

Treasurer's Report for the Year Ended December 2023

The Credit Union had a relatively good year in 2023. Mid-year, we introduced some new loan products that members are taking advantage of. We expect a stronger participation of the members in these new loan services in this coming year. We also notice with great interest the increasing amount of deposits that members have brought into the Credit Union during the past year. This is a concern because many of these members are only saving and not participating in borrowing. As it relates to revenue and expenses we have seen an increase in both areas of the income statement with expenses outpacing revenue. Therefore, the Board will place a more intense focus on developing solutions and programs to improve revenue and reduce cost of doing business.

Our audited financial statements for the year ended December 31, 2023 indicated that the Credit Union assets grew by 8.3% increasing from \$71.5 to \$77.4 million. This growth represents an increase of \$5.9 million in total assets. The areas of significant growth were loans contributing \$4.3 million and reserves at the Bahamas Co-operative League Limited contributing \$2.2 million. Both areas are important to the development of the Credit Union, the increase in loans will increase revenue and the increase in reserves will help to stabilize the operation of this organization.

We also experienced growth of \$4 million in member savings for the second consecutive year. This is noteworthy because members are saving more and borrowing less. As a result of this we must consider paying interest quarterly at variable rates rather than annually at one rate as we do now. This suggested change will allow for fair distribution of profits to the members, control the interest expense and improve net profits, which will strengthen the Credit Union capital position.

The revenue for 2023 grew by 5% over last year. This increase is due to the introduction of two loan services at mid-year. These services were introduced to give the members an alternative to the pay-day lending companies. These companies target vulnerable persons including members of the Credit Union with easy loans at a high rate of interest. We are happy to report that we have been able to assist many of our members with these new loan programs and expects to see a stronger performance in our revenue in the coming year.

The effects of inflation are still present and resulted in an increase of 10% in total expenses over last year. The Board is attempting to control expenses where possible but have had some setbacks with those expenses that increase due to past disasters and rising prices associated with world events. In the coming year we are preparing for the introduction of a business license fee and an increase in the Deposit Insurance. In spite of these impending increases in operational expenses we will endeavor to continue to provide services to you the members without fees and charges.

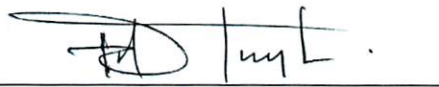
Delinquency is still a major concern for the Credit Union. We are stepping up our efforts to prevent delinquency and increase our diligence in collecting bad loans. The credit bureau has been helpful in deterring the Credit Union from writing potentially bad loans. Also, members who are delinquent and seek credit from other institutions have been settling their delinquent debts with us due to credit bureau reports highlighting their delinquency with the Credit Union. As more local companies that offer credit become a part of the credit bureau it will become an effective tool to manage delinquency in the near future. We look forward to using it to control and reduce our bad debt expenses.

BUDGET

We are optimistic in our outlook for 2025. The two new loan products have the potential to significantly improve revenue as they are proving beneficial to the members. The investments of the reserves in government security has also been improving revenue. All of the other loans services and revenue generating components in the Income Statement of the Credit Union is expected to have nominal increases. We know that expenses will increase due to the business license fee and the Deposit Insurance however we are hopeful that inflation will decline in the short-term resulting in a decrease in the operating expenses of the Credit Union. We are nevertheless hopeful that we will have a profitable year.

CONCLUSION

We are expecting some positive outcomes from initiatives started in 2023. The growth we experienced in loans services is expected to result in revenue growth in the coming year. The new loan services that we are offering as an alternative to competitors have revitalized the members interest in the Credit Union. As a result, we anticipate membership growth and greater participation by the members in their Credit Union. The increasing cost of operation is inevitable however we are confident that we will successfully maintain a profitable operation. The Board looks forward to continuing to serve you efficiently by introducing innovative products and services in this competitive environment.



Trumaine Taylor
Treasurer