEPARTMENT

Miss Kaylone Browne, Cert. HRM – **Human Resources Assistant**
Mrs. Nikisha Francis, B.Sc., M.Sc. – **Human Resources Associate**
Mr. Peter Broomes – **Driver/Messenger**
Mrs. Phylis Gill – **Registry Clerk**
Mr. Ryan Inniss – **Registry Clerk**
Mr. Wayne Scott – **Registry Clerk**

ESTATE DEPARTMENT

Mr. Andrew Estwick – **Driver/Handyman**
Ms. Karen Browne – **Administrative Assistant**
Mr. Rodney Edwards – **Driver/ Handyman**

INTERNAL AUDIT DEPARTMENT

Mr. Jason Springer, Assoc. Deg. CFSA, CRMA – **Audit Assistant**
Miss Stacy Gulstone, B.Sc. – **Audit Assistant**

LEGAL DEPARTMENT

Miss Alicia Constantine – **Clerk**
Miss Chaitali Soudatt – **Legal Clerk**
Miss Cynthia Gittens, APOM, Cert. Paralegal Studies – **Legal Secretary**
Miss Donna Scantlebury, ACS, Cert. Paralegal & Supervisory Management – **Legal Assistant II**
Miss Heather Lynch, Cert. Paralegal Studies & Supervisory Management – **Legal Assistant II**
Miss Joy-Ann Lewis, APOM, PSC, SSC – **Legal Secretary**
Mrs. Sandra Alleyne-Daniel, APS, Cert. Paralegal Studies & Supervisory Management – **Legal Secretary**
Mrs. Shedell Odle-Gill, Cert. Paralegal Studies – **Legal Assistant I**

MANAGEMENT INFORMATION SYSTEMS DEPARTMENT

Miss Kerrie Young, B.Sc. Computer Studies, CompTIA A+ – **Systems Operator**
Miss Makeba King, Assoc. Degree, Applied Science & Information Technology – **Systems Operator**

MEMBER SERVICES/DISBURSEMENTS

Miss Betty Alleyne – **Financial Services Representative**
Mr. Christopher Bostic – **Financial Services Representative**
Mr. Dahrean Yearwood, Assoc. Deg. – **Financial Services Representative**
Mr. Denny Brathwaite – **Financial Services Representative**
Mrs. Donalin Hazell – **Financial Services Representative**
Mr. Hasani Evelyn, Associate Deg., Cert. Supervisory Management – **Financial Services Representative**
Ms. Janell Branch – **Financial Services Representative**
Mr. Johnathan Brewster – **Financial Services Representative**
Ms. Kelly-Ann Scott – **Financial Services Representative**
Mr. Kent Alleyne – **Financial Services Representative**
Miss Kharla Greaves – **Financial Services Representative**
Miss Larissa Latchman – **Receptionist/Hostess**
Miss Lavern Durante – **Financial Services Representative**
Miss Lisa Monchery – **Receptionist/Hostess**
Mrs. Nicole Jean-Paul – **Financial Services Representative**
Miss Nicole Manning, Cert. Supervisory Management – **Financial Services Representative**
Miss Pat Martindale – **Financial Services Representative**
Miss Renee Gibbons, Cert. Supervisory Management – **Financial Services Representative**
Ms. Shanielle Nurse – **Financial Services Representative**
Mrs. Shonelle Harewood, B.Sc. – **Financial Services Representative**
Miss Susan Lovell – **Financial Services Representative**
Miss Tiyan Gomes – **Financial Services Representative**
Miss Tricia Green – **Financial Services Representative**

COMPLIANCE

Ms. Dara Philips, Assoc. Deg. – **Compliance Assistant**
Mrs. Kerryanne Gilkes, Assoc. Deg., B.Sc., ICA – **Compliance Assistant**
Ms. Shontelle Sargeant, BSc. – **Compliance Assistant**

CONTACT CENTRE

Miss Andrea Prince, B.A – **Contact Centre Representative**
Mr. Che Kippins-Niles – **Contact Centre Representative**
Miss Denise Johnson, ACSP – **Contact Centre Representative**

Miss Donna Fitzpatrick – **Contact Centre Representative**
Miss Janell Reece – **Contact Centre Representative**
Mrs. Paula Morris – **Contact Centre Representative**
Mr. Peter Hoyte, Assoc. Deg., B.Sc. – **Contact Centre Representative**
Miss Valcia Inniss – **Contact Centre Representative**

MARKETING

Miss Charlene Mullin, B.Sc., Dip. Digital Marketing – **Marketing Assistant**
Mrs. Cheryl Straker, B.Sc. – **Administrative Assistant**
Miss Kimberley Grimes, B.Sc. (Hons), Cert. Mktg., Advt. & PR – **Marketing Assistant**
Miss Sasha Grant, B.Sc., M.Sc. – **Marketing Assistant**
Mrs. Stacy Mottley, B.Sc, PSC, Dip. Management, Cert. Mktg, Advt. & PR – **Marketing Assistant**

LOANS RECOVERY

Miss Amanda Lynch, B.Sc., Dip. Banking & Finance – **Financial Services Representative**
Mr. Andre Daniel, B.Sc. – **Financial Services Representative**
Mr. Hugh Victor-Browne, Cert. Supervisory Management – **Financial Services Representative**
Ms. Kerisa Clarke, B.Sc. – **Financial Services Representative**
Mr. Neil Bradshaw – **Financial Services Representative**
Miss Tanesha Straughn, PSD – **Financial Services Representative**
Mrs. Wendy Dodson – **Financial Services Representative**

SAVINGS MOBILISATION

Ms. Alison Wiltshire, Assoc. Deg. – **Financial Services Representative**
Ms. Barbara Haynes – **ATM Custodian/ Financial Services Representative**
Ms. Blair Taylor, B.Sc., Cert. FRM – **Financial Services Representative**
Mrs. Chantelle Brewster – **Financial Services Representative**
Ms. Crystal Storey, Assoc. Deg. – **Financial Services Representative**
Mr. Damion Husbands-Johnson, Assoc. Deg. – **Financial Services Representative**
Mr. Darien Birkett – **Financial Services Representative**
Mr. Dario Bowen – **Financial Services Representative**
Mr. Dario Nicholls – **Financial Services Representative**
Ms. Denissia Thorpe – **Financial Services Representative**
Mr. Kenray Browne – **Financial Services Representative**
Ms. Kiendra Leonce, B.Sc. – **Financial Services Representative**
Ms. Kimberley Vaughan – **Financial Services Representative**
Mr. Kumar Hinds – **Financial Services Representative**
Ms. Lezanne Waithe, Assoc. Deg., B.Sc. – **Financial Services Representative**
Mr. Mario Small – **Financial Services Representative**
Ms. Nadley McFarlane, Assoc. Deg. – **Financial Services Representative**
Ms. Nicole Jones – **Financial Services Representative**
Ms. Nikki Clarke, Assoc. Deg. – **Financial Services Representative**
Mr. Philip Norville – **Financial Services Representative**
Mr. Rafael Hinds – **Financial Services Representative**
Mr. Rommell Downes, B.Sc., Cert. Supervisory Management – **Financial Services Representative**
Mr. Rosson Howard, Assoc. Deg. – **Financial Services Representative**
Ms. Sade Mayers – **Financial Services Representative**
Ms. Shakira Burton, B.Sc. – **Financial Services Representative**
Ms. Shakira McCollin, Assoc. Deg. – **Financial Services Representative**
Mr. Shane Jones – **Financial Services Representative**
Mr. Shane Reece – **Financial Services Representative**
Ms. Shanice Clarke, Assoc. Deg. – **Financial Services Representative**
Ms. Shantelle Linton, Cert. Supervisory Management – **Financial Services Associate**
Mr. Stefan Watson, B.Sc. – **Financial Services Representative**
Ms. Tila Jones – **Financial Services Representative**

FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS - FIVE YEAR REVIEW

In Bds \$'000

	2016	2015	2014	2013	2012
Statement of financial position:					
Assets					
Cash and equivalents	49,511	44,940	53,093	45,861	27,958
Investments and other short term deposits	84,004	76,559	78,485	82,612	75,989
Loans to Members (net)	817,839	746,497	684,331	651,868	642,797
Property and Equipment	29,547	27,405	27,626	26,716	25,784
Other	39,349	34,819	33,057	19,788	19,323
	1,020,250	930,220	876,592	826,845	791,851
Liabilities					
Deposits	862,900	775,116	721,767	672,403	646,435
Loans Payable	22,283	33,445	43,688	55,432	59,661
Other	16,226	15,026	13,319	9,943	6,912
	901,409	823,587	778,774	737,778	713,008
Equity					
Share Capital	9,407	8,764	8,240	7,760	7,394
Reserve Fund	97,245	89,493	81,724	71,494	62,908
Other Reserves	4,425	2,785	1,914	1,084	1,650
Retained earnings	7,764	5,591	5,940	8,729	6,891
	118,841	106,633	97,818	89,067	78,843
	1,020,250	930,220	876,592	826,845	791,851
Statement of income:					
Interest Income	76,368	69,151	67,486	64,638	63,016
Interest Expense	25,917	24,712	23,763	23,442	24,038
Net Interest Income	50,451	44,439	43,723	41,196	38,978
Other income	3,549	2,566	2,419	2,903	2,911
Net income and other income	54,000	47,005	46,142	44,099	41,889
Loan impairment expense	3,789	3,712	4,409	4,790	3,864
Net operating income	50,211	43,293	41,733	39,309	38,025
Total operating expenses	34,720	32,336	31,306	27,316	28,086
Net income before Levies	15,491	10,957	10,427	11,993	9,939
Tax of Assets	1,949	1,351	0	0	0
Net income after Levies	13,542	9,606	10,427	11,993	9,939

FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS - FIVE YEAR REVIEW

In Bds \$'000

	2016	2015	2014	2013	2012
Financial statistics in percent:					
Asset Growth	9.68	6.12	6.02	4.42	6.21
Loan Growth	9.56	9.08	4.89	1.41	5.98
Deposit Growth	11.33	7.39	7.34	4.02	6.02
Net Surplus Growth	40.97	-7.87	-13.06	20.67	46.36
Return on Assets	1.39	1.06	1.22	1.48	1.29
Return on Equity	12.01	9.40	11.16	14.29	13.38
Operating Efficiency	69.15	74.69	75.01	69.49	73.86
Net Interest Margin	5.17	4.92	5.13	5.09	5.07

	2016	2015	2014	2013	2012
Other statistics					
Delinquency ratio (%)	6.3	6.7	6.6	7.7	6.9
# of members (000's)	78.4	73.0	68.7	64.7	61.6
# of branches	4	4	4	4	3
Net income per member (000's)	\$172.75	\$131.53	\$151.77	\$185.36	\$161.35

MANAGEMENT DISCUSSION AND ANALYSIS

This section of the Annual Report provides a discussion and analysis of the financial condition and performance of the Barbados Public Workers' Co-operative Credit Union Limited (BPWCCUL) for the financial year ended March 31, 2016 as compared to the prior financial year ended March 31, 2015.

ECONOMIC REVIEW

At the end of 2015, the Barbadian economy was estimated to grow by 0.5 percent, mainly due to the stellar performance of the tourism industry. The financial system in Barbados has demonstrated its resilience and maintained excess liquidity in 2015 despite the challenging local and international economic environment. It is forecasted that in the 2016/2017 financial year, the economy is expected to grow by 1.6 percent.

Despite the economic climate as highlighted in the Financial Stability Report from the Central Bank of Barbados, total assets of the Credit Union Sector were reported at \$1.9 billion dollars in 2015, representing a 7.0 percent increase over 2014. The largest contributor to growth was the aggregate loan portfolio, increasing by 7.0 percent, followed by an increase in investments of 6.0 percent. From January to September 2015, total new loans of \$208.0 million were concentrated mostly in consumer loans (\$106 million), real estate (\$62 million) and transport (\$36 million). Average liquidity in the Credit Union Sector remained stable.

Non-performing loans relative to the total loan portfolio fell from 9.1 percent to 8.9 percent at September 2015. However, the quality of the loan portfolio was relatively skewed where smaller credit unions were recorded to have had substantially higher non-performing loan ratios than that of the larger ones.

According to the most recent report published by the CUNA Mutual Group on Credit Unions in the USA, during February 2016, Credit Unions picked-up 820.0 thousand in new membership, loan and savings balances grew at 11.0 percent and 8.1 percent seasonally-adjusted annualized pace, respectively.

Additionally it was reported that total Credit Union assets rose by 1.6 percent in February, below the 1.9 percent gain reported in February of 2015. Assets rose 6.1 percent during the past year due to a 5.7 percent increase in deposits, a 12.4 percent increase in borrowings and a 7.6 percent increase in capital.

OVERVIEW

During the year under review, the Credit Union continued to grow in key aspects of its operations. Membership averaged 447 per month and recorded net growth of 5,363. Deposits grew by \$87.8 million or 11.3 percent, while assets grew by \$90.0 million or 9.7 percent.

The key area of risk faced by the Credit Union sector relates

mostly to concentration and credit quality. However, we reduced our delinquency ratio to 6.3 percent, down by 0.4 percent from previous year. This was achieved by prudent and continuous management of our loan portfolio.

We continued to offer payment solutions to our members through various debt management and consolidation strategies to improve their financial and economic well-being.

Non-performing loans during the year ending March 31, 2016 increased by \$1.8 million or 3.5 percent. However, the delinquency rate decreased from 6.7 percent at March 31, 2015 to 6.3 percent at March 31, 2016. We will continue to work with our membership to offer solutions geared at returning their accounts to a state of normalcy.

Deposit interest rates in the market continued to trend downward and reached an average of 0.5 percent at March 31, 2016. However, we at the Credit Union are proud to maintain some of the most competitive rates on deposits. This resulted in deposit growth for the year of \$87.8 million.

REVIEW OF FINANCIAL PERFORMANCE

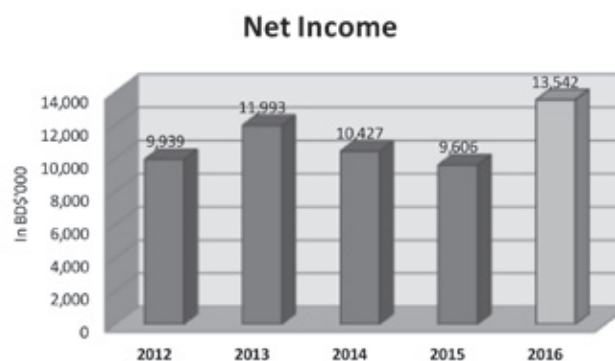
TOTAL INCOME AND NET INCOME

With asset taxes of \$1.9 million incurred during the year, net income was reported at \$13.5 million compared to \$9.6 million in the prior year, an increase of \$3.9 million or 41 percent. Total revenue grew by \$8.2 million or 11.4 percent, moving from \$71.7 million in 2015 to \$79.9 million during the 2016 financial year.

The Credit Union achieved significant net loan growth when compared to prior years, as net loans grew by \$71.3 million or 9.6 percent when compared to \$62.2 million for the year ended March 31, 2015.

NET INTEREST INCOME

Net interest income grew by \$6 million or 13.5 percent in 2016. Total interest income grew by \$7.2 million or 10.4 percent, while total interest expense increased by \$1.2 million or 4.9 percent. Interest income increased by \$7.4 million or 11.3



MANAGEMENT DISCUSSION AND ANALYSIS

percent with respect to interest from loans, while interest from cash deposits and investments decreased by \$165.3 thousand or 4.5 percent during the financial year.

OTHER INCOME

Other income increased by \$982.4 thousand or 38.3 percent during the financial year mainly due to an increase of \$639.1 thousand or 161.4 percent in the collection of charged-off loans.



EFFICIENCY AND EXPENSE MANAGEMENT

The Credit Union's strategy during the financial year was one which focused heavily on efficiency and expense management, while at the same time adding valued member services. Operating expenses decreased by \$327.4 thousand or 1.9 percent compared to prior year.

OPERATING LEASES

Rent expenses increased from \$753.1 thousand in 2015 to \$870.7 thousand in 2016. This increase was directly attributed to the expansion of the Credit Union's branch operations at the Six Roads location, installation of two additional offsite ATMs and rental of office space for staff located at the Co-operators General Insurance's building at Collymore Rock.

STAFF COST

During the year, the Credit Union increased its staff complement to strengthen its member services, compliance and risk management functions as well as providing adequate frontline and support personnel.

Additionally, completed union negotiated salary increases contributed to the increased staff costs by \$2.2 million or 17.5 percent over the prior year.

TOTAL OPERATING EXPENSES

Total operating expenses for the year amounted to \$36.7 million, which represented an increase of \$3.0 million or 8.8 percent above the prior year. Asset Tax expense levied by the

government on the assets of the Credit Union totaled \$1.9 million or 0.2 percent. This Tax is scheduled to end effective March 31, 2016.

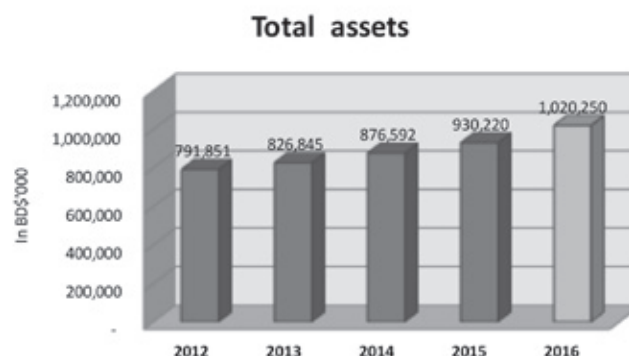
NET OPERATING INCOME

Operating income net of loan impairment expenses increased by \$6.9 million or 16.0 percent to end the year at \$50.2 million. Loan impairment expense was \$3.8 million, a marginal increase of \$77.2 thousand or 2.1 percent over last year.

ASSETS

At the end of the financial year, the Credit Union's total assets amounted to just over \$1.0 billion, an increase of \$90.0 million or 9.7 percent.

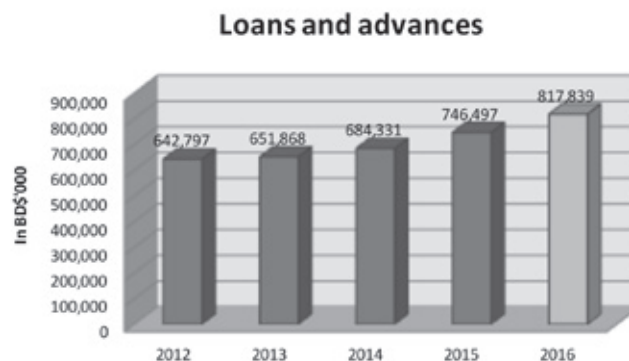
Cash resources increased by \$8.4 million or 8.9 percent. In addition, financial investments classified as Held-to-maturity increased by \$3.2 million or 12.5 percent.



Net loans and advances to members were \$817.8 million, inclusive of an impairment provision of \$20.5 million, as compared to \$746.5 million and \$21.9 million respectively at the end of the previous year.

ASSET QUALITY

Amid a climate of economic uncertainty and high unemployment, the Credit Union recorded a decrease of 0.4 percent in its delinquency ratio which ended the year at 6.3 percent compared to the prior year at 6.7 percent.



MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

In addition, impaired loans increased by \$1.8 million during the 2016 financial year as compared to an increase of \$4.2 million in the prior year. The Credit Union will continue to work diligently with defaulters to offer alternatives and restructuring options to enable them to restore their loans to a state of normalcy.

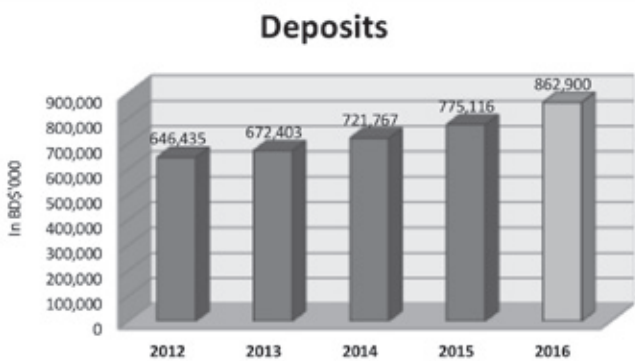
LIABILITIES

Deposits totaled \$862.9 million and were \$87.8 million or 11.3 percent higher than the previous year-end.

be providing opportunities for members to have a larger share of the distribution of net surplus at year-end in the form of dividends.

Going forward, as we seek to better server you, envisage a greater level of direct member engagement and interaction through our various social outreach and educational programs.

During the coming year, the Credit Union will continue to work closely with our members to create payment solutions to minimize and control delinquency while doing everything we can to help our members become financially and economically better off.



Loans payable were reduced during the year to \$22.3 million from \$33.4 million as a result of an \$8.4 million or 6 percent rate bearing loan being repaid within the financial year. Other liabilities increased by \$1.1 million or 15.4 percent compared to a decrease of \$548.8 thousand in the prior year while reimbursable member shares increased by \$464.9 thousand or 6.9 percent.

EQUITY

Total equity comprising of share capital, retained earnings, statutory and other reserves is the backbone of financial stability and allows for future growth and development. As at March 31, 2016, equity totaled \$118.8 million up from \$106.6 million as at March 2015. The increase of \$12.2 million primarily reflects net income of \$13.5 million, growth in share capital of \$643.6 thousand offset by distributions to members of \$2.0 million.

THE WAY FORWARD

The financial year ending March 31, 2017 will prove to be a time of consolidation and proactivity as the Credit Union continues to face the various challenges in the economy.

To this end, we will be revisiting our core values and founding principles as we seek to enhance our members’ financial, economic and social well-being. It is envisaged that we will

BOARD OF DIRECTORS REPORT



President
Bro. Glendon A. Belle

OVERVIEW

The Board of Directors, management and staff of the Barbados Public Workers' Co-operative Credit Union Limited (BPWCCUL) are extremely proud with the progress made by the organization, its subsidiary and affiliated companies during the financial year ended March 31, 2016, notwithstanding the volatile economic environment.

The Credit Union continued to grow in key aspects of its operations. Membership averaged 447 persons monthly, recording net growth of 5,363. Deposits grew by \$87.8 million or 11.3 percent, while assets increased by \$90.0 million or 9.7 percent. Notwithstanding, interest on deposit rates continue to steadily trend downwards. In spite of this ongoing development, we were able to offer competitive rates on deposits to our members.

The key areas of risks faced by the Credit Union sector related mostly to concentration, credit quality and delinquency. Non-performing loans decreased by \$1.8 million or 3.5 percent. As a consequence, the delinquency rate decreased from 6.7 percent to 6.3 percent over the course of the year.

In full adoption of the prudent and continuous management of our loan portfolio, we have formulated individual payment arrangements and debt management strategies, with the primary objective of improving our members' financial and economic well-being. We therefore commit to continue working with our members, who are experiencing challenges to offer solutions geared at returning their financial affairs to a state of normalcy.

We take this opportunity to outline some of our achievements during the year and to identify a number of opportunities and key areas of focus for our organization.

ENHANCED IN-BRANCH CONVENIENCE

Last year, we promised expanded facilities at our Emerald City location. This latest undertaking, the third at that particular location, was completed with a formal blessing and opening ceremony in December 2015. The branch was also complemented with the installation of two full service ATMs, as well as a coin counting machine, supporting an enhanced

and integrated service delivery.

In addition longer business hours are now in place at Emerald City, augmented by 24 hour ATM access.

This outlet is therefore better able to adequately and efficiently offer our full suite of available services in new commodious surroundings. Our expectations are that this branch will continue to surpass its objectives.

NEW PRODUCT OFFERINGS

Ever mindful of members' needs, the Credit Union conceptualized and brought on stream an attractive investment vehicle with appeal to both new and seasoned investors. The Executive Platinum Plan was introduced to attract those seeking to enhance their investment portfolio and their retirement income, as an adjunct to their Registered Retirement Savings Plan. The Board is confident that this product, with its embedded flexible and fixed components, will support both long and short term financial goals.

Consistent with our commitment to enhance our members' financial well being and in response to the members' request, the Board is pleased to announce that plans are well advanced and ongoing to launch the Members' Equity Share Plan during this financial year. This product will provide members with an opportunity to share in earnings whilst strengthening the Credit Union's equity position.

SUPPORT FOR OUR YOUTH

Commitment to our youth demographic remains firm and steadfast. We continue to initiate and implement programs aimed at supporting and nurturing the robust, holistic development of our young people. Annually, the Credit Union subsidizes a number of organic youth focused activities. Ranging from vintage, yet first rate staples such as the Annual Summer Camp, to the more recent and equally beneficial Thrift Club School Savers Programme, our focus remains riveted in ensuring the institutionalization of programs and enterprises, to create a competitive advantage for the youth as they migrate through the various developmental stages of their lives.

BOARD OF DIRECTORS REPORT *(continued)*

We will continue to focus on our future leaders of tomorrow, through the provision of sponsorships and donations, to help them reach their full potential and achieve their goals.

The advent of increased domestic tuition university fees, prompted the Credit Union to boost its contribution to the Scholarships and Grants portfolio. Existing special academic awards such as the Ralph Boyce Scholarship and the Thrift Club Awards celebrate high performers in the Common Entrance, Caribbean Examinations Council and CAPE examinations. Recognizing as well that high performers are not restricted to the academic arena only, the Credit Union also extended awards to students enrolled at the Barbados Community College and the Samuel Jackman Prescod Polytechnic. During the fiscal year, a total of \$332,084 and \$329,430 were disbursed respectively in donations and academic sponsorships.

MEMBER COMMITMENT

As a member-based organization, the patronage of our members remains a critical success factor to our viability. It is acknowledged that devoid of membership, the organization would experience an inevitable demise. It is therefore with a profound sense of humility and gratitude that we reciprocate, whether at the individual level, or through support of the various community groups engaged in sports, educational and or other cultural activities.

In addition to the usual membership focused initiatives, we sought to provide singular focus in the area of health. To this end, through our established philanthropic arm, (Legacy Foundation Inc. Registered Charity No. 978) the Credit Union made a donation to the Gastroenterology Unit at the Queen Elizabeth Hospital. This equipment is expected to have a significant impact in the lives of a predominant spectrum of Barbadians. In addition, we are in the process of finalizing a notable Memorandum of Understanding with the Heart and Stroke Foundation of Barbados Inc., an initiative which is expected to provide affordable healthcare to our membership, as well as notable health education.

Both arrangements were undertaken with the view to eradicate or at least substantially reduce the number of chronic non-communicable diseases among our population and by extension our burgeoning membership. It is anticipated that the awareness programmes ancillary to these initiatives, will ensure greater individual responsibility, leading to a healthier nation/membership better able to enjoy the fruits of their financial toil.

Our Annual Christmas Concert, now in its 6th year, the GospelFest Sunset Concert and the Olive Trotman Memorial Lecture all continue to be 100 percent subscribed and sponsored by the Credit Union, as our way of giving back to our nation and indeed you, our members, who support us unswervingly.

These community outreach activities continue to attract positive acclaim and support our role as a responsible corporate citizen. Of notable mention is our inaugural sponsorship of the Professional Road Tennis Association's competition, "Monarchs of the Court". In time, this will be added to our menu of staple activities.

The Credit Union has continued to work assiduously with those members impacted by job loss, critical illness and significant challenges, undermining their ability to service their loans.

DIRECTORS' STAFF AWARDS

Delivering on our renewed focus of employee development, exposure and recognition, the Board of Directors offered two annual incentive initiatives to the staff. In so doing, the primary objectives were:

- The grooming of young, talented professionals within the Credit Union, its subsidiary and affiliated companies.
- The retention and continued motivation of existing, mature employees within the group, in consideration of their ongoing significant contributions.
- Facilitation of invaluable education and job experiences.

Submissions were either in the form of a video recording or a written essay. The initiative was very successful and well embraced by staff. The winners were announced during our annual Staff Christmas Celebrations.

LEGACY FOUNDATION, REGISTERED CHARITY NO. 978

Our charity concluded its largest and most impactful project to date with a donation in excess of \$200,000 in equipment to the Gastroenterology Unit domiciled at the Queen Elizabeth Hospital. Additionally, through the handover press conference, the Unit was able to bring a greater level of awareness to the public on colon and gastrointestinal health issues. The Board of Trustees has also approved significant funding to the St. Leonard's Boys School, specifically to their much-vaunted music department, as a contribution to the establishment of a music laboratory.

The Foundation has adopted the theme Learning, Wellness and Empowerment, further communicating its expansive scope of support and undertaking.

CAPITA Financial Services Inc.

Within the fiscal year, CAPITA Financial Services Inc. registered a consolidated pre-tax profit of \$1.2 million, representing a decrease in profitability of \$65.6K or 5.2 percent compared to the previous year. This decline was mainly due to increases in loan impairment expenses of \$218 thousand, asset tax of \$124.9 thousand and other expenses of \$160 thousand. The company also recorded assets of \$237 million, an increase

BOARD OF DIRECTORS REPORT *(continued)*

of 35.4 percent over prior year. Positive growth was also recorded in total loans and advances which increased from \$160 million to \$183.4 million (15.1 percent). Client deposits moved from \$160 million to \$191 million or 19.1 percent. The insurance division recorded yet another encouraging year, yielding net commissions of \$1 million, surpassing the previous year's performance by 35.9 percent. On September 11, 2014 this division commenced operations as a separate brokerage entity, rebranded as CAPITA Insurance Brokers Inc. (CIB). Essentially, the output from our subsidiaries is highly satisfactory in consideration of the prevailing economic climate.

CORPORATE GOVERNANCE

Corporate governance is a system that defines the relationships between an organization's elected officials, management team, members, partners and other stakeholders. It provides structures of authority for decision making to ensure not only compliance with regulatory requirements and guidelines, but also with sound business and financial practices. The established governance model leverages international best practices by integrating individual governance of integrity, competence and commitment; with internal governance of continuity, balance and accountability; and external governance of transparency, compliance and public accountability.

CODE OF CONDUCT

The Code of Conduct establishes the rules governing the ethical and lawful conduct of the Credit Union's elected officials, officers, employees and volunteers. This has to be evident in all business practices, so as to protect the organization's reputation and preserve community trust.

COMMITTEE OPERATIONS

The Committee met five (5) times during the year to undertake a number of activities including:

- Creation of an agenda schedule for activity tracking
- Review Corporate Governance Committee mandate, Charter and handbook
- Review Code of Ethics activities
- Review of the Risk Oversight Committee Charter
- Review of the Finance and Business Strategy Committee Charter
- Review of Board competencies and its balance of expertise
- Ensuring Director performance evaluations are conducted

FUTURE DIRECTION

While our focus in these early stages of development of the corporate governance architecture has been specifically on the operations of the Credit Union, we do recognize the need to expand our scope to include its subsidiary and affiliated companies. It is important that we work together with our many partners to ensure that effective governance is incorporated into all aspects of the organization for the benefit of all stakeholders.

OUTLOOK 2016 - 2017

Based on the reports of the Central Bank of Barbados (CBB), the Barbados economy grew by 0.5% in 2015, less than 1.5% as previously predicted. Consequently, the unemployment levels remained elevated. This factor negatively impacted the ability of members to service loans as agreed.

The Central Bank of Barbados projections for 2016 expect increased activity in the tourism and construction sectors which will provide stimulus to the wholesale, retail and business services sectors. We anticipate that this projected uptick in economic activities will result in reduced unemployment levels among our membership.

CONDOLENCES

We remember with fondness the former Chairman of our subsidiary – Capital Financial Services Inc., Bro. Carlos Holder and in the process convey our profound sadness to his relatives and friends at his passing. He was dedicated and committed to the success of the organization at the time of his passing. To all our members, staff and the wider Credit Union family, including those at our subsidiary and affiliated companies, who lost love ones during the year under review, we extend our deepest sympathy.

ACKNOWLEDGEMENT

The successes of the 2016 fiscal year could not have been realized without the effort of our members, staff, elected committees, sub-committees and our hardworking, dedicated departmental representatives. To each of you, both collectively and individually, we extend profound gratitude.

The Board takes this opportunity to place on record, its whole hearted gratitude for the invaluable support of retiring Directors Bro. Trevor Colucci, Sis. Kerry-Ann King and Sis. Carole Layne-Browne, who through their various competencies and professional experiences, provided unique, diverse and treasured contributions to the Board of Directors. The same sentiments are conveyed to our Sis. Julie Corbin, who replaced former director Sis. Paula Byer, who retired during the year under review.

**KPMG**

Hastings

Christ Church, BB 15154

Barbados West Indies

Telephone (246) 434-3900

Fax (246) 427-7123

P. O Box 690C

Bridgetown, Barbados

INDEPENDENT AUDITORS' REPORT**To the Members of Barbados Public Workers' Co-operative Credit Union Limited**

We have audited the accompanying non-consolidated financial statements of Barbados Public Workers' Co-operative Credit Union Limited (the "Credit Union"), which comprise the non-consolidated statement of financial position as of March 31, 2016, the non-consolidated statement of income, non-consolidated statement of comprehensive income, non-consolidated statement of changes in equity and the non-consolidated statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these non-consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements are free from material misstatement.

KPMG, a Barbados partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International") a Swiss entity.



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the non-consolidated financial statements present fairly, in all material respects, the non-consolidated financial position of the Credit Union as of March 31, 2016 and its non-consolidated financial performance and its non-consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

A handwritten signature of the KPMG firm, written in a stylized, cursive-like font.

Chartered Accountants
Bridgetown, Barbados
June 6, 2016

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Non-consolidated Statement of Income

For the year ended March 31, 2016
With comparative figures for 2015

(Expressed in Barbados dollars)

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
Interest income	3	\$ 76,368,414	69,150,966
Interest expense	3	<u>(25,916,747)</u>	<u>(24,711,555)</u>
Net interest income	3	50,451,667	44,439,411
Other income	4	<u>3,548,648</u>	<u>2,566,287</u>
Net interest and other income		54,000,315	47,005,698
Loan impairment expense	11	<u>(3,789,187)</u>	<u>(3,711,957)</u>
Net operating income		<u>50,211,128</u>	<u>43,293,741</u>
Staff costs	5	14,871,256	12,661,323
Operating expenses	6	16,595,746	16,923,191
Depreciation	12	<u>3,252,662</u>	<u>2,752,046</u>
Total expenses		<u>34,719,664</u>	<u>32,336,560</u>
Income before levies		15,491,464	10,957,181
Tax on assets	7	<u>(1,948,737)</u>	<u>(1,350,916)</u>
Net income for the year		\$ <u>13,542,727</u>	<u>9,606,265</u>

The accompanying notes form an integral part of these non-consolidated financial statements.

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Non-consolidated Statement of Comprehensive Income

For the year ended March 31, 2016
With comparative figures for 2015

(Expressed in Barbados dollars)

	<u>2016</u>	<u>2015</u>
Net income for the year	\$ 13,542,727	9,606,265
Other comprehensive income		
<i>Items that will never be reclassified to profit or loss</i>		
Remeasurements of defined benefit asset	(289,718)	704,508
<i>Items that are or may be reclassified to profit or loss</i>		
Net unrealised gains (losses) on available-for-sale investments	<u>320,000</u>	<u>(85,000)</u>
Other comprehensive income, net of tax	<u>30,282</u>	<u>619,508</u>
Total comprehensive income for the year	\$ <u>13,573,009</u>	<u>10,225,773</u>

The accompanying notes form an integral part of these non-consolidated financial statements.

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Non-consolidated Statement of Financial Position

As at March 31, 2016

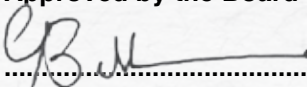
With comparative figures as at March 31, 2015

(Expressed in Barbados dollars)

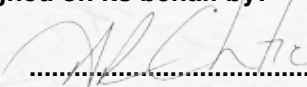
	<u>Notes</u>	<u>2016</u>	<u>2015</u>
Assets			
Cash resources	9	\$ 102,162,229	93,772,722
Financial investments			
- Held-to-maturity	10	29,074,183	25,838,462
- Available-for-sale	10	2,279,438	1,887,522
Loans and advances	11	817,838,770	746,496,939
Property and equipment	12	29,546,947	27,404,608
Pension plan asset	13	437,778	687,429
Investment in subsidiary	14	11,500,000	8,500,000
Due from related companies	22	17,307,614	17,425,274
Other assets	15	10,103,504	8,206,682
Total Assets		\$ 1,020,250,463	930,219,638
Liabilities and Equity			
Liabilities			
Deposits	16	\$ 862,899,691	775,116,285
Loans payable	17	22,283,315	33,445,132
Reimbursable shares		7,165,090	6,700,221
Asset tax payable	7	502,607	906,405
Other liabilities	18	8,558,025	7,418,620
Total liabilities		901,408,728	823,586,663
Equity			
Share capital	19	9,407,400	8,763,840
Statutory reserves	20	97,245,033	89,492,577
Other reserves	21	4,424,898	2,785,431
Retained earnings		7,764,404	5,591,127
Total equity		118,841,735	106,632,975
Total Liabilities and Equity		\$ 1,020,250,463	930,219,638

The accompanying notes form an integral part of these non-consolidated financial statements.

Approved by the Board of Directors on June 6, 2016 and signed on its behalf by:



 Glendon Belle
 President



 Anthony Christie
 Treasurer

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Non-consolidated Statement of Changes in Equity

For the year ended March 31, 2016
With comparative figures for 2015

(Expressed in Barbados dollars)

	Notes	Share capital	Statutory reserves	Other reserves	Retained earnings	Total
At March 31, 2014		\$ 8,240,280	81,723,453	1,914,486	5,939,575	97,817,794
Net income		-	-	-	9,606,265	9,606,265
Other comprehensive income		-	-	619,508	-	619,508
Issue of shares		584,280	-	-	-	584,280
Redemption of shares		(60,720)	-	-	-	(60,720)
Transfer to statutory reserves	20	-	7,744,779	-	(7,744,779)	-
Entrance fees	20	-	24,345	-	-	24,345
Transfer to special reserves	21	-	-	887,398	(887,398)	-
Special reserves released		-	-	-	-	-
to retained earnings	21	-	-	(1,065,814)	1,065,814	-
Net reserve for interest on non-performing loans	21	-	-	429,853	(429,853)	-
Distributions to members	8	-	-	-	(1,958,497)	(1,958,497)
At March 31, 2015		8,763,840	89,492,577	2,785,431	5,591,127	106,632,975
Net income		-	-	-	13,542,727	13,542,727
Other comprehensive income		-	-	30,282	-	30,282
Issue of shares		727,200	-	-	-	727,200
Redemption of shares		(83,640)	-	-	-	(83,640)
Transfer to statutory reserves	20	-	7,722,156	-	(7,722,156)	-
Entrance fees	20	-	30,300	-	-	30,300
Transfer to special reserves	21	-	-	932,111	(932,111)	-
Special reserves released		-	-	-	-	-
to retained earnings	21	-	-	(601,893)	601,893	-
Net reserve for interest on non-performing loans	21	-	-	1,278,967	(1,278,967)	-
Distributions to members	8	-	-	-	(2,038,109)	(2,038,109)
At March 31, 2016		\$ 9,407,400	97,245,033	4,424,898	7,764,404	118,841,735

The accompanying notes form an integral part of these non-consolidated financial statements.

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Non-consolidated Statement of Cash Flows

For the year ended March 31, 2016

With comparative figures for 2015

(Expressed in Barbados dollars)

	<u>Note</u>	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities			
Net income for the year	\$	13,542,727	9,606,265
Adjustments for:			
Depreciation		3,252,662	2,752,046
Loan impairment expense		3,789,187	3,711,957
Loss (gain) on disposal of property and equipment		143	(14,801)
Interest income		(76,368,414)	(69,150,966)
Interest expense		25,916,747	24,711,555
Dividend income		(109,512)	(108,288)
Tax on assets		<u>1,948,737</u>	<u>1,350,916</u>
		(28,027,723)	(27,141,316)
Changes in operating assets and liabilities			
Increase in loans and advances		(73,393,032)	(65,431,036)
(Increase) decrease in pension plan asset		(40,067)	22,795
Increase in other assets		(1,896,822)	(763,570)
Increase in deposits		87,703,321	52,945,199
Increase in reimbursable shares		464,869	1,348,789
Decrease (increase) in due from related companies		117,660	(317,812)
Increase (decrease) in other liabilities		<u>1,139,405</u>	<u>(548,767)</u>
Net cash used in operations		(13,932,389)	(39,885,718)
Interest received		74,630,428	68,704,585
Interest paid		(25,836,662)	(24,307,299)
Tax levies paid		<u>(2,352,535)</u>	<u>(444,511)</u>
Net cash provided by operating activities		<u>32,508,842</u>	<u>4,067,057</u>
Cash Flows from Investing Activities			
Net decrease in financial investments		(7,126,079)	1,841,891
Purchase of property and equipment		(5,395,657)	(2,558,892)
Investment in subsidiary		(3,000,000)	-
Proceeds from sale of property and equipment		513	42,703
Dividends received		<u>109,512</u>	<u>108,288</u>
Net cash used in investing activities		<u>(15,411,711)</u>	<u>(566,010)</u>

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Non-consolidated Statement of Cash Flows

For the year ended March 31, 2016

With comparative figures for 2015

(Expressed in Barbados dollars)

	<u>Note</u>	<u>2016</u>	<u>2015</u>
Cash Flows from Financing Activities			
Net decrease in loans payable		(11,161,817)	(10,243,341)
Issue of shares		727,200	584,280
Entrance fees received		30,300	24,345
Redemption of shares		(83,640)	(60,720)
Distributions to members		<u>(2,038,109)</u>	<u>(1,958,497)</u>
Net cash used in financing activities		<u>(12,526,066)</u>	<u>(11,653,933)</u>
Net increase (decrease) in cash and cash equivalents		4,571,065	(8,152,886)
Cash and cash equivalents, beginning of year		<u>44,940,484</u>	<u>53,093,370</u>
Cash and cash equivalents, end of year	9	\$ <u>49,511,549</u>	<u>44,940,484</u>

The accompanying notes form an integral part of these non-consolidated financial statements.

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Non-consolidated Financial Statements

For the year ended March 31, 2016

(Expressed in Barbados dollars)

1. Corporate Information

The Barbados Public Workers' Co-operative Credit Union Limited (the "Credit Union") was registered on May 6, 1970, and continued under the Co-operatives Societies Act of Barbados 1990-23. Its registered office is located at "Olive Trotman House", Keith Bourne Complex, Belmont Road, St. Michael.

The principal activities of the Credit Union are the provision of savings products and credit facilities to its members and to educate them in co-operative principles.

2. Accounting Policies

(a) *Basis of preparation*

These non-consolidated financial statements have been prepared on a historical cost basis, except for available-for-sale investments which have been measured at fair value.

Statement of compliance

These non-consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Consolidated financial statements have been issued and reported on separately.

(b) *Significant accounting judgments, estimates and assumptions*

The preparation of the non-consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts reported in the financial statements and accompanying notes. Actual amounts may differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Non-consolidated Financial Statements

For the year ended March 31, 2016

(Expressed in Barbados dollars)

2. Accounting Policies, continued

(b) Significant accounting judgments, estimates and assumptions, continued

The estimates and judgments that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

Measurement of fair values

A number of the Credit Union's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Credit Union has an established control framework with respect to the measurement of fair values.

This includes the services of a professional valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values. This team reports directly to the Credit Risk Manager. They also review market estimates where assets and liabilities are traded in active markets.

Significant valuation issues are reported to the Asset Liability Committee (ALCO) which has oversight of the Credit Union's investment policy. This Committee meets quarterly to review any challenges as it relates to the carrying value of the Credit Union's assets and liabilities.

When measuring the fair value of an asset or a liability, the Credit Union uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as disclosed in Note 25.

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Credit Union recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Non-consolidated Financial Statements

For the year ended March 31, 2016

(Expressed in Barbados dollars)

2. Accounting Policies, continued

(b) Significant accounting judgments, estimates and assumptions, continued

Impairment of assets

The Credit Union assesses at each reporting date whether there is objective evidence that an asset or group of assets is impaired. An asset or a group of assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the future cash flows of the asset or group of assets that can be reliably estimated.

The Credit Union reviews its individually significant loans at each statement of financial position date to assess whether impairment should be recorded in the statement of income. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining individual impairment and also in the determination of collective impairment.

In estimating these cash flows, the Credit Union makes judgments about the borrower's financial situation and the net realisable value of collateral. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance for impairment losses. Loans and advances that have been assessed individually and found not to be impaired and all individually insignificant loans and advances are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether a provision should be made due to incurred loss events for which there is objective evidence but whose effects are not yet evident.

Pension obligations

The cost of the defined benefit pension plan is determined using an actuarial valuation. Accounting for employee pension obligations requires the use of actuarial techniques to make a reliable estimate of the amount of benefit that employees have earned in return for their services in the current and prior period.

The actuarial assumptions are based on management's best estimates of the variables that will determine the ultimate cost of providing post-employment benefits. Variations in these assumptions could cause material adjustments in future years, if it is determined that the actual experience differed from the estimate.

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Non-consolidated Financial Statements

For the year ended March 31, 2016

(Expressed in Barbados dollars)

2. Accounting Policies, continued

(c) *Summary of significant accounting policies*

The principal accounting policies applied in the preparation of these non-consolidated financial statements are set out below. They have been applied consistently to all periods presented.

a) **Foreign currency**

The financial statements are presented in Barbados dollars which is the functional currency of the Credit Union. All financial information has been rounded to the nearest dollar.

Monetary assets and liabilities denominated in foreign currencies are translated into Barbados dollars at the rates of exchange ruling at the statement of financial position date. Transactions arising during the year denominated in foreign currencies are translated into Barbados dollars and recorded at the rates of exchange prevailing on the dates of the transactions. Differences arising from fluctuations in exchange rates are included in the statement of income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on non-monetary items, such as equities classified as available-for-sale investments, are recognised in other comprehensive income.

b) **Cash and cash equivalents**

Cash and cash equivalents comprises cash on hand, balances with commercial banks and term deposits with an original maturity of three months or less from the acquisition date.

c) **Investment in subsidiary**

The investment in subsidiary is accounted for by the cost method whereby the investment is initially recorded at cost and income from the investment is recognised only to the extent that it represents distributions from accumulated profits arising after the date of acquisition. Distributions received in excess of such profits are regarded as a recovery of the investment and are recognised as a reduction of the cost of the investment.

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Non-consolidated Financial Statements

For the year ended March 31, 2016

(Expressed in Barbados dollars)

2. Accounting Policies, continued

(c) Summary of significant accounting policies, continued

d) Financial instruments

Non-derivative financial assets - Classification

The classification of financial instruments at initial recognition depends on the purpose and management's intention for which the financial instruments were acquired and their characteristics. All financial instruments are measured initially at cost being their fair value plus transaction costs that are directly attributable to its acquisition or issue.

The Credit Union classifies non-derivative financial instruments into the following categories: held-to-maturity financial assets, available-for-sale financial assets and loans and receivables.

The Credit Union classifies non-derivative financial liabilities into the other financial liabilities category.

Non-derivative financial assets – Recognition and derecognition

The Credit Union initially recognises loans and advances, deposits and loans payable on the date that they are originated. All other financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Credit Union becomes a party to the contractual provisions of the instrument.

The Credit Union derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Credit Union is recognised as a separate asset or liability.

Non-derivative financial assets – Measurement

Held-to-maturity financial investments

Held-to-maturity financial investments are non-derivative financial assets with fixed or determinable payments and fixed maturities, which the Credit Union has the positive intention and ability to hold to maturity.

After initial measurement, held-to-maturity financial investments are subsequently measured at amortised cost using the effective interest rate method (EIR), less any impairment losses. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The Credit Union has reported government securities which have all been classified under the held-to-maturity classification.

Impairment losses are reported as a deduction from the carrying value of the investment (through an allowance account) or investment balance. The amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of income.

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Non-consolidated Financial Statements

For the year ended March 31, 2016

(Expressed in Barbados dollars)

2. Accounting Policies, continued

(c) Summary of significant accounting policies, continued

d) Financial instruments, continued

Non-derivative financial assets – Measurement, continued

Held-to-maturity financial investments, continued

If the Credit Union were to sell or reclassify more than an insignificant amount of held-to-maturity investments before maturity (other than in certain specific circumstances), the entire category would be tainted and would have to be reclassified as available-for-sale. Furthermore, the Credit Union would be prohibited from classifying any financial asset as held-to-maturity for the current and during the following two financial years.

Available-for-sale financial investments

Available-for-sale financial investments include equity securities. Equity securities classified as available-for-sale are those which are neither classified as held for trading nor designated at fair value through profit or loss.

After initial measurement, available-for-sale financial investments are subsequently re-measured at fair value based on quoted bid prices or amounts derived from approved valuation models. Unrealised gains and losses on available-for-sale securities are recognised directly in the fair value reserve in equity and reported under other comprehensive income.

When the investment is disposed of, the cumulative gain or loss previously recognised in equity is recognised in the statement of income.

Unquoted equity instruments for which fair values cannot be measured reliably are recognised at cost less impairment.

For available-for-sale financial investments, the Credit Union assesses at each statement of financial position date whether there is objective evidence that an investment is impaired.

Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of income – is removed from other comprehensive income and recognised in the statement of income. Impairment losses on equity investments are not reversed through the statement of income; increases in their fair value after impairment are recognised directly in other comprehensive income.

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Non-consolidated Financial Statements

For the year ended March 31, 2016

(Expressed in Barbados dollars)

2. Accounting Policies, continued

(c) Summary of significant accounting policies, continued

d) Financial instruments, continued

Non-derivative financial assets – Measurement, continued

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment.

Impairment losses are reported as a deduction from the carrying value of the loan (through an allowance account) or balance and recognised in the statement of income as loan impairment expense.

Non-derivative financial liabilities - Classification, Recognition/Derecognition and Measurement

The Credit Union classifies non-derivative financial liabilities into the other financial liabilities category.

The Credit Union's financial liabilities include customer deposits, loans payable, reimbursable shares and other liabilities. The Credit Union determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans payable, net of directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of income when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process. The EIR amortisation, if any, is included in the statement of income.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

e) Reimbursable shares

Reimbursable shares represent amounts due to the estates of deceased members.

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Non-consolidated Financial Statements

For the year ended March 31, 2016

(Expressed in Barbados dollars)

2. Accounting Policies, continued

(c) Summary of significant accounting policies, continued

f) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. Impairment losses are recognised in the statement of income.

g) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

h) Property and equipment

Property and equipment are carried at cost less accumulated depreciation and accumulated impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Credit Union and the cost of the item can be measured reliably. All other repairs and maintenance are included in the statement of income during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and these are included in the statement of income. The assets' residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each statement of financial position date.

Items of property and equipment are depreciated from the date they are available for use. Depreciation is recognised in the statement of income on the straight-line basis, at rates designed to write off the cost of the assets over the periods of their estimated useful lives. Land is not depreciated.

The following annual rates apply:

Buildings	2% - 4%
Motor vehicles	20%
Furniture and equipment	10% - 33.33%
Leasehold improvements	10% - 33.33%

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Non-consolidated Financial Statements

For the year ended March 31, 2016

(Expressed in Barbados dollars)

2. Accounting Policies, continued

(c) Summary of significant accounting policies, continued

i) Employee benefits

Defined benefit plan

The Credit Union has a defined benefit plan for its employees.

A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation. The Credit Union operates a defined benefit pension plan for its eligible employees, which requires contributions to be made to a separately administered fund.

The Credit Union's net obligation in respect of its defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Credit Union, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in the statement of other comprehensive income. The Credit Union determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the statement of income.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in the statement of income. The Credit Union recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Non-consolidated Financial Statements

For the year ended March 31, 2016

(Expressed in Barbados dollars)

2. Accounting Policies, continued

(c) Summary of significant accounting policies, continued

i) Employee benefits, continued

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Credit Union has a present legal or constructive obligation to pay the amounts as a result of past service provided by the employee and the obligation can be estimated reliably.

Other long-term employee benefits

The Credit Union's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in the statement of income in the period in which they arise.

Termination benefits

Termination benefits are expensed at the earlier of when the Credit Union can no longer withdraw the offer of those benefits and when the Credit Union recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

j) Taxation

The Credit Union is exempt from corporation tax under Section 9(1)(g) of the Income Tax Act.

k) Recognition of income and expenses

Revenue is recognised on an accrual basis to the extent that it is probable that the economic benefits will flow to the Credit Union and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue and expense are recognised:

Interest income and expense

For all financial instruments measured at amortised cost, interest income or expense is recorded using the effective interest method. The effective interest rate (EIR), is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument (or a shorter period, where appropriate), to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses. For financial liabilities such as deposits, interest is expensed based on the outstanding balance of these deposit accounts.

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Non-consolidated Financial Statements

For the year ended March 31, 2016

(Expressed in Barbados dollars)

2. Accounting Policies, continued

(c) Summary of significant accounting policies, continued

k) Recognition of income and expenses, continued

Fees and commission income

Fees and commission income are generally recognised on an accrual basis when the service has been provided.

Dividend income

Dividend income is recognised when the right to receive the dividend is established.

(d) Changes in accounting policy and disclosures

Standards, interpretations and amendments to existing standards effective for the current year

The Credit Union has consistently applied the accounting policies set out in Note 2 to all periods presented in these financial statements.

During the year, certain new standards, interpretations and amendments to the existing standards became effective. Management has assessed that these new standards, interpretations and amendments to the existing standards where relevant did not have any significant impact on the preparation of these financial statements. The application of these pronouncements has therefore not been reflected in these financial statements.

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Non-consolidated Financial Statements

For the year ended March 31, 2016

(Expressed in Barbados dollars)

2. Accounting Policies, continued

(e) Standards in issue but not yet effective

New standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted by the Credit Union are as follows:

- IAS 1 (Amendments) - Disclosure Initiative (effective January 1, 2016)
- IAS16 & IAS 38 (Amendments) - Clarification of Acceptable Methods of Depreciation and Amortisation (effective January 1, 2016)
- IAS 16 & IAS 41 (Amendments) - Agriculture: Bearer Plants (effective January 1, 2016)
- IAS 27 (Amendments) – Equity Method in Separate Financial Statements (effective January 1, 2016)
- IAS 7 (Amendments) – Disclosure Initiative (effective January 1, 2017)
- IAS 12- (Amendments) – Recognition of Deferred Tax Assets for Unrealised Losses (effective January 1, 2017)
- IFRS 10 & IAS 28 (Amendments) - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective January 1, 2016)
- IFRS 10, IFRS 12 & IAS 28 (Amendments) – Investment Entities:Applying the Consolidation Exception (effective January 1, 2016)
- IFRS 11 (Amendments) – Accounting for Acquisitions of Interests in Joint Operations (effective January 1, 2016)
- IFRS 14 - Regulatory Deferral Accounts (effective January 1, 2016)
- Annual Improvements to IFRS 2012-2014 Cycle - various standards (effective January 1, 2016)
- IFRS 9 - Financial Instruments (effective January 1, 2018)
- IFRS 15 – Revenue from Contracts with Customers (effective January 1, 2018)
- IFRS 16, Leases (effective January 1, 2019)

None of these is expected to have a significant effect on the financial statements of the Credit Union in the period of adoption, except for IFRS 9 Financial Instruments, which tentatively becomes mandatory for the Credit Union's 2019 financial statements, and is expected to impact the classification and measurement of financial assets and financial liabilities. A description of this standard is provided below.

IFRS 9 – Financial Instruments

In July 2014, the IASB released the final version of IFRS 9 *Financial Instruments*. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models for debt instruments in IAS 39, *Financial Instruments: Recognition and Measurement*, with a new mixed measurement model having only two categories: amortised cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are recognised either at fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognised in profit or loss insofar as they do not clearly represent a return on investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Non-consolidated Financial Statements

For the year ended March 31, 2016

(Expressed in Barbados dollars)

2. Accounting Policies, continued

(e) Standards in issue but not yet effective, continued

IFRS 9 – Financial Instruments, continued

Requirements for financial liabilities carried forward existing requirements in IAS 39, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in the statement of other comprehensive income. . It also includes guidance on hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018, with earlier application permitted. The Credit Union is currently evaluating the impact of the standard on its financial statements.

3. Net Interest Income

	<u>2016</u>	<u>2015</u>
Interest income		
Loans and advances	\$ 72,886,997	65,504,246
Financial investments	1,915,658	1,676,025
Cash resources	<u>1,565,759</u>	<u>1,970,695</u>
	<u>\$ 76,368,414</u>	<u>69,150,966</u>
Interest expense		
Deposits	\$ 24,439,698	22,725,612
Loans payable	<u>1,477,049</u>	<u>1,985,943</u>
	<u>25,916,747</u>	<u>24,711,555</u>
Net interest income	<u>\$ 50,451,667</u>	<u>44,439,411</u>

4. Other Income

	<u>2016</u>	<u>2015</u>
Fee income	\$ 1,167,697	955,577
Legal income	1,145,884	1,016,349
Rental income	90,612	75,264
Bad debt recoveries	1,035,086	396,008
Dividend income	109,512	108,288
(Loss) gain on disposal of equipment	<u>(143)</u>	<u>14,801</u>
	<u>\$ 3,548,648</u>	<u>2,566,287</u>

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Non-consolidated Financial Statements

For the year ended March 31, 2016

(Expressed in Barbados dollars)

5. Staff Costs

	<u>2016</u>	<u>2015</u>
Salaries	\$ 11,596,320	9,854,658
National Insurance Scheme contributions	915,532	866,057
Pension plan – defined benefit plan (Note 13)	567,412	604,268
Other costs	<u>1,791,992</u>	<u>1,336,340</u>
	\$ <u>14,871,256</u>	<u>12,661,323</u>

6. Operating Expenses

	<u>2016</u>	<u>2015</u>
Anniversary expenses	\$ 322,960	260,430
Advertising	549,980	706,995
Affiliation	75,000	75,000
Audit fees	299,288	294,000
Bank charges	64,430	57,018
Committee travelling allowances	120,768	120,600
Development expenses	61,905	280,310
Direct cost of services	457,648	418,826
Educational grant and scholarship expenses	329,430	445,215
Elected Officials and Committee Training	407,944	223,895
Entertaining	83,554	70,011
Insurance	399,346	402,062
Janitorial services	299,600	304,570
Legacy Foundation – Donations	-	100,000
Legal and professional fees	551,205	804,914
Meetings and conferences	477,121	384,305
Membership security	2,465,088	2,343,792
Sundry expenses	35,832	8,272
National development expenses	82,812	98,783
Office stationery and supplies	942,329	862,315
Postage	91,317	165,044
Property taxes	238,569	166,754
Publicity and promotion	2,163,783	2,198,410
Rent	870,716	753,149
Repairs and maintenance	2,672,189	2,633,975
Security services	857,735	782,180
Social outreach expenses	127,746	141,506
Staff and members' training	573,361	653,645
Utilities	<u>974,090</u>	<u>1,167,215</u>
	\$ <u>16,595,746</u>	<u>16,923,191</u>

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Non-consolidated Financial Statements

For the year ended March 31, 2016

(Expressed in Barbados dollars)

7. Tax on Assets

Under the Tax on Asset Act, 2015, every credit union registered under Section 193 of the Co-operative Societies Act, Cap 378 with total gross assets of which is \$40 million or more, shall pay within four (4) months after each assessment quarter, a levy of 0.20% per annum on the average domestic assets of the Credit Union. This Act came into effect on July 1, 2014 and is expected to expire on March 31, 2016. Tax on assets expense for the year amounted to \$1,948,737 (2015 - \$1,350,916).

8. Distributions to Members

Distributions to members include a dividend of \$0.238 (2015 - \$0.238) per share amounting to \$417,329 (2015 - \$393,544) and interest rebate amounting to \$ 1,620,780 (2015 - \$1,564,953).

9. Cash Resources

	<u>2016</u>	<u>2015</u>
Cash on hand	\$ 9,664,017	6,627,130
Cash and cash equivalents	39,847,532	28,788,744
Short term deposits	<u>-</u>	<u>9,524,610</u>
Total cash and cash equivalents	49,511,549	44,940,484
Other term deposits	<u>52,650,680</u>	<u>48,832,238</u>
Total cash resources	\$ <u>102,162,229</u>	<u>93,772,722</u>

The average effective yield on cash resources during the year was 0.06% (2015 - 0.18%).

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Non-consolidated Financial Statements

For the year ended March 31, 2016

(Expressed in Barbados dollars)

10. Financial Investments

The amount comprises:

	<u>2016</u>	<u>2015</u>
Held-to-maturity		
Government securities	\$ 28,061,741	25,109,000
Interest receivable	<u>1,012,442</u>	<u>729,462</u>
	<u>\$ 29,074,183</u>	<u>25,838,462</u>

The average effective yield during the year on held-to-maturity investments was 6.28% (2015 - 6.15%).

	<u>2016</u>	<u>2015</u>
Available-for-sale		
Equities - quoted (i)	\$ 1,525,000	1,205,000
Equities - unquoted	<u>754,438</u>	<u>682,522</u>
	<u>\$ 2,279,438</u>	<u>1,887,522</u>

(i) This represents the Credit Union's investment in 500,000 (2015 - 500,000) common shares. As at March 31, 2016, the quoted bid price of these common shares was \$3.05 (2015 - \$2.41) per share.

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Non-consolidated Financial Statements

For the year ended March 31, 2016

(Expressed in Barbados dollars)

11. Loans and Advances

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

2016				
	Consumer	Business	Mortgages	Total
Performing loans	\$ 531,614,563	2,828,277	246,197,419	780,640,259
Non-performing loans	<u>33,062,055</u>	<u>646,858</u>	<u>18,978,753</u>	<u>52,687,666</u>
Gross loans	564,676,618	3,475,135	265,176,172	833,327,925
Less: provision for impairment	<u>(16,354,985)</u>	<u>(151,572)</u>	<u>(3,946,592)</u>	<u>(20,453,149)</u>
	\$ <u>548,321,633</u>	<u>3,323,563</u>	<u>261,229,580</u>	812,874,776
Add: interest receivable				<u>4,963,994</u>
				\$ <u>817,838,770</u>
2015				
	Consumer	Business	Mortgages	Total
Performing loans	\$ 491,662,619	2,458,562	220,158,090	714,279,271
Non-performing loans	<u>30,986,219</u>	<u>598,947</u>	<u>19,309,332</u>	<u>50,894,498</u>
Gross loans	522,648,838	3,057,509	239,467,422	765,173,769
Less: provision for impairment	<u>(17,036,003)</u>	<u>(294,476)</u>	<u>(4,572,359)</u>	<u>(21,902,838)</u>
	\$ <u>505,612,835</u>	<u>2,763,033</u>	<u>234,895,063</u>	743,270,931
Add: interest receivable				<u>3,226,008</u>
				\$ <u>746,496,939</u>

The average yield on loans for the year was 9.10% (2015 – 8.92%).

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Non-consolidated Financial Statements

For the year ended March 31, 2016

(Expressed in Barbados dollars)

11. Loans and Advances, continued

(ii) The movement in the provision for impaired loans is as follows:

2016				
	<u>Consumer</u>	<u>Business</u>	<u>Mortgages</u>	<u>Total</u>
Balance, beginning of year	\$ 17,036,003	294,476	4,572,359	21,902,838
Amounts charged/write off	(5,202,888)	(35,988)	-	(5,238,876)
Loan impairment expense	<u>4,521,870</u>	<u>(106,916)</u>	<u>(625,767)</u>	<u>3,789,187</u>
Balance, end of year	\$ <u>16,354,985</u>	<u>151,572</u>	<u>3,946,592</u>	<u>20,453,149</u>
Individual impairment	\$ 12,123,333	112,888	3,069,116	15,305,337
Collective impairment	<u>4,231,652</u>	<u>38,684</u>	<u>877,476</u>	<u>5,147,812</u>
	\$ <u>16,354,985</u>	<u>151,572</u>	<u>3,946,592</u>	<u>20,453,149</u>

2015				
	<u>Consumer</u>	<u>Business</u>	<u>Mortgages</u>	<u>Total</u>
Balance, beginning of year	\$ 16,754,196	462,395	4,118,331	21,334,922
Amounts charged off	(3,061,940)	(82,101)	-	(3,144,041)
Loan impairment expense	<u>3,343,747</u>	<u>(85,818)</u>	<u>454,028</u>	<u>3,711,957</u>
Balance, end of year	\$ <u>17,036,003</u>	<u>294,476</u>	<u>4,572,359</u>	<u>21,902,838</u>
Individual impairment	\$ 13,079,751	221,696	3,408,911	16,710,358
Collective impairment	<u>3,956,252</u>	<u>72,780</u>	<u>1,163,448</u>	<u>5,192,480</u>
	\$ <u>17,036,003</u>	<u>294,476</u>	<u>4,572,359</u>	<u>21,902,838</u>

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Non-consolidated Financial Statements

For the year ended March 31, 2016

(Expressed in Barbados dollars)

12. Property and Equipment

Property and equipment is comprised of the following:

	2016				
	Land and Buildings	Motor Vehicles	Furniture and Equipment	Leasehold Improvements	Assets being Acquired
Cost					Total
Balance, beginning of year	\$ 28,801,032	663,102	19,529,408	1,172,711	1,846,344
Additions/transfer	871,799	65,031	3,074,632	2,281,566	(897,371)
Disposals	-	(58,875)	(2,345)	-	-
Balance, end of year	<u>29,672,831</u>	<u>669,258</u>	<u>22,601,695</u>	<u>3,454,277</u>	<u>57,347,034</u>
Accumulated depreciation					
Balance, beginning of year	7,913,194	411,441	15,427,481	855,873	-
Depreciation	553,707	96,392	1,964,550	638,013	-
Disposals	-	(58,875)	(1,689)	-	-
Balance, end of year	<u>8,466,901</u>	<u>448,958</u>	<u>17,390,342</u>	<u>1,493,886</u>	<u>-</u>
Net book value, end of year	<u>\$ 21,205,930</u>	<u>220,300</u>	<u>5,211,353</u>	<u>1,960,391</u>	<u>948,973</u>
					<u>29,546,947</u>

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Non-consolidated Financial Statements

For the year ended March 31, 2016

(Expressed in Barbados dollars)

12. Property and Equipment, continued

	2015				
	Land and Buildings	Motor Vehicles	Furniture and Equipment	Leasehold Improvements	Assets being Acquired
Cost					Total
Balance, beginning of year	\$ 28,801,032	779,384	17,813,166	1,166,013	49,760,225
Additions/transfer	-	103,612	1,802,868	6,698	2,558,892
Disposals	-	(219,894)	(86,626)	-	(306,520)
Balance, end of year	<u>28,801,032</u>	<u>663,102</u>	<u>19,529,408</u>	<u>1,172,711</u>	<u>52,012,597</u>
Accumulated depreciation					
Balance, beginning of year	7,366,180	497,266	13,768,929	502,186	22,134,561
Depreciation	547,014	107,389	1,743,956	353,687	2,752,046
Disposals	-	(193,214)	(85,404)	-	(278,618)
Balance, end of year	<u>7,913,194</u>	<u>411,441</u>	<u>15,427,481</u>	<u>855,873</u>	<u>24,607,989</u>
Net book value, end of year	<u>\$ 20,887,838</u>	<u>251,661</u>	<u>4,101,927</u>	<u>316,838</u>	<u>27,404,608</u>

Assets being acquired represent purchases of property and equipment which were not yet in operation and on which no depreciation has been charged.

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Non-consolidated Financial Statements

For the year ended March 31, 2016

(Expressed in Barbados dollars)

13. Pension Plan Asset

The Credit Union participates in a defined benefit pension plan operated by a reputable insurance provider. The pension plan is jointly funded by payments from the Credit Union and certain employees, taking into account the recommendations of independent qualified actuaries.

The Actuary periodically (at least every three years) evaluates the financial position of the Plan and recommends the future contribution rate for the Credit Union.

The last full actuarial valuation of the pension plan for eligible employees was carried out on March 31, 2016.

In a Defined Benefit Pension Plan, the employees' entitlement is determined by a formula based on their years of pensionable service and pensionable salary. It is typical for the employees' benefit to be integrated with the retirement benefits provided by the National Insurance.

The contribution rate paid by the employee is fixed and the Credit Union pays the balance of the ultimate cost of the benefits and hence the Credit Union's contribution is unknown. The Credit Union expects to pay \$567,412 in contributions to its defined benefit plan in 2016.

Currently at retirement employees are entitled to receive a pension benefit equal to:

1. 1.75% of their pensionable salary as at April 1, 2014 reduced by 1.32% of the National Insurance Insurable Earnings as at April 1, 2003 for each year of Ranking Service prior to April 1, 2003.

Plus

2. 1.75% of their total pensionable salary from April 1, 2003 reduced by 1.32% of the National Insurance Insurable Earnings as at April 1, 2003 for each year of Ranking Service prior to April 1, 2003.

Employees' pension benefits are further increased by the amount of pension that can be purchased with any voluntary contributions accumulated with credited interest to their retirement date.

There are three Trustees of the Plan, one is an employee representative while the other two are external to the Credit Union. The Trustees are required to understand the risks taken, make reasonable investment decisions, provide members with information and act in the best interests of the plan participants.

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Non-consolidated Financial Statements

For the year ended March 31, 2016

(Expressed in Barbados dollars)

13. Pension Plan Asset, continued

The Plan is invested in a segregated pensions fund consisting of two Funds which cover a broad spectrum of available assets. The strategic investment policy of the Funds can be summarised as follows:

Bonds Fund:

A unit trust with a strategy of acquiring regional and non-regional long-dated securities, where possible, but the majority of its financial investments are still predominantly in Barbados currency. The Fund's objective is to generate income and preserve capital through investment in competitive yielding fixed income securities including mortgages, bonds and other debt instruments.

Equity Fund:

This is a unit trust that invests mainly in Barbadian equities, Barbadian real estate, commercial mortgages, foreign equities and bonds. This Fund's objective is to provide long-term capital growth through investment in a diversified portfolio of equity securities and real estate.

The current instruction is to invest all new cash flows 50% in the Bonds Fund and 50% in the Equity Fund. At present, approximately 45% of the Plan's assets are invested in the Equity Fund and 55% are invested in the Bonds Fund.

a) The amounts recognised in the statement of financial position are determined as follows:

		<u>2016</u>	<u>2015</u>
Present value of obligation to plan members	\$	(8,919,972)	(8,164,276)
Pension plan assets at fair value		<u>9,357,750</u>	<u>8,851,705</u>
Asset recognised in the statement of financial position	\$	<u>437,778</u>	<u>687,429</u>

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Non-consolidated Financial Statements

For the year ended March 31, 2016

(Expressed in Barbados dollars)

13. Pension Plan Asset, continued

b) Movement in the amounts recognised in the statement of financial position is as follows:

		<u>2016</u>	<u>2015</u>
Asset, beginning of year	\$	687,429	5,716
Contributions paid		607,479	581,473
Pension expense recognised in statement of income		(567,412)	(604,268)
Re-measurement recognised in other comprehensive income		<u>(289,718)</u>	<u>704,508</u>
Asset, end of year	\$	<u>437,778</u>	<u>687,429</u>

c) Changes in the present value of the obligation for defined benefit pension plans were as follows:

		<u>2016</u>	<u>2015</u>
Opening obligation	\$	8,164,276	7,847,099
Interest cost		672,883	656,358
Current service cost		577,540	561,818
Employees' contributions		108,000	99,518
Benefits paid		(306,472)	(52,808)
Actuarial losses arising from:			
Experience adjustments		<u>(296,255)</u>	<u>(947,709)</u>
Closing obligation	\$	<u>8,919,972</u>	<u>8,164,276</u>

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Non-consolidated Financial Statements

For the year ended March 31, 2016

(Expressed in Barbados dollars)

13. Pension Plan Asset, continued

d) (i) Changes in the fair value of the defined benefit pension plan assets were as follows:

		<u>2016</u>	<u>2015</u>
Opening fair value of plan assets	\$	8,851,705	7,852,815
Actual return		115,180	389,024
Employer's contributions		607,479	581,473
Employees' contributions		108,000	99,518
Benefits paid		(306,472)	(52,808)
Administrative expenses		<u>(18,142)</u>	<u>(18,317)</u>
Closing fair value of plan assets	\$	<u>9,357,750</u>	<u>8,851,705</u>

(ii) Plan assets consist of the following:

		<u>2016</u>	<u>2015</u>
Equities	\$	4,192,476	3,979,683
Bonds		<u>5,165,274</u>	<u>4,872,022</u>
	\$	<u>9,357,750</u>	<u>8,851,705</u>

The assets of the plan are invested in segregated funds. The major asset categories underlying the plan assets are as follows:

	<u>2016</u>	<u>2015</u>
Mortgages	13.86%	14.07%
Bonds	39.17%	39.33%
Equities	34.50%	36.35%
Property	5.07%	4.50%
Other	7.40%	5.76%

e) The amounts recognised in the statement of income are as follows:

		<u>2016</u>	<u>2015</u>
Current service cost	\$	577,540	561,818
Interest cost on obligation		672,883	656,358
Expected return on plan assets		(701,153)	(632,225)
Administrative expenses		<u>18,142</u>	<u>18,317</u>
Net pension expense included in staff costs (Note 5)	\$	<u>567,412</u>	<u>604,268</u>

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Non-consolidated Financial Statements

For the year ended March 31, 2016

(Expressed in Barbados dollars)

13. Pension Plan Asset, continued

f) The amounts recognised in the statement of other comprehensive income are as follows:

	<u>2016</u>	<u>2015</u>
Remeasurement (gain) loss on obligation	\$ (296,255)	(947,709)
Remeasurement loss on plan assets	<u>585,973</u>	<u>243,201</u>
	\$ <u>289,718</u>	<u>(704,508)</u>

g) Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	<u>2016</u>	<u>2015</u>
Discount rate at end of year	7.75%	7.75%
Expected return on plan assets at end of year	n/a	n/a
Future salary increases	6.75%	6.75%
Future pension increases	1.75%	1.75%
Future changes in NIS ceiling	4.25%	4.25%
Proportion of employees opting for early retirement	0.00%	0.00%
Termination of active members	0.00%	0.00%
Future expenses	0.00%	0.00%

At March 31, 2016, the weighed-average duration of the defined benefit obligation was 22.80 years.

h) Sensitivity analysis on projected benefit obligation:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	<u>Increase</u>	<u>Decrease</u>
Discount rate (1% movement)	(1,717,595)	2,308,263
Future salary growth (0.5% movement)	913,769	(832,508)

As mortality continues to improve, estimates of life expectancy are expected to increase. The effect on the projected benefit obligation of an increase of one year in the life expectancy is approximately \$184,561.

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Non-consolidated Financial Statements

For the year ended March 31, 2016

(Expressed in Barbados dollars)

14. Investment in Subsidiary

	<u>2016</u>	<u>2015</u>
BPW Financial Holdings Inc. – 100%	\$ <u>11,500,000</u>	<u>8,500,000</u>

On November 26, 2015, the Board of Directors approved a resolution for the issuance of an additional \$3,000,000 in share capital.

15. Other Assets

Other assets are comprised of the following:

	<u>2016</u>	<u>2015</u>
Accounts receivable	\$ 4,997,416	3,640,559
Prepaid employee benefit (Note 18)	3,120,994	2,354,990
Prepaid expenses	1,869,940	1,914,643
Interest receivable on cash resources	17,620	54,985
Dividend receivable	55,000	55,000
Other Assets re Goodwill Credit Union (Note 27)	<u>42,534</u>	<u>186,505</u>
	\$ <u>10,103,504</u>	<u>8,206,682</u>

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Non-consolidated Financial Statements

For the year ended March 31, 2016

(Expressed in Barbados dollars)

16. Deposits

This amount comprises:

	<u>2016</u>	<u>2015</u>
Saving deposits	\$ 400,347,839	375,188,937
Deposits payable on fixed date	418,230,494	358,369,808
Registered retirement savings plan deposits (i)	<u>41,115,349</u>	<u>38,431,616</u>
	859,693,682	771,990,361
Interest payable	<u>3,206,009</u>	<u>3,125,924</u>
	\$ <u>862,899,691</u>	<u>775,116,285</u>

- (i) The Credit Union operates a registered retirement savings plan for the benefit of its members and guarantees a minimum return on plan deposits of the higher of 5.0% or 1.0% above the minimum deposit rate. At March 31, 2016, the minimum deposit rate was 2.0% (2015 - 2.5%).

Concentration of deposits

Deposits (excluding interest payable) comprised the following:

	<u>2016</u>	<u>2015</u>
Personal	\$ 828,331,680	749,941,580
Commercial	<u>31,362,002</u>	<u>22,048,781</u>
	\$ <u>859,693,682</u>	<u>771,990,361</u>

At March 31, 2016, deposits pledged as security for loans to members and not available for withdrawal totalled \$ 283,398,239 (2015 - \$229,404,306). The average yield of deposits during the year was 3.0% (2015 - 3.05%).

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Non-consolidated Financial Statements

For the year ended March 31, 2016

(Expressed in Barbados dollars)

17. Loans Payable

Loans payable is comprised of the following:

	<u>2016</u>	<u>2015</u>
National Insurance Board (i)	\$ 13,317,772	23,878,503
Housing Credit Fund (ii)	<u>8,965,543</u>	<u>9,566,629</u>
	<u>\$ 22,283,315</u>	<u>33,445,132</u>

- (i) The National Insurance Board loans are repayable over an average period of twenty years and are secured by an equivalent value of first legal mortgages over residential properties funded by the loan proceeds. The interest rates on these loans ranged from 5.50% - 6.00% (2015 – 5.50% - 6.00%) at year end.
- (ii) The Housing Credit Fund loans are repayable over twenty-five years and are secured by an equivalent value of first legal mortgages over residential properties. The interest rate on all loans at year end was 3.00% (2015 - 4.25%).

The Credit Union has not had any defaults of principal, interest or other breaches with respect to its loans payable during the years ended March 31, 2016 and 2015.

18. Other Liabilities

Other liabilities is comprised of the following:

	<u>2016</u>	<u>2015</u>
Accounts payable and accrued expenses	\$ 3,727,265	3,218,764
Amounts payable re Goodwill Credit Union (Note 27)	100,377	255,088
Fair value adjustment - staff loans (i)	3,196,129	2,320,167
Interest rebate payable	203,206	203,206
Unallocated receipts to members	<u>1,331,048</u>	<u>1,421,395</u>
	<u>\$ 8,558,025</u>	<u>7,418,620</u>

- (i) Fair value adjustment staff loans

The fair value adjustment - staff loans represents the deferred interest income on staff loans associated with the difference between the market value and the carrying value of the loans as a result of the interest rates on the staff loans being lower than the market interest rate. This balance is partially offset by the prepaid employee benefit recorded and included in other assets (Note 15). The deferred interest income will be recognised over the term of the staff loans.

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Non-consolidated Financial Statements

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19. Share Capital

Section 10 of the Co-operative Societies (Amendment) Act, 2007-39, requires that each member hold a minimum value of membership qualifying shares as determined by the Credit Union.

The qualifying amount for membership amounts to \$120 which comprises 24 shares at a nominal value of \$5 per share. All shares are non-withdrawable except on the termination of membership. There is no limit to the number of shares the Credit Union is authorised to issue.

At March 31, 2016 the total number of membership qualifying shares was 1,881,480 (2015 - 1,752,768).

20. Statutory Reserves

Section 197(2) of the Co-operative Societies (Amendment) Act, 2007-39 requires for the Credit Union that an appropriation equivalent to the greater of one half of one per cent (0.5%) of total assets or twenty-five per cent (25%) of net surplus shall be credited to the reserve fund annually until capital equals ten per cent (10%) of total assets. The Registrar of Co-operatives may increase the appropriation amount to forty per cent (40%) of net surplus or one per cent (1%) of total assets in certain circumstances.

The movement in these reserves during the year is as follows:

	<u>2016</u>	<u>2015</u>
Balance, beginning of year	\$ 89,492,577	81,723,453
Transfers to reserve - statutory	5,101,250	4,651,099
Transfers to reserve - voluntary	<u>2,620,906</u>	<u>3,093,680</u>
	97,214,733	89,468,232
Entrance fees	<u>30,300</u>	<u>24,345</u>
Balance, end of year	\$ <u>97,245,033</u>	<u>89,492,577</u>

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Non-consolidated Financial Statements

For the year ended March 31, 2016

(Expressed in Barbados dollars)

21. Other Reserves

Other reserves is comprised of the following:

	<u>2016</u>	<u>2015</u>
Fair value reserve (i)	\$ 875,000	555,000
Special funds (ii)	1,008,479	678,261
Donated equity (iii)	26,909	26,909
Defined benefit plan (iv)	(50,870)	238,848
Reserve for interest on non-performing loans (v)	<u>2,565,380</u>	<u>1,286,413</u>
	<u>\$ 4,424,898</u>	<u>2,785,431</u>

(i) Fair value reserve

The fair value reserve represents the net effect of fair value gains or losses on available-for-sale investment securities held.

The movement on the fair value reserve for the year is as follows:

	<u>2016</u>	<u>2015</u>
Balance, beginning of year	\$ 555,000	640,000
Unrealised fair value gain (loss)	<u>320,000</u>	<u>(85,000)</u>
Balance, end of year	<u>\$ 875,000</u>	<u>555,000</u>

(ii) Special funds

The special reserve funds comprise the following:

a) Social Outreach Fund

The Social Outreach Fund was created to provide charitable donations to members in need of financial assistance.

b) Education Fund

The Education Fund was established to provide grants and scholarships to members pursuing educational programmes.

c) Development Fund

In June 2004, the general membership approved the establishment of the Development Fund to assist with the exploratory cost relating to projects of a developmental nature.

d) BCCUL Training/Education Fund

The BCCUL Training/Education Fund was instituted in June 2002 to finance the education of credit union members and the general public in credit union philosophy and operations.

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

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(Expressed in Barbados dollars)

21. Other Reserves, continued

(ii) Special funds, continued

e) BPWCCUL Foundation

This fund was established in June 2009 to fund major philanthropic initiatives undertaken by the Credit Union.

f) National Development Fund

This fund was established in June 2009 to assist the Barbados Co-operative Credit Union League Limited in funding developmental initiatives for the credit union movement in Barbados.

g) Credit Union Liability Insurance Fund

This fund was established in June 2010 to facilitate the establishment of deposit liability insurance for credit unions.

The movement in special funds during the year is as follows:

	2016			
	Balance at <u>Beginning</u>	Amounts <u>Appropriated</u>	Amounts <u>Utilised</u>	Balance <u>at End</u>
Social Outreach Fund	\$ 154,649	45,351	(127,746)	72,254
Education Fund	61,110	456,450	(329,430)	188,130
Development Fund	119,690	230,310	(61,905)	288,095
BCCUL Training/Education Fund	-	50,000	-	50,000
BPWCCUL Foundation	-	-	-	-
Small and Micro Business Fund	-	150,000	-	150,000
National Development Fund	82,812	-	(82,812)	-
Credit Union Liability Insurance Fund	<u>260,000</u>	<u>-</u>	<u>-</u>	<u>260,000</u>
	<u>\$ 678,261</u>	<u>932,111</u>	<u>(601,893)</u>	<u>1,008,479</u>

	2015			
	Balance at <u>Beginning</u>	Amounts <u>Appropriated</u>	Amounts <u>Utilised</u>	Balance <u>at End</u>
Social Outreach Fund	\$ 158,817	137,338	(141,506)	154,649
Education Fund	94,311	412,014	(445,215)	61,110
Development Fund	221,954	128,046	(230,310)	119,690
BCCUL Training/Education Fund	-	50,000	(50,000)	-
BPWCCUL Foundation	-	100,000	(100,000)	-
National Development Fund	121,595	60,000	(98,783)	82,812
Credit Union Liability Insurance Fund	<u>260,000</u>	<u>-</u>	<u>-</u>	<u>260,000</u>
	<u>\$ 856,677</u>	<u>887,398</u>	<u>(1,065,814)</u>	<u>678,261</u>

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Non-consolidated Financial Statements

For the year ended March 31, 2016

(Expressed in Barbados dollars)

21. Other Reserves, continued

(iii) Donated equity

This amount totalling \$26,909 (2015 - \$26,909) represents the value of donations bestowed upon the Credit Union on incorporation.

(iv) Defined benefit plan

This amount totalling \$ (50,870) (2015 - \$238,848) represents the net amount of actuarial gains and losses and other items recognised directly in other comprehensive income on the Credit Union's defined benefit plan. (Note 13)

(v) Reserve for interest on non-performing loans

This amount totalling \$ 2,565,380 (2015 - \$1,286,413) is created to set aside interest accrued on non-performing loans where certain conditions are met in accordance with International Accounting Standard (IAS) 39. The guidelines of Section 202 (2) of the Co-operative Societies Act Cap. 378A, however do not allow for the accrual of such interest. The interest is therefore set aside in a reserve and is not available for distribution to members.

22. Related Party Disclosures

Related parties include those entities and individuals that have the ability to control or exercise significant influence over the Credit Union in making financial or operating decisions, and entities that are controlled, jointly controlled or significantly influenced by them.

Terms and conditions of transactions with related parties

The transactions with related parties are made at terms equivalent to those that prevail in arm's length transactions. For the years ended March 31, 2016 and March 31, 2015, the Credit Union has not recorded any impairment of receivables relating to amounts owed by related parties.

Compensation of key management personnel

	<u>2016</u>	<u>2015</u>
Short term employee benefits	\$ 1,600,773	1,447,250
Post-employment benefits	<u>99,083</u>	<u>57,337</u>
Total compensation paid to key management personnel	\$ <u>1,699,856</u>	<u>1,504,587</u>

Transactions with key management personnel

The Credit Union enters into transactions, arrangements and agreements involving directors, senior management and their related concerns in the ordinary course of business at commercial interest and commission rates.

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Non-consolidated Financial Statements

For the year ended March 31, 2016

(Expressed in Barbados dollars)

22. Related Party Disclosures, continued

Transactions with key management personnel, continued

The following table provides the total amount of balances held with related parties for the relevant financial year.

	<u>2016</u>	<u>2015</u>
Key management personnel:		
Loans and advances	\$ 2,044,956	2,140,745
Deposits	1,569,400	862,959

The secured loans and advances are secured over property of the respective borrowers. Other balances are not secured and no guarantees have been obtained.

No impairment losses have been recorded against balances outstanding during the period with key management personnel, and no specific allowance has been made for impairment losses on balances with key management personnel and their related concerns at the period end.

Due from related companies

	<u>2016</u>	<u>2015</u>
Due from BPW Financial Holdings Inc.	\$ 17,200,255	17,339,733
Due from Capita Financial Services Inc.	66,138	85,541
Due from Capita Insurance Brokers Inc.	<u>41,221</u>	<u>-</u>
	\$ <u>17,307,614</u>	<u>17,425,274</u>

Amounts due from related companies are unsecured, non-interest bearing and have no fixed terms of repayment.

Other transactions

Cash resources include deposits held with Capita Financial Services Inc. amounting to \$16,245,300 (2015 - \$19,523,136) which resulted in interest income of \$544,754 (2015 - \$625,760).

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

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(Expressed in Barbados dollars)

22. Related Party Disclosures, continued

Other transactions, continued

In November 2015, the Barbados Public Workers Co-operative Credit Union Limited (BPWCCUL) entered into a Deed of Sale and Administration agreement with Capita Financial Services Limited for the sale of a portfolio of Real Estate loans amounting to \$20 million over a two year period at a rate of \$10 million per year starting the fiscal year 2015-2016. The BPWCCUL has determined that substantially all the risks and rewards of the said loan portfolio have been transferred to Capita Financial Services Limited and consequently, the loans were eliminated from the BPWCCUL statement of financial position.

23. Commitments and Contingencies

(i) Loan commitments

		<u>2016</u>	<u>2015</u>
Consumer loans approved and pending disbursement	\$	18,408,702	17,526,447
Mortgage loans approved and pending disbursement		28,310,186	21,008,905
Available balances on line of credit accounts		<u>15,104,437</u>	<u>14,120,598</u>
	\$	<u>61,823,325</u>	<u>52,655,950</u>

(ii) 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).

(iii) Legal proceedings

At March 31, 2016, there were certain legal proceedings against the Credit Union. In view of the inherent difficulty of predicting the outcome of such matters, the Credit Union cannot state what the eventual outcome of such matters will be; however, based on current knowledge, the Credit Union 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.

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Non-consolidated Financial Statements

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(Expressed in Barbados dollars)

23. Commitments and Contingencies, continued

(iv) Lease commitments

The Credit Union leases branch facilities under operating leases. Payments made under these leases are recognised in the statement of income on a straight-line basis over the term of the lease. The future minimum rental payments related to these commitments are as follows:

	<u>2016</u>	<u>2015</u>
Less than one year	\$ 854,060	627,265
Between one and five years	<u>3,828,325</u>	<u>2,903,100</u>
	\$ <u>4,682,385</u>	<u>3,530,365</u>

During the year, \$870,716 (2015 - \$753,149) was recorded as an expense in the statement of income in respect of operating leases.

24. Financial Risk Management

Introduction

Risk is inherent in the Credit Union'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 Credit Union's continuing profitability and each individual is accountable for the risk exposures relating to his or her responsibilities. The Credit Union is exposed to credit risk, liquidity risk, market risk and operational risk.

The Credit Union'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 Credit Union'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.

The Supervisory Committee has the responsibility to monitor the overall risk process within the Credit Union.

The Credit Union's policy is that risk management processes are audited annually by the Internal Audit function, which examines both the adequacy of the processes and the Credit Union's compliance with the processes. Internal Audit discusses the results of all assessments with management, and reports its findings and recommendations to the Supervisory Committee.

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

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24. Financial Risk Management, continued

Introduction, continued

Risk mitigation

As part of its overall risk management, the Credit Union invests a portion of its available funds in lending, financial investments and non-earning assets. The Credit Union's main source of income is derived from lending and it seeks to actively use collateral to reduce its credit risk. The Credit Union also has sought long term funding requirements to match its long term loan positions.

In order to avoid excessive concentrations of risk, the Credit Union's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio.

Credit risk

Credit risk is the risk that the Credit Union will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Credit Union manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and by monitoring exposures in relation to such limits. Credit risk exposures arise principally in lending activities that lead to loans and advances, and investment activities that bring debt securities into the Credit Union's asset portfolio. There is also credit risk in off-balance sheet financial instruments, such as commitments.

Loans and advances

The Credit Union employs a range of policies and practices to mitigate credit risk relating to loans and advances. The most traditional of these is the taking of security for funds advanced. The principal collateral types for loans and advances within the Credit Union are:

- Mortgages over residential properties
- Charges over financial instruments such as debt securities and equities
- Charges over business assets such as premises
- Hypothecation of deposit balances

It is the Credit Union's policy to dispose of repossessed properties in an orderly fashion. The proceeds are used to reduce or repay the outstanding claims. The Credit Union does not occupy repossessed properties for business use.

Financial investments

The Credit Union limits its exposure to credit risk by investing only in entities that have high credit ratings and Government of Barbados securities. Government securities are invested over a longer period than term deposits with other financial institutions which typically mature within one year. The Credit Union has invested in available-for-sale equity instruments as well, which gives it an opportunity to monitor the performance of these companies over time and make economic decisions where warranted. The Credit Union has documented investment policies in place, which guide the management of credit risk on investments.

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Non-consolidated Financial Statements

For the year ended March 31, 2016

(Expressed in Barbados dollars)

24. Financial Risk Management, continued

Credit risk, continued

Exposure to credit risk before collateral held or other credit enhancements

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

	<u>Maximum exposure</u>	
	<u>2016</u>	<u>2015</u>
Loans and advances to customers:		
Consumer	\$ 548,321,633	505,612,835
Mortgages	261,229,580	234,895,063
Business	3,323,563	2,763,033
Financial investments:		
Held-to-maturity	29,074,183	25,838,462
Cash resources	102,162,229	93,772,722

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

Loan commitments	<u>61,823,325</u>	<u>52,655,950</u>
Total maximum exposure	\$ <u>1,005,934,513</u>	<u>915,538,065</u>

The above table represents the maximum credit risk exposure of the Credit Union 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.

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Non-consolidated Financial Statements

For the year ended March 31, 2016

(Expressed in Barbados dollars)

24. Financial Risk Management, continued

Credit risk, continued

Exposure to credit risk before collateral held or other credit enhancements, continued

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 Credit Union.

Financial investments

The Credit Union 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 resources

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

The tables below show the credit quality and aging analysis by class of financial assets.

	2016			
	Neither past due nor impaired	Past due but not impaired	Individually impaired	Total
Cash resources	\$ 102,162,229	-	-	102,162,229
Financial investments:				
Held-to-maturity	29,074,183	-	-	29,074,183
Loans and advances:				
Consumer	452,338,438	89,073,793	23,264,387	564,676,618
Mortgages	207,223,554	49,829,049	8,123,569	265,176,172
Business	<u>1,623,572</u>	<u>1,547,167</u>	<u>304,396</u>	<u>3,475,135</u>
Total	\$ <u>792,421,976</u>	<u>140,450,009</u>	<u>31,692,352</u>	<u>964,564,337</u>

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

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(Expressed in Barbados dollars)

24. Financial Risk Management, continued

Credit risk, continued

	2015			
	Neither past due nor impaired	Past due but not impaired	Individually impaired	Total
Cash resources	\$ 93,772,722	-	-	93,772,722
Financial investments:				
Held-to-maturity	25,838,462	-	-	25,838,462
Loans and advances:				
Consumer	420,912,149	78,908,935	22,827,754	522,648,838
Mortgages	188,242,802	37,117,465	14,107,154	239,467,421
Business	<u>1,257,015</u>	<u>1,513,834</u>	<u>286,660</u>	<u>3,057,509</u>
Total	\$ <u>730,023,150</u>	<u>117,540,234</u>	<u>37,221,568</u>	<u>884,784,952</u>

Aging analysis of past due but not impaired loans and advances:

	2016				
	1-30 days	31-60 days	61-90 days	Over 90 days	Total
Loans and advances:					
Consumer	\$ 54,593,687	19,127,609	5,554,829	9,797,668	79,276,125
Mortgages	25,022,460	9,532,123	4,419,282	10,855,184	38,973,865
Business	<u>1,018,186</u>	<u>186,519</u>	<u>-</u>	<u>342,462</u>	<u>1,204,705</u>
Total	\$ <u>80,634,333</u>	<u>28,846,251</u>	<u>9,974,111</u>	<u>20,995,314</u>	<u>119,454,695</u>

	2015				
	1-30 days	31-60 days	61-90 days	Over 90 days	Total
Loans and advances:					
Consumer	\$ 51,461,060	15,853,922	3,435,488	8,158,465	70,750,470
Mortgages	24,330,240	4,981,505	2,603,543	5,202,177	31,915,288
Business	<u>991,501</u>	<u>182,012</u>	<u>28,034</u>	<u>312,287</u>	<u>1,201,547</u>
Total	\$ <u>76,782,801</u>	<u>21,017,439</u>	<u>6,067,065</u>	<u>13,672,929</u>	<u>103,867,305</u>

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

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For the year ended March 31, 2016

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24. Financial Risk Management, continued

Credit risk, continued

Impairment assessment

For accounting purposes, the Credit Union uses an incurred loss model for the recognition of losses on impaired financial assets. This means that losses can only be recognised when objective evidence of a specific loss event has been observed. Triggering events include the following:

- Significant financial difficulty of the customer.
- A breach of contract such as a default of payment.
- Where the Credit Union grants the customer a concession due to the customer experiencing financial difficulty.
- It becomes probable that the customer will enter bankruptcy or other financial reorganisation.
- Observable data that suggests that there is a decrease in the estimated future cash flows from the loans.

Individually assessed allowances

The Credit Union determines the allowances appropriate for each individually significant loan or advance on an individual basis, including any overdue payments of interest or infringement of the original terms of the contract. Items considered when determining allowance amounts include the sustainability of the counterparty's business plan, its ability to improve performance once a financial difficulty has arisen, projected receipts and the expected payout should bankruptcy ensue, the availability of other financial support, the realisable value of collateral and the timing of the expected cash flows. Impairment allowances are evaluated at each reporting date, unless unforeseen circumstances require more careful attention.

Collectively assessed allowances

Impairment allowances are assessed collectively for losses on loans and advances, held-to-maturity debt investments and loans and receivable investments that are not individually significant and for individually significant loans and advances that have been assessed individually and found not to be impaired.

The Credit Union generally bases its analyses on historical experience. However, when there are significant market developments, the Credit Union would include macroeconomic factors within its assessment. These factors include, depending on the characteristics of the individual or collective assessment: unemployment rates, current levels of bad debts, changes in laws, changes in regulations, bankruptcy trends, and other consumer data. The Credit Union may use the aforementioned factors as appropriate to adjust the impairment allowances.

The collective assessment is made for groups of assets with similar risk characteristics, in order to determine whether provision should be made due to incurred loss events for which there is objective evidence, but the effects of which are not yet evident in the individual loans' assessments. The collective assessment takes account of data from the loan portfolio (such as historical losses on the portfolio, levels of arrears, credit utilisation, loan to collateral ratios and expected receipts and recoveries once impaired) or economic data (such as current economic conditions, unemployment levels and local or industry-specific problems). The approximate delay between the time a loss is likely to have been incurred and the time it will be identified as requiring an individually assessed impairment allowance is also taken into consideration.

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

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24. Financial Risk Management, continued

Credit risk, continued

Loans with renegotiated terms and the Credit Union's forbearance policy

Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position, where the Credit Union has made concessions by agreeing to terms and conditions that are more favourable for the borrower than the Credit Union has provided initially. The Credit Union implements forbearance policy in order to maximise collection opportunities and minimise the risk of default. Under the Credit Union's forbearance policy, loan forbearance is granted on a selective basis in situations where the debtor is currently in default on its debt, or where there is a high risk of default, there is evidence that the debtor made all the reasonable efforts to pay under the original contractual terms and it is expected to be able to meet the revised terms.

The revised terms usually include extending maturity, changing timing of interest payments and amendments to the terms of loan covenants. All loans are subject to the forbearance policy.

Once the loan is restructured it remains in this category independent of satisfactory performance after restructuring. The Credit Union's Credit Committee regularly reviews reports on forbearance activities.

Write-off policy

The Credit Union writes off a loan or an investment debt security balance, and any related allowances for impairment losses, when it is determined that the loan or security is uncollectible. This determination is made after considering information such as the occurrence of significant changes in the borrower's/issuer's financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardised loans, write-off decisions generally are based on a product-specific past due status.

Commitments and guarantees

To meet the financial needs of customers, the Credit Union enters into various irrevocable commitments and contingent liabilities. Even though these obligations may not be recognised on the statement of financial position, they do contain credit risk and are therefore part of the overall risk of the Credit Union.

Liquidity risk and funding management

Liquidity risk is defined as the risk that the Credit Union will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Credit Union might be unable to meet its payment obligations when they fall due under both normal and stressed circumstances. To limit this risk, management has arranged diversified funding sources in addition to its core deposit base, and adopted a policy of managing assets with liquidity in mind and of monitoring future cash flows and liquidity on a daily basis. The Credit Union has developed internal control processes and contingency plans for managing liquidity risk. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Non-consolidated Financial Statements

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24. Financial Risk Management, continued

Credit risk, continued

Loans with renegotiated terms and the Credit Union's forbearance policy, continued

Liquidity risk and funding management

Liquidity risk is defined as the risk that the Credit Union will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Credit Union might be unable to meet its payment obligations when they fall due under both normal and stressed circumstances. To limit this risk, management has arranged diversified funding sources in addition to its core deposit base, and adopted a policy of managing assets with liquidity in mind and of monitoring future cash flows and liquidity on a daily basis. The Credit Union has developed internal control processes and contingency plans for managing liquidity risk. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

The Credit Union maintains a portfolio of highly marketable and diverse assets that are assumed to be easily liquidated in the event of an unforeseen interruption of cash flow. The Credit Union also has committed lines of credit that it can access to meet liquidity needs.

Analysis of financial liabilities by remaining contractual maturities

The table on the following page summarises the maturity profile of the undiscounted cash flows of the Credit Union's financial liabilities as of March 31, 2016 and March 31, 2015 on the basis of their earliest possible contractual maturity.

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24. Financial Risk Management, continued

Liquidity risk and funding management, continued

Liquidity risk – Financial liabilities

	2016				
	Within 3 months	Within 3-12 months	Within 1-5 years	Over 5 years	Total
Deposits	\$ 466,598,155	87,358,911	322,992,342	55,776,198	932,725,606
Loans payable	955,431	2,841,918	13,952,001	9,763,658	27,513,009
Reimbursable share	-	-	7,165,090	-	7,165,090
Other liabilities	-	5,361,896	-	3,196,129	8,558,025
	<u>\$ 467,553,586</u>	<u>95,562,725</u>	<u>344,109,433</u>	<u>68,735,985</u>	<u>975,961,729</u>
	2015				
	Within 3 months	Within 3-12 months	Within 1-5 years	Over 5 years	Total
Deposits	\$ 439,898,316	57,440,521	290,115,014	67,479,818	854,933,669
Loans payable	1,294,927	3,858,569	19,637,463	23,916,873	48,707,832
Reimbursable shares	-	-	6,700,221	-	6,700,221
Other liabilities	-	5,098,453	-	2,320,167	7,418,620
	<u>\$ 441,193,243</u>	<u>66,397,543</u>	<u>316,452,698</u>	<u>93,716,858</u>	<u>917,760,342</u>

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Non-consolidated Financial Statements

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(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.

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Non-consolidated Financial Statements

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24. Financial Risk Management, continued

Market risk, continued

Interest rate risk, continued

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

	2016					Total
	Up to 3 months	Within 3-12 months	Within 1-5 years	Over 5 years	Non-interest bearing	
Cash resources	\$ 49,511,549	48,622,522	4,028,158	-	-	102,162,229
Financial investments – Held-to-maturity	-	2,471,442	17,650,000	8,952,741	-	29,074,183
Loans and advances	18,523,795	29,718,531	211,981,543	557,614,901	-	817,838,770
Due from related companies	-	-	-	-	17,307,614	17,307,614
Other assets	-	-	-	-	5,112,570	5,112,570
Total assets	\$ 68,035,344	80,812,495	233,659,701	566,567,642	22,420,184	971,495,336
Deposits	\$ 459,528,786	84,320,773	286,521,344	32,528,788	-	862,899,691
Loans payable	699,074	2,125,387	11,224,805	8,234,049	-	22,283,315
Reimbursable shares	-	-	-	-	7,165,090	7,165,090
Other liabilities	-	-	-	-	8,558,025	8,558,025
Total liabilities	460,227,860	86,446,160	297,746,149	40,762,837	15,723,115	900,906,121
Interest rate gap	\$ (392,192,516)	(5,633,665)	(64,086,448)	525,804,805	6,697,069	70,589,245

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Non-consolidated Financial Statements

For the year ended March 31, 2016

(Expressed in Barbados dollars)

24. Financial Risk Management, continued

Market risk, continued

Interest rate risk, continued

	2015					
	Up to 3 months	Within 3-12 months	Within 1-5 years	Over 5 years	Non-interest bearing	Total
Cash resources	\$ 44,940,484	29,615,243	19,216,995	-	-	93,772,722
Financial investments – Held-to-maturity	2,082,500	5,646,962	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	\$ 61,254,930	60,462,761	216,488,886	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	\$ (371,328,406)	3,058,304	(53,231,067)	479,047,875	7,243,482	64,790,188

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Non-consolidated Financial Statements

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(Expressed in Barbados dollars)

24. Financial Risk Management, continued

Market risk, continued

Interest rate risk, continued

An interest rate sensitivity analysis was performed to determine the impact on profit of reasonable possible changes in the interest rates prevailing as at March 31, 2016, with all other variables held constant.

The impact is illustrated and shown in the table below:

	<u>2016</u>	<u>2015</u>
Increase / decrease of 100 bps		
Impact on profit + 100 bps	\$ (3,192,506)	4,248,224
Impact on profit – 100 bps	1,919,958	(931,400)

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Credit Union's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

While operational risk is inherent to each of the Credit Union's business activities, the exposure is minimised by ensuring that the appropriate infrastructure, controls, systems and human resources are in place. Key policies and procedures used in managing operating risk involve a strong internal audit function, segregation of duties, delegation of authority, and financial and managerial reporting.

Within the Credit Union, mitigation of operating risk is assigned to senior management supported by a well-defined organisational structure that segregates operational and administrative functions. Back-up capabilities are also maintained to ensure on-going service delivery in adverse circumstances.

In addition, periodic reviews are undertaken by the Internal Audit department. The results of the reviews are discussed with the management of the business unit to which they relate, senior management and Board of Directors.

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Non-consolidated Financial Statements

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25. Fair Value

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and is best evidenced by a quoted market price, if one exists.

Financial assets and liabilities are carried at amounts, which approximate to their fair value at the statement of financial position date. Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument.

These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

For financial assets and financial liabilities that are liquid or have short term maturity, it is assumed that the carrying amounts approximate their fair value. These include cash resources, other assets and other liabilities. The fair value of debt securities is based on quoted prices where available, or otherwise based on an appropriate yield curve with the same remaining term to maturity. The fair value of loans and advances largely approximates carrying value as the Credit Union's portfolio comprises mainly variable rate loans. The fair value of deposits takes account of certain fixed rate deposits which have been discounted at current interest rates.

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are shown in the table below:

	<u>2016</u>		<u>2015</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Assets				
Cash resources	\$ 102,162,229	102,162,229	93,772,722	93,772,722
Financial investments				
– Held-to-maturity	29,074,183	29,074,183	25,838,462	25,838,462
– Available-for-sale	2,279,438	2,279,438	1,887,522	1,887,522
Loans and advances	817,838,770	821,034,899	746,496,939	748,817,106
Due from related companies	17,307,614	17,307,614	17,425,274	17,425,274
Other assets	<u>5,112,570</u>	<u>5,112,570</u>	<u>3,937,049</u>	<u>3,937,049</u>
	<u>\$ 973,774,804</u>	<u>976,970,933</u>	<u>889,357,968</u>	<u>891,678,135</u>
Liabilities				
Deposits	\$ 862,899,691	932,725,605	775,116,285	854,933,669
Loans payable	22,283,315	22,283,315	33,445,132	33,445,132
Reimbursable shares	7,165,090	7,165,090	6,700,221	6,700,221
Other liabilities	<u>8,558,025</u>	<u>8,558,025</u>	<u>7,418,620</u>	<u>7,418,620</u>
	<u>\$ 900,906,121</u>	<u>970,732,035</u>	<u>822,680,258</u>	<u>902,497,642</u>

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

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For the year ended March 31, 2016

(Expressed in Barbados dollars)

25. Fair Value, continued

Determination of fair value and fair value hierarchy

The Credit Union uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Credit Union is the current bid price. These instruments are included in Level 1.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The following table presents the Credit Union's financial instruments that are measured at fair value.

		2016			
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total balance</u>
Investment securities					
Available-for-sale					
- Equity securities	\$	<u>1,525,000</u>	<u>-</u>	<u>754,438</u>	<u>2,279,438</u>
		2015			
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total balance</u>
Investment securities					
Available-for-sale					
- Equity securities	\$	<u>1,205,000</u>	<u>-</u>	<u>682,522</u>	<u>1,887,522</u>

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25. Fair Value, continued

The following table shows a reconciliation of all movements in the fair value of financial investments categorised within Level 1 between the beginning and end of the reporting period.

		<u>2016</u>	<u>2015</u>
Balance - beginning of year	\$	1,205,000	1,290,000
Unrealised gain (loss)		<u>320,000</u>	<u>(85,000)</u>
Balance - end of year	\$	<u>1,525,000</u>	<u>1,205,000</u>

The following table shows a reconciliation of all movements in the fair value of financial investments categorised within Level 3 between the beginning and end of the reporting period.

		<u>2016</u>	<u>2015</u>
Balance - beginning of year	\$	682,522	664,348
Purchases		<u>71,916</u>	<u>18,174</u>
Balance - end of year	\$	<u>754,438</u>	<u>682,522</u>

There were no transfers in or out of Level 3 during the year ended March 31, 2016 (2015 - nil).

The financial investments classified as Level 3 securities are carried at cost as fair value cannot be reliably estimated. Therefore no significant unobservable inputs have been considered in determining its value. The application of sensitivity analysis is therefore not relevant.

26. Capital Management

The Credit Union's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

- To comply with the capital requirements set by the regulators of financial institutions where the Credit Union operates;
- To safeguard the Credit Union's ability to continue as a going concern so that it can continue to provide returns to its shareholders and benefits to other stakeholders; and
- To maintain a strong capital base to support the development of its business.

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26. Capital Management, continued

Capital adequacy and the use of regulatory capital are monitored daily by the Credit Union's management, employing techniques based on policies and guidelines regulated by the Co-operative Societies Act.

The Credit Union's approach to managing capital did not change during the period.

Regulatory capital requirement

Under governing legislation which became effective March 31, 2008, the Credit Union is required to transfer from net surplus for the year an amount equivalent to the greater of 25% of net surplus or 0.5% of total assets until the capital to total assets ratio equals 10%. (Note 20)

The Credit Union has complied with all externally imposed capital requirements.

27. Goodwill Co-operative Credit Union Limited

At a Special General Meeting on October 25, 2014, the members of Goodwill Co-operative Credit Union Limited ("Goodwill") approved the transfer of Goodwill's assets and liabilities to the Credit Union, in accordance with section 132 of the Co-operative Societies Act. The Credit Union subsequently held a Special General Meeting on January 29, 2015, where its members approved the acceptance of the transfer.

The Financial Services Commission effectively approved the cancellation of the registration of Goodwill Co-operative Credit Union Limited on April 16, 2015.

The total assets and liabilities of Goodwill are recorded within Other Assets (Note 15) and Other Liabilities (Note 18) and are disclosed within the respective notes.



**BARBADOS PUBLIC WORKERS'
CO-OPERATIVE CREDIT UNION LIMITED**

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