

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Credit Risk and Concentration of Assets and Liabilities

Credit is extended only to those who have submitted complete documentary requirements and passed the investigation and verification phase.

Receivables and its collection are monitored and heightened for accounts that are past due with corresponding reports to top management for disclosure and appropriate action.

Market Risk

Market Risks are controlled based on current market conditions or environment to ensure that risks taken are commensurate to the expected return, and corresponding monitor reports are prepared and reported regularly.

Interest Rate Risk

Prudent policy on management of assets and liabilities to ensure exposure to interest rates fluctuation which are aimed to be kept within limits

Liquidity Risk

Adequate reserves are maintained.

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

Impairment losses on loans and receivables.

Review of loan portfolios to assess impairment at each statement of condition date, in the determination of whether an impairment should be recorded in the statement of income. Studies are made to be assured of measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This includes data if there has been adverse change in the payment of status of loan availers that in relation with default accounts on assets.

Impairment of Financial Assets

Assessment at each statement of condition is made to be assured of evidence that a financial asset or a group of financial asset is impaired. Impairment losses are incurred after resulting evidence of one or more events that occurred after initial recognition of the asset / group of assets that can be reliably estimated.