

BOARD OF DIRECTORS REPORT
69th ANNUAL GENERAL MEETING
May 25, 2018

Welcome and Greetings to all members and invited guests of SMCU's 69th Annual General Meeting. This report covers the period April 1st 2017 to March 31st 2018. The Board of Directors and Management of St. Martins Credit Union have toiled diligently and endlessly to achieve a measure of success in a Belizean economic climate that has been stagnant and barely averaging one percent GDP. This success is attributable to a number of adjustments, both infrastructural and financial that the Credit Union has embarked on. Today, we are operating in a new environment and as such, the BOD and Management has had to assess, plan and budget to implement a series of strategies designed to fulfill our commitments as a financial institution, and also to the growing demands and needs of our membership. Despite the challenges encountered in trying to maintain a balance between regulation and membership satisfaction, we are pleased to announce that we have weathered the storm and can declare a healthy degree of success this year.

In order to accomplish this success, we carried out a number of training workshops designed to upgrade our human capacities, retooled our financial projections and operating procedures so as to maximize our investments. Our marketing schemes were upgraded and this has yielded tremendous benefits such as attracting new members and new loans for the Credit Union. Therefore, under the prudent guidance of the Management and Staff, and Members of St. Martin Credit Union, and your Board of Directors, we have made substantial progress and done the necessary adjustments to make our Credit Union a viable financial entity, and at the same time created a more aesthetic and pleasing atmosphere to conduct our business. Therefore, let us applaud the hard work of the Management, Staff, and Members of the Credit Union for their hearty support this year and achieving success.

Currently, St. Martin Credit Union total assets stand at over \$28,500,000 dollars, an increase of over two point seven million dollars from last year's figure. St. Martin Credit Union has experienced an asset growth of over 10 %. There was over 1.4 million dollars in savings deposited into St. Martin Credit Union as our shares grew from 19.7 million to over 21.9 million (approximately a 7.3% increase) dollars, and this increase in savings have allowed us to service and provide loan funds for our members without seeking external funding. These increases indicate the strength of our Credit Union and the TRUST our members have in us managing their funds despite the fact that interest rates on deposits are extremely low. The commercial banks are barely offering 1 or 2 % in interest on savings and only for large sums, do they increase to 3%. We certainly need to continue this trend of saving generously as it provides for funds to be lent out and also increases our liquidity. This increase however, means that we need to pay out more in dividends and this could adversely affect the percentage amount of dividends we can give to our members. St. Martin has been and continues to be strong enough to compete and be successful, and this success can be attributed to the fact that the Credit Union is well managed, and the FAITH the members have in their own institution. This year our current membership stands at over (9,100) members, a 6.2% increase from last year and our Credit Union recorded a net profit of over \$1.3 million dollars. It is a good increase, given the current market climate, but the fact that we remain stable and earn a profit is testimony to the credibility of Credit Unions in the face of competition in the financial markets and a dismal economy that the Statistical Institute shows as underperforming and barely registering any growth over 1% GDP.

Financial Institutions in the 21st century are faced with a series of challenges and in Belize it is no different. Credit Unions, which fall under the regulation of the Central Bank of Belize have come under stringent scrutiny and must comply with the law to numerous ONEROUS regulations. A recent set of instructions from the Central Bank of Belize requires that we hire an INTERNAL AUDITOR (any financial institutions over a 20 million dollar threshold is required to have an internal auditor); this is in addition to SMCU being required

to hire an AML COMPLIANCE OFFICER. SMCU will comply with these two directives by July 1st, 2018. Last year we hired a very competent and efficient Finance Officer Mrs. Anne Marie Thompson, but she has decided to leave to pursue a legal career. We have embarked on hiring a new Finance Officer. SMCU is also strengthening its Credit Department, which is the backbone of any lending institution, with the addition of Ms. Christina Leal, our Senior Loan Officer, who brings a wealth of experience to the post. I am pleased to say that we have met all the other requirements, such as our Net Institutional Capital, which has to be above 10% (SMCU is at 11.5%) and liquidity requirements. The substantial increases in loan applications, loan approvals and loan disbursements, training sessions for both Staff and Joint Officers has also led to a high degree of professionalism, better customer care, efficiency, and ultimately a fairly successful year. One of the reasons for better performances this year also has to do with curbing of delinquency, which is at 2.7%, well below the 5% standard. The efforts at curbing delinquency have yielded positive results and the level of write offs has declined considerably. I take this opportunity to congratulate the officers of that unit for their diligent work.

This year, a successful strategy that was implemented and generated income was the introduction improved marketing channels, new loan facilities, and new products. Three new products have been launched by St. Martin Credit Union; these are EDU-Save (a savings product for children); Freedom Fund (a retirement product); and the Shared Agents Network. Many of the existing services and products such as bill pay, loans and savings products, loyalty advances, ATM services, Western Union money transfer services, Smart Start loans, student and educational loans, vehicle loans have all continued to attract many new members as well as our current shareholders.

I am also pleased to say that management and staff have had a good working relationship this year, and the many activities including the annual retreat has resulted in the staff being more efficient, responsible, and proactive and taking ownership of the Credit Union and SMCU continues to meet its obligations to its staff. We have signed a new Collective Bargaining Agreement with CWU. I noted earlier, that financial institutions must modernize or they will certainly collapse; not only in the application of technology (computers and accompanying software), but also in ensuring that our staff possess the requisite knowledge so that they can efficiently carry out their duties. The list of training programs initiated by the Belize Credit Union League and other partners such as AML, customer service, Pearls and Leadership and Capacity Building training workshops, is long but fruitful. The cumulative effect of all these training sessions is that we have an efficient and effective staff and management for the St. Martin Credit Union to better address its member's needs.

One of the more important goals of the SMCU Strategic Plan is to increase our membership and to provide a more diversified financial service. SMCU vision is to be the largest financial institution in the Cayo District. One of the strategies is to expand our operations. Our membership is growing, there are many demands for financial services, and at SMCU over the past few years we began to consider the opening of other branches in Santa Elena, Benque, Belmopan and Spanish Lookout area. A study was commissioned on the viability of opening a branch in the town of Benque Viejo Del Carmen and the results were positive; the report showed that we have over 900 members in the area that comprises Benque Viejo, Succotz, Arenal and Calla Creek, and the positive feedback to the opening of a Branch in Benque was exciting. We have submitted our proposals, studies and operational plans to the Central Bank for approval, and they granted us the green light to proceed. I am pleased to announce that SMCU will be opening our branch in the municipality of Benque Viejo Del Carmen on Monday 11 June 2018. Our new building has been completed and staffing has been selected. Financing for the construction and outfitting of the Branch was received from the Development Finance Corporation at reasonable rates. Inauguration of our new branch is set for Saturday June 9 2018. All are invited to attend.

Internet banking is the wave of the future and many of our customers are equipped with the latest phone applications to access funds or pay bills online. We are currently establishing the necessary framework to offer this to our members/customers. We are in the process of procuring a new banking platform that

will allow members to access accounts via online banking as well as a mobile app. We are also working in collaboration with the Belize Credit Union League to connect our credit union with the National Payment System that will allow members to receive or transfer funds to other credit unions and banks. All financial Institutions are required to tap into this financial tool to carry out its transaction, especially as it relates to interaction with other banks and Credit Unions. We at SMCU are preparing and putting in the necessary Software/Hardware protocols to manage this system. There continues to be significant increases in users of our ATM service and members with ATM cards continue to grow daily. The fees generated from using the ATM service returns as a source of income to the Credit Union.

The Credit Union movement must always focus on what is best for its members and work together because our members are most important and it is people who help people. St. Martin Credit Union Credit Union has always been a people's movement and will continue to do so. We preserve in building goodwill and credibility within the community by assisting high school children with financial aid and scholarships. We continue to provide support via donations, scholarships, and financial aid so that we can make a difference. I firmly believe that all local agencies financial or otherwise need to work together and have a plan of action to combat the increasing number of problems our young people are experiencing today. SMCU is prepared to work with others to address these problems. Our programs such as Youth Month, local and national Quiz Contest, Mad City Rush Money are not only for attracting new members to St. Martin but to also build a cohesive family. The Credit Union is our family. I would like to thank the Staff of St. Martin Credit Union especially those who have assisted in the outreach programs and who have given of their time to ensure that the credit union is well marketed. I also want to take this opportunity to signal that we have outgrown our current premises and that SMCU needs a modern new building to call home. This however is for future Board and Management to carry out. I am simply initiating the challenge.

Finally, I want to thank my fellow Board members. Mr. Rene Torres, our able Vice President has worked hard to serve his Credit Union. With his tremendous experience and patience as a teacher, he has helped us with our negotiations with the Christian Workers Union, and his job as liaison officer to the staff is thankless, but he perseveres and his negotiation with the CWU has been exemplary. He also continues to serve on the Board of the Credit Union League on our behalf. The Treasurer, Mrs. Debbie Martinez, had to leave us and relocate to the USA, and Mr. Carlton Mckoy who has taken over this portfolio and will deliver the report later this evening, has also been responsible for ensuring that our budgets and revenue projections are realistic and that we maintain good business practices, and keeping our expenditures reasonable, and also helping out on reviewing many of the new policies and making recommendations. His experience as a senior manager at Social Security Board has been very useful to us. Our Education Director Mr. Doroteo Balan, whose past experiences as Chairman of the credit committee, has been helpful in implementing the various initiatives that the Credit Union has embarked upon and has been instrumental in ensuring best practices at St. Martin Credit Union.

I also want to express a great many thanks to the Supervisory Committee, especially Ms. Irma Sanchez (Chairperson), Ms. Laura Sierra and, Mrs. Karen Arnold. These three women must be applauded for their due diligence in ensuring that the practices at St. Martin's Credit Union are transparent and allow for better accountability. Their diligence has ensured that the membership of St. Martin Credit Union can with certainty have great faith in their institution. They must be commended for doing wonderful job. The Credit Committee who is charged with ensuring that loans are given within the prescribed policies have done a remarkable job this year and I would like to express a sincere gratitude to them for carrying out their duties effectively and prudently. Mrs. Santos Tesecum (Chairperson) Mr. Manuel Medina and Mr. Andy Bahadur who have had to work all year as a team deserve a round of applause for their efforts. These three officers have given of their time and energy to ensure that the Credit Union is successful, despite the fact that they are employed in demanding careers; they find time to give to the Credit Union.

Tonight we have two vacancies on the Board of Directors. I urged all who accept to volunteer as officers to do so with the idea that service to the Credit Union is one of dedication, hard work and sacrifice with no returns other than the satisfaction of a job done well. I also take this opportunity to give thanks to our General Manager, Mr. Raymond Tzul for his patience, hard work and dedication that he has brought to the leadership of the St. Martin Credit Union. Many thanks also to Anne Marie Thompson, whose vision and competency will be missed at SMCU. We wish her success in her new career. Also many thanks must be given to Mr. Emory Young, our Senior Operations Officer for his dedication and energy in ensuring the Credit Union improves daily. Their tasks and workload will increase with the opening of the SMCU Branch in Benque, but I have no doubt that they will rise to the challenge and make this a huge success for SMCU. Finally, where would the Credit Union be without our members, who with patience and loyalty allowed the staff and management to carry out their functions? The membership commitment to saving has also yielded positive growth and therefore special thanks are due for their contributions. May God bless us all!!!

The Board of Directors

Dr. John Morris	President
Mr. Rene Torres	Vice President
Mr. Carlton Mckoy	Interim Treasurer/Secretary
Mr. Doroteo Balan	Education Director