

TREASURER'S REPORT

64TH ANNUAL GENERAL MEETING

Fellow SMCU members and invited guest a pleasant good evening. Permit me to share a summary of the financial affairs of St. Martin's Credit Union.

Despite all the downturns in our economy our credit union has managed to stay afloat and waddle through the ups and downs. Be assured that this would not have been possible without the continued support of our members. Thanks for your continued trust in your credit union. You all are very important to the success of our valued financial institution.

BALANCE SHEET

For the year 2012-2013 SMCU recorded a growth of \$1,131,875 in total assets which is an increase of 7.42%. This growth is roughly one percent higher than that achieved last year. Again, this increase would not have been possible if it were not for the commitment demonstrated by our loyal members.

Members' voluntary shares have increased to \$13,329,100 which is an increase of 9.78%. This shows that members continue to be prudent despite the economic challenges that abound in our country. Our credit union welcomed 1029 new members for this year.

Loans Receivable amounted to \$13,069,130, an increase of 9.9% over last year's figure. This shows an increase in lending of 1.2 million. As a lending institution our main source of income is interest derived from loans serviced by our members.

With lending comes the risk of bad debts. Lot of effort has been put into screening loan applications carefully and approving those that fall within the criteria of our 'Loan Policy Manual'. At the end of this year our Delinquency Rate stands at 4.2%. This of course is due to the firm commitment that the majority of our members have displayed with our credit union. In addition, our management and Delinquency Officer continue to find ways to assist our members who have encountered difficulties. I encourage all members who are experiencing difficulties in repaying their loans as agreed to make an effort to pay even if it is a small payment. This reaffirms your intention to pay which will benefit you in the future. Thanks to all members who have been very faithful in meeting their responsibilities. Remember that as shareholders you are part owner and we all benefit when our credit union succeeds.

This year SMCU is fully compliant with our Loan Loss Reserve as mandated by law. Each year we are expected to put aside a part of our surplus towards loans that may go delinquent. This means less money available to give back to our members. Members, let us be prudent in our borrowing and repayment.

Investment in term deposits as at 31 March, 2013 stood at \$1,816,101. This shows a decrease in comparison with last year's figure. It must be emphasized that the return on term deposits from the commercial banks is very low compared to previous years. This decline in interest rate has also affected our income. The Central Bank requires that the credit union keeps a Liquidity Ratio of 10% of its total assets.

External debts have been reduced substantially; the Social Security Board loans have been paid off. We are still indebted with the Development Finance Corporation with a sum of \$167,000; a loan we acquired to finance the Special Mortgage Program (SMP). Payments are being made monthly as agreed.

STATEMENT OF EARNINGS

This year Total Income amounted to \$1,773,227 which shows a growth of 4.19%. One major factor that contributed to this meager increase is the reduction in interest income from term deposits. As has been highlighted earlier the challenges in our economy and in the global market eventually trickle to all sectors.

No income can be achieved if there are no operating expenses. This year expenses totaled \$1,170,933 showing an increase of 3.45%. A close review of expenses indicates that we have managed to better manage and control expenses. This year we have introduced a new expense 'Severance Expense' which is a staff benefit; this is in place to compensate employees upon retirement or whenever they leave the credit union.

Surplus for this year stands at \$602,294 which indicates an increase of 6.18% over last year's figure. This minute growth is appreciated in the economic climate we are in. From this surplus the credit union has to allocate for reserves as required by the Central Bank. These include Provision for Loan Loss, Education Fund, Institutional Capital and Guarantee Fund.

FISCAL MANAGEMENT

In this ever challenging economic environment it is essential that our credit union be operated under the best policies, principles and practices. Our Board and Management must be commended for the hard work and dedication they put into this organization to be able to meet the goals and objectives. The staff must also be recognized as they are a vital part to our growth and development. They have stood with us and contributed tremendously.

This year we have not made any major investments other than increase our shares in the Belize Credit Union Assurance Limited.

OTHER SERVICES

Over the past year we have rolled out several new services and expanded Rural Financial Services. Members can now pay all utility bills – water, telephone, electricity and cable at SMCU through a joint agreement with Heritage Bank and BEL. In addition, through a joint agreement with Zitro International members can now access Western Union money transfer services to send or receive money in Belize and around the world. Through an agreement with the Belize Credit Union League and RFG Insurance SMCU members can access discounts when purchasing insurance products through the credit union. With the launch of our Funeral Benefit Plan members signing up before 1 July 2013 can receive 100% coverage under this plan. For only \$24.00 annually the beneficiary will receive up to \$4,000.00 for funeral expenses. This service will provide much needed financial support to families in time of bereavement.

Under the Belize Rural Finance Program many other villages are now able to access financial services not was not available before.

CONCLUSION

To be able to survive in this ever dismal economy SMCU is working very hard to find new and innovative ways to serve our members. We will engage in much needed marketing research to find out from you our members how we can provide more for you in order to make SMCU the only financial institution you need.

Time and energy will also be invested in educating our members. More efforts need to be put into a SMART Campaign to educate our members on saving and borrowing. If our members are in healthy financial positions this translates in a healthy SMCU.

The Board, Joint Officers and Staff remain committed to working arduously for the development and well being of our credit union but most importantly to earn the trust and loyalty of all our members. Our credit union can only be as strong as you 'our members' make it.

I commend all those who have contributed to this year's success. Without your input it would not have been possible.

Thank you all for attending our 64th Annual General Meeting.

Debbie Martinez
Treasurer