

VENTURE takes the lead in prudent fiscal management

Like all other financial institutions, **VENTURE** experiences delinquency in its loan portfolio and has several measures to address this, both to minimize its occurrence and to treat with the Member when it occurs.

- We minimise the occurrence through the considerations of repayment risk around the loan at the start (called credit administration).
- If delinquency occurs, we first communicate with the Member to rectify the situation. If all fails, we resort to the security provided for the loan to liquidate the outstanding balance. This can be shares, fix deposits, motor vehicle, property, etc.
- If the loan is still not fully liquidated, it is put in the hands of external collection agencies and judgement is sought against the Member. This judgement negatively impacts the Member when seeking credit at any other institution

As is required accounting standard, we have routinely made provisions (set aside) in our Financial Reports for delinquency that is of questionable recovery potential. However, **VENTURE** was not in the practice of writing-off the bad debts until very recently and this resulted in an amassment of these debts on the Society's financial books. This can be clearly seen in the financial statements presented in the AGM Reports.

At our AGM 2021, the Board presented the strategy to address the build-up of delinquency which was not in keeping with accounting and industry practices. We have taken these steps to maintain the integrity of our financial profile, to regularize our balance sheet and to be poised to accelerate **VENTURE**'s further development. The steps include write-offs of several of these dated loans from our financial books which the recent AGM concurred was in the best interest of the Credit Union.

However, this action does not absolve the errant Members from their legal obligation to repay the affected loans. At the AGM we reaffirmed our commitment to continue to pursue these Members for regularization or recovery, notwithstanding the Balance Sheet adjustment that the write-off impacts. We will pursue recovery through all the avenues available to us.

We have implemented strict risk management of new loans being granted, resulting in delinquency statistics for loans granted in the past few years that are better than industry benchmark. This is a result that we are extremely proud of.

We remain resolute in our promise to deliver enhanced shareholder value to our Members by managed growth and focused Member service.

We thank you, our dear Member, for the trust you have placed in us and we will continue to earn it.