

BOARD OF DIRECTORS REPORT FOR 2020-2022
71ST ANNUAL GENERAL MEETING
May 27, 2022

Welcome and Greetings to all members and invited guests of the St. Martin's Credit Union to this year 71st Annual General Meeting. This report covers the period April 1st, 2020, to March 31st, 2022. The Report is condensed to account for the previous two years that we did not have an AGM. Indeed, these past several years have been extremely challenging for everyone as we were devastated by the scourge of the COVID 19 pandemic. I want to take this opportunity to express my sincerest condolences to all members who lost their loved ones: mother, father, brother, sister, children, uncles, aunts, cousins, and friends. And to those who got severely ill that they have recovered and are much better today than yesterday. Obviously, we are not yet out of the woods with COVID 19 as we can see the numbers of infections rising again from the COVID B-52 variant that's starting the fourth wave. I urge everyone to practice social distance, proper hygiene, sanitization, and mask wearing where required.

The challenge for SMCU and its members is that coping with the ongoing impact due to the COVID 19 pandemic has pushed many people to their limits. Because of this global crisis the country of Belize had to institute lockdowns, quarantines, closing of borders, and curfews that resulted in a stagnation of our economic activities and the productive sector, especially tourism, which is the backbone of Cayo district economy. We are all too familiar with the curfews, social isolations, job losses, health concerns (hand washing, masks wearing) and economic turmoil that have undoubtedly taken a toll on peoples' mental, physical, spiritual, and emotional health. Hence, Saint Martin Credit Union had to come to the forefront to assist our members. We engaged in a number of adjustments, both infrastructural (hand sanitization stations, deep cleaning of the office spaces) and financial that has taxed our resources and still continue to do so. Forbearance measures and debt relief provided under guidance by the regulator the Central Bank of Belize allowed the Credit Union to assist in ensuring that our members remained economically viable and that losses be minimized, but we still had to monitor our loan portfolios' and provide service to our members in these drastic times. As we hold this AGM, SMCU has submit a diagnostic report on our loan forbearance program. During the pandemic, many times we closed our doors because of COVID 19 infections that impacted our members and staff who had to work from home to prevent further transmission of the dreaded disease. As many of you know, members lost their jobs, became ill, lost loved ones and in many cases could not afford to borrow or repay their loans. But SMCU members are resilient and despite the struggles have managed to survive and keep afloat. This is evident in the fact that our delinquency rate for these two years did not go above the 5% and in this current financial year it is less than 1.5%. The fundamental philosophy of saving for a rainy day has paid off for SMCU members. With the prudent management of the Board, Committees and Management, we were able to steer our ship in the right direction and I can say that today we are seeing the window of opportunity, progress, and success beckoning in the not-too-distant future. How is this so?

In 2020, our growth in net income was a minus 10% and in 2021 a minus 38% as we were impacted by COVID 19 pandemic. But I am happy to say that for 2022 we are at a positive 11%. Our membership shares are at \$24,061,918, compared to 2021 where we were at \$23,855,319. If we go back to 2019, SMCU membership shares were at \$24,454,561. Our total assets today is at \$35,346,378 versus \$34,426,578 from the previous year. We are rebounding, despite the fact that our loans receivables and income generated from that activity are still not at the 2019 benchmarks before the COVID 19

pandemic. Nevertheless, in this year's audited financial statements SMCU has more than adequate liquidity base and our institutional capital is way above the required 10% to safeguard member's funds. 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 safe atmosphere to conduct our business. SMCU will be able to declare dividends this year. Therefore, let us applaud the hard work of Management, Staff, and Members of the Credit Union for their hearty support this year.

Currently, St. Martin Credit Union assets stand at over \$35,346,378 dollars, an increase of a million dollars from last year's figure. This is indicative that the economy is rebounding and that SMCU is recovering. These increases indicate the strength of our Credit Union and the FAITH 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 interests and only for large sums. We certainly need to continue this trend of saving where we can so that if the pandemic continues, we can survive and provide funds to be lent out to our members in need. Many members are starting to borrow again and are repaying promptly. In the budget for 2022-2023 marketing will play a tremendous role as we seek to increase our membership and attract new members by at least 10%. 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 TRUST the members have in their own institution. We at SMCU are the premiere financial institution in the Cayo district that takes care of its members. This year our current membership stands at over 10,200 despite losing members to Covid and to the economic fallout. And this year, our Credit Union recorded a net profit of over \$921, 059 dollars as opposed to last year's \$827, 516. It is not a sizable increase given the pandemic and when we look at 2019 where net income was over \$1,500,000 but the fact that we remain stable and earn a profit in these rather hard economic downturns is testimony to the credibility of Credit Union in the face of disaster and extreme competition in the financial markets and a dismal economy. These events and incidents affect our economy, they affect investor confidence, they usher in loss of employment as companies fold and ultimately, they affect our abilities to provide for our families. But we must continue the struggle and work together.

The COVID 19 pandemic also resulted in a substantial increase in scrutiny by our regulator the Central Bank of Belize. We were required to have more than adequate Share Capital, and make provisions for delinquencies and loan losses, and make substantial studies in risk assessments. We hired an Internal Auditor, and a Compliance Officer, the latter a specific request by the Central Bank to ensure compliance with anti-money laundering and also adherence to fiscal responsibilities, especially during the Pandemic. The reports from the Audit and Compliance sectors are submitted to the Central Bank, and they also carry out continuous examination and assessment of the Credit Union. This is in addition to the External Audit that is presented at the AGM. Hence, the financials that you are presented with are a true picture of SMCU economic transactions and financial viability. We are also fully compliant with the loan loss reserves as required. These legal requirements are so that the Credit Union can ensure that adequate collateral is in place to safeguard against delinquency, and also in the event of future problems, the Credit Union has funds to continue operating viably. We also placed funds in the St. Martin Credit Union Development Fund that continues to grow for future capital expansion. SMCU has outgrown its current space and must construct a new building with modern facilities in the near future.

The main feature of my report this year has to be on the innovative strategies being implemented by the Credit Union in two areas as we come out of the pandemic. The first has to do with our soft launch of our On-Line Banking Service. Those who came to the AGM are being asked to register for the online banking. With COVID 19 and the fact that the global economy is going cashless, and the Internet is a phenomenon that governs our lives, SMCU had to modernize further or be left behind. SMCU is on a pathway to acquire co-branded Debit and Credit cards that can be used anywhere. These are scheduled to come on stream next year. The second strategy is the introduction of a new lending strategy that combines reduce interest rates, aggressive marketing, and new loan products. The strategy has as its goal a 25% increase in Interest Income for 2022-2023. A key feature is our New Mortgage Loan that has a 6.99 % Interest Rate. Coupled with this is a revised loan policy that will ease restrictions on requirements and also make it more customer service friendly. Therefore, new online applications, new loan products, and better interest rates should generate a more robust and active SMCU.

Other exciting projects are the completion of the feasibility study to construct a building on an empty lot that the Credit Union owns in Santa Elena along the highway near the CP Gas Station. It will house two large units on the first floor with four smaller units on the ground floor for rental with one of the larger ones being used as a collection branch for SMCU. We are in the process of estimating the cost of the building and then putting it out to bids. Within our loan programs we are re-developing our Rural Finance Program which came to a complete halt due to COVID 19 with goal to re-establishing a more robust presence in the rural communities we serve thereby being able to further grow our agricultural portfolio. Belize is embarking on export markets to Guatemala and Mexico, and we want our farmers to benefit from these initiatives. This program has been very successful and has helped many of our farmers and low-income families in Cayo. There is a war in Europe that is also affecting every country with high fuel prices and the cost of living has skyrocketed. The price of bread, corn, chicken, and staples such as Corn Beef and Pigtail have all gone up substantially and consumers are finding it more difficult to provide even for basic necessities. Agricultural production is necessary. Belizeans must produce to feed themselves too and SMCU can play a critical role in this initiative.

Our members continue to make much use of our ATM and those of Network One (Heritage bank ATMs and those of other Credit Unions across the country) especially considering that we lowered the usage fee to just fifty cents for withdrawals at other ATMs. Our members now have four ATMs in the San Ignacio and Santa Elena area to access their cash. There continues to be significant increases in users of the ATM, and we encourage all our members to sign for this service. The fees generated from using the ATM returns as a source of income to the Credit Union. This increase is attributed to the fact that at St Martin, all your bills can be paid, water, electricity, phone, and cable. And with the online banking it is expected that these numbers will only increase. Obviously with the transition to Internet banking there is a need to upgrade the IT System to prevent Cyber theft and to ensure improved cybersecurity. SMCU has hired an IT specialist and is increasing its IT Department. During COVID we lost several staff for a variety of reasons but have now replaced most of the lost staff. Our Benque branch has done extremely well, and I must applaud the efforts of Ms. Camille Cal and Mrs. Tanya Altamirano, both officers have worked diligently with the staff there to ensure success. The plans for the future are to boost member growth to capture all the surrounding villages; hence face-to face marketing will be conducted.

St. Martin Credit Union has always been a people's movement and will continue to do so. We persevere in building goodwill and credibility within the community by assisting high school children with financial aid and scholarships. Over the last two years we have given assistance to those needy and those who had been afflicted by COVID 19 by giving grocery baskets. Recently we donated to the feeding program at St. Ignatius High School and also provided IT equipment to the Benque Polyclinic. During the floods that inundated Cayo we gave to our members and to other families affected baskets of food and supplies. We need to do more with our youths to curb the increasing gang violence and armed robbery perpetrated by our young adults. We assisted the Police with a motorbike to help in security surveillance. The Credit Union is our family, and these teens are our children. We need to work to make our communities safe. 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.

Finally, I want to thank my fellow Board members. Mr. Rene Torres, our able Vice President has worked hard to serve his Credit Union. He continues to serve on the Board of the Credit Union League on our behalf. The Treasurer, Mr. Carlton Mckoy, who will deliver his report later this evening, has also been exemplary and responsible for ensuring that our budgets and revenue projections are realistic and that we maintain good business practices, and keeping our expenditures reasonable. He has worked closely with the Finance Officer to ensure sustainable accounting and sound financial practices. In addition, Mr. Elmer Juarez, our secretary, has been very instrumental in assisting us and attending several meetings and also helping out on reviewing many of the new policies and making recommendations. Our Education Director, Mr. Doroteo Balan, whose past experiences as Chairperson 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. Laura Sierra, Mrs. Karen Arnold and Mrs. Irma Sanchez. These officers have worked with the Internal Auditor and Compliance Officer in preparing Risk Assessment and the yearly Internal Audit Plan ensuring that practices at the Credit Union are transparent and allow for better accountability and complies with regulatory requirements. These are extensive tasks and require a lot of attention to detail and time and we must applaud the officers for their due diligence. The Supervisory have done an admirable job in ensuring that the managing of the Credit Union remain transparent, honest, and viable. 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 more so at this time of the Covid Pandemic when it was easy to say we don't want to leave the safety of our home. 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. Mr. Andy Bahadur, Mrs. Santos Tesecum, and Mr. Manuel Medina 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. They also assisted in the upgrading of the loan policies and Mr. Bahadur and Mrs. Santos insistence that due diligence be paid towards delinquency has yielded positive results. Our delinquency is low despite the ravages of the COVID Pandemic.

I also take this opportunity to give a heartfelt thanks to our General Manager, Mr. Raymond Tzul and his management team Mr. Leon Palacio and Ms. Camile Cal, for their hard work and dedication to St. Martin Credit Union in these uncertain times. I know that we have demanded a lot from them and require adherence to greater standards without the expected remuneration. They have labored under unfavorable conditions and battled the storm and have come through. On behalf of the Board and the other committees a sincere gratitude is expressed and let's give them a round of applause.

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 during these perilous times? The membership's commitment to saving and paying their loans despite the hardships encountered has also yielded positive growth and therefore special thanks are due for their contributions. In the face of COVID 19 Pandemic May God bless us all!!!

The Board of Directors

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