



Treasurer's Report

Treasurer's Report for the Year Ended December 2021

During the year we continued with the strategy we adopted in 2020, that is, we were conservative in the management of the Credit Union's operations. We saw a decline in revenue due to the slow demand in loans as members were adjusting to the changes that the pandemic brought to the economy. In spite of the reduction in the demand for loans, the assets of the Credit Union increased due to the adjustments that was made during the year. We also focused on helping members cope with the hardship and difficulties they were faced with through counselling and money management advice. Going forward our attention will be directed to strengthening the capital and the reserve requirements of the Credit Union while meeting the needs of the membership.


The year 2021 continued with great uncertainty of how long the pandemic would last, while many had to work with a reduced household income. The membership of this Credit Union faced the same type of difficulties and, as a result, we had a decline in Share Loans which typically produce the greater portion of our revenue. We recorded growth in Collateral Loans, but these loans are at a lower interest rate, which we implemented to assist members with getting homes. Due to this, we had a decline in gross revenue from \$3.6 million in 2020 to \$3.4 million in 2021. However, we managed the environment that we are in and was able to minimize the reduction in net income to \$61K compared to last year. The prudence we applied to the management of the Credit Union during the year positioned us to pay interest on members' Share accounts at 3.5% which is estimated at \$1.6 million.

The Credit Union proved its resilience; we recorded growth in our assets by 6% representing an increase of \$3.6 million over 2020. This growth was the result of an increase in Collateral loans and investments in short term Bahamas Government Registered Stock. We would have been inclined to invest the funds in loans but due to the low demand for loans by members we invested the surplus funds to get a return rather than leave it in a bank account earning zero interest. All investments are in securities with a maturity of one year or less which gives us the flexibility to retrieve the funds to cover any uptick in the request for loans. All indications from the outlook for the Bahamas is expected to be positive in the coming year and we have positioned the Credit Union to help members take advantage of opportunities that will be made available to them.

In addition to this, we have seen growth in member savings with the Share accounts representing the strongest growth at about \$3 million over last year. The growth is mostly facilitated by members who are retiring or have retired, and, in most cases, they are not borrowing. In the twilight of your life, we encourage you to live from your hard-earned pension and gratuity. However, if the Credit Union is expected to sustain the level of return that we have provided in the past we encourage the members who are retiring or have retired to encourage their children to use the Credit Union as an alternative to the other financial institutions. This will help in the overall growth and sustainability of this great organization.

The Central Bank of the Bahamas as our regulator has emphasised that we maintain adequate capital which is necessary for the existence of a sound and stable operation. According to the standards we are compliant; however, we have no opposition to their requirement and intend to embark on implementing policies to improve the capital of the Credit Union. No doubt this will take tightening our belts and making sacrifices of which we will keep the membership informed as we advance the plan. The Management and Supervisory Committees are certain that the Credit Union will be stronger and better prepared to handle crises such as hurricanes and pandemics.

We stepped up our efforts last year in the area of delinquency to mass a defence against the possibility of an increase in loan defaults due to the pandemic. Our efforts were not only centered around using conventional means to collect such as lawyers and collections agencies, but we used stakeholder organizations and media sources to contact members



who faced difficulties, which brought meaningful collaboration and results. The result in the fiscal year 2021 was positive in that we did not have to increase our provision, but was able to reduce it. These results encourage us to increase our due diligence and build on the successes that we have achieved which will aid in the effective management of the vexing issue of delinquency.

BUDGET

The budget for 2023 takes into account the positive economic results that we began to see at the end of 2021 which is expected to continue into 2022. Members' demand for loans is expected to increase which will generate an increase in revenue. At this time, we have no plans to move away from the conservative practices that we have implemented as it relates to managing expenses and maintaining the provision of Credit Union services to the membership at the lowest possible cost. We invite you the members to continue spreading the good news of the benefits and services that you receive at the Credit Union.

CONCLUSION

The difficulties that the pandemic brought on flowed into 2021 and the results that was achieved did not come as a surprise. Your Management Committee had already prepared by making the necessary adjustments to the operations of the Credit Union. As a result, we are still able to pay a return above market, growth was recorded in assets, and we had a positive net income. These results are very good compared to many of our counterparts, but our desire is to improve on the successes we have achieved, remain compliant with the regulators and work to strengthen every aspect of BLECCU operations.



Corey Damianos
Treasurer