

Credit Committee Report

(April 1ST, 2005 to March 31ST, 2006)

Dear member-owners:

Since the dawn of the 21ST Century we have witnessed our outstanding loan portfolio grow from \$86.6 million in 1999 to \$181.9 million at the close of business on March 31ST, 2006. This is indeed a sizeable increase of over 100%. Of course, with increases of this magnitude comes the downside of increases in delinquency. This problem has plagued the Credit Union Movement in Belize for many years. It has been a problem compounded by our very own member-owners themselves. So often we hear them say: "we don't have to worry about paying our credit union as promised". But, "we must pay other financial institutions because they will sell our houses and repossess our chattels".

When we stop to think about this statement we realize that it is sad but true. Quite often when we make contact with a member who has not been paying for sometime, the typical excuse is always that they were paying another lending institution or settling a bill at the store that sells furniture and appliances. There is no immediate commitment to their credit union for the credit union can wait until the other bills are settled. And guess what, where is the first place they will turn to when nobody else wants to give them credit? Of course, their credit union, who they have let down!

Fellow members, the time has come for us to renew our commitment to our credit unions. We must give as much priority to our credit union's debt servicing arrangements as we do to other lending institutions. It is important that we live true to this commitment. Only by so doing will our credit unions be able to maintain a healthy loan portfolio which eventually leads to steady asset growth. Never forget that credit unions were born out of unscrupulous money lending practices of "loan sharks". Also, the outright unavailability of money to lend to poor people because they were considered "high risk" borrowers. The credit union idea was that people could **"pool their meager savings and lend to each other at a low interest rate in times of need"**. This credit union idea has withstood the test of time. We must do all in our power to preserve this idea for we never know what life has in store for us. We may just need our credit union to bail us out one day. Those of you who are not paying your credit union loans please start doing so immediately.

We began the year with an outstanding loan balance of \$175,396,519.91. After we add new loan disbursement of \$55,168,334.09 to this beginning balance and deduct loan repayments of \$48,712,812.56 we finished the year with an outstanding loan portfolio balance of \$181,852,041.44 or 75.4% of total assets. This outstanding loan balance falls well within the "key" PEARLS standard of excellence for loans of 70%-80%.

Of importance is that we were able to manage our lending simply from loan repayments and savings of member-owners. We did not have to borrow money or use any overdraft facility available to us. In fact, another "key" PEARLS standard of excellence regarding external credit was met by your credit union. This standard is set at a Maximum of 5%. HRCU is indebted to no lending institution hence that ratio is 0%.

For our students and statisticians who clamor for statistical information our comparative loan disbursements by individual months are as follows:

MONTH	2005 - 2006 Amounts	2005 - 2006 Loan Totals	2004 - 2005 Amounts	2004 - 2005 Loan Totals
April	1,221	\$4,517,568.12	1,172	\$3,640,472.27
May	1,339	\$5,442,266.51	1,241	\$5,561,689.53
June	1,469	\$6,007,796.98	1,371	\$5,376,536.44
July	1,349	\$3,485,191.77	1,415	\$5,721,196.17
August	1,599	\$5,138,928.91	1,429	\$5,151,089.33
September	1,312	\$4,648,833.04	1,176	\$4,889,517.32
October	1,190	\$5,249,104.86	1,100	\$4,172,862.76
November	1,260	\$4,869,174.18	1,202	\$5,441,340.28
December	1,672	\$3,439,768.94	1,775	\$4,379,737.27
January	895	\$3,157,767.30	964	\$3,949,808.58
February	1,091	\$4,391,567.48	977	\$4,282,303.72
March	1,200	\$4,820,366.00	1,205	\$4,183,192.90
TOTALS:	15,597	\$55,168,334.09	15,027	\$56,749,746.57

Other than mention that we did issue more loans than we did last year, but actually disbursed less money in comparison to last year, I will leave the interpretations up to the statisticians. Your committee did shy off loans for housing and student loans, especially those loans in which the securities were questionable or not provided at all. It is no use investing money that in the long run will be too difficult to collect from member-owners.

On a parting note I would like to express warmest appreciation for having our committee members grace the inside front cover of this AGM booklet. We have served together since 1978 when the outstanding loan portfolio was \$6.5 million strong. When Miss Waight got elected to serve in 1967 the outstanding loan portfolio had finally reached \$1 million - a monumental feat at that time. Oh no, please don't try to work out the percent increases "back then vs. current day" because you will certainly explode your calculators.

Fellow member-owners yet another 3-year term of office comes to an end tonight. It has been a distinct honor to have served over all these years. You entrusted us with one of the most important functions of a credit union. We served diligently, dedicatedly, honestly and to the best of our abilities. May those that come behind continue to serve this Credit Union Movement and HRCU with the passion that it deserves for being the true champion of the "poor" and "less fortunate" members of our Belizean society.

Your Credit Committee:

Raymond H. Barrow, SC - Chairman
Joan Waight, JP - Secretary
Marion Marsden, MBE/JP - Member