

MINUTES
72nd ANNUAL GENERAL MEETING
St. Martin's Credit Union Ltd.
Friday, 26 May 2023

Sacred Heart College Auditorium, San Ignacio Town, Cayo District

Present:

Dr. John Morris	- President, Board of Directors
Ms. Seidy García	- Vice President, Board of Governors
Mr. Elmer Juárez	- Secretary, Board of Governors
Mrs. Nelida Marín	- Education Director and Staff Liaison Officer
Mrs. Santos Tesecum	- Chairperson, Credit Committee
Mr. Manuel Medina	- Member, Credit Committee
Mr. Fabio Carballo	- Member, Credit Committee
Ms. Laura Sierra	- Chairperson, Supervisory Committee
Mrs. Irma Sánchez	- Member, Supervisory Committee
Ms. Karen Perez	- Member, Supervisory Committee

Member Absent with Apologies: Mr. Carlton McKoy, Treasurer, Board of Directors

Member-owners in attendance: 374 adults and 67 minor account holders

Master of Ceremony and translator: Mr. Matt Cobb, Member

Minute taker: Dr. Berta Cambranes

The MC extended warm greetings to everyone present for the 72nd Annual General Meeting and invited the President to call the meeting to order.

1. Meeting called to order

The meeting was called to order at 5:59 p.m. by the *President, Dr. John Morris*. He extended a warm welcome to everyone present and expressed his appreciation for their presence.

The National Anthem: Members were invited to stand while the national anthem was played by *Los Hijos del West Marimba*.

Opening Prayer: *Mrs. Nelida Sabido, Education Director and Staff Liaison Officer* led the members in prayer. Members were invited to recite together the Credit Union prayer.

Two promotional videos of St. Martin's Credit Union were played, informing members of the changes with account numbers and other services that will take effect soon.

2. Welcome Address

The welcome address was delivered by *Mr. Elmer Juárez, Secretary, Board of Directors*. He welcomed the members of St. Martin's Credit Union to the 72nd Annual General Meeting. He also welcomed the members of the Board of Directors, the Credit Committee and the Supervisory Committee at the head table. Mr. Juarez also extended a heartfelt welcome to the visiting

members of sister credit unions: St. John's Credit Union, St. Francis Xavier Credit Union and the Belize Credit Union League. He encouraged all members to listen, ask questions and participate in the meeting.

3. Acceptance of the minutes of the 71st Annual General Meeting of 2022

Mr. Elmer Juárez, Secretary, Board of Directors, asked members to refer to the minutes of the previous meeting found in the booklet. Time was allotted to read the minutes and for corrections.

A correction was made by Mrs. Irma Sanchez, on page 2. The subheading for item number 3, the acceptance of the minutes, should be for 2018 instead of 2022. Mr. Raymond Tzul, General Manager, accepted the correction and reminded members that the previous Annual General Meeting was held after three years due to COVID restrictions.

The Minutes were accepted by Ms. Elsa Mas, member, and seconded by Mr. Les Johnstone, member.

4. Board of Directors Report

Dr. John Morris, President, Board of Directors presented the report for the period April 1, 2022, to March 31, 2023.

Dr. Morris greeted and welcomed all members and invited guests of the St. Martin's Credit Union to the 72nd Annual General Meeting. He especially extended a heartfelt "Cayo" welcome to Ms. Daisy Dawson and the members from St. John's Credit Union, Mr. Gemayel Babb and the members from the Belize Credit Union League, and Mr. Marshalleck from St. Francis Credit Union. A very special welcome was also expressed to the members of the Board of Directors, Committee members, staff and members of the St. Martin's Credit Union.

Dr. Morris expressed that this year has been challenging for SMCU and its members because the return to normalcy from the COVID pandemic has not been as robust as expected. He noted the impact on the economy, especially with regards to inflation and taxation, and mentioned how this has prevented the loan portfolios from increasing substantially, thus affecting the net income as members are still struggling to meet their payments. Nonetheless, he praised members for being resilient and keeping the delinquency rate stable below two percent for this fiscal year.

As opposed to the minus 10% growth for 2020 and minus 38% for 2021, in 2023, the growth is a positive 8%. Membership shares are at \$25,199,280 compared to 2022, where they were at \$24,061,918 and \$24,454,561 in 2019. Total assets are at \$37,901,003 versus \$35,346,377 in the previous year. Despite the fact that loans receivables are still not at 2019 benchmarks before the COVID 19 pandemic, in this year's audited financial statements, SMCU has a more than adequate liquidity base and the institutional capital is way above the required 10% to safeguard members' funds. As a result, he stated that SMCU will be able to declare dividends this year.

Currently, SMCU's assets are over \$27,901,002, an increase of over \$2.5 million from last year's figures. This year, SMCU will be investing a million dollars in the Belize City Municipal Bonds, an investment proposal from the Belize City Council Series V Municipal Bonds, that yields 4.5% and 5.5%. Dr. Morris noted that this trend of saving, and investment ought to continue in the event that we may be affected by another pandemic, natural disaster or climate change. Members are starting to borrow again and are repaying promptly. He emphasized that the budget for 2023-

2024 includes marketing to increase membership and attract new customers at least by 10%, especially since the Cayo District is the fastest growing district and SMCU needs to capitalize on this. Projections indicate a doubling of income to 4 million (with a net surplus of 1.5 million) and a 10% increase in membership.

This year, membership stands at over 10,000 despite losing members to COVID and the economic fallout. A net profit of \$750,000 dollars was recorded and, although this is not a sizeable increase, it indicates an increase in the income received. Dr. Morris reiterated that inflation, the weakening of the dollar, the lack of foreign exchange and the increase in cost of living have all affected the operations of SMCU. As mandated by regulations of the Central Bank and International Financial Reporting Standards, SMCU now employs Internal Auditors, Compliance Officers and IT specialists. These increased costs affect net income but are necessary for the credibility of Credit Unions. SMCU was also required to have more than adequate capital, make provisions for delinquent loans and losses, and make studies in risk management to ensure transparency, accountability and security. He assured that SMCU is also fully compliant with the Loan Loss Reserves required by the Central Bank to ensure that adequate collateral is in place to safeguard against delinquency and that there are enough funds to continue operating viably. He assured members that the reports presented are a true picture of SMCU economic transactions and financial viability. He also noted that SMCU has outgrown its current space and must construct a new building with modern facilities in the near future.

The President stated that SMCU's Online Banking was rolled out this year and has been a success. The users of the ATM and members with ATM cards continue to increase. The Shared Service Network (SNN) rollout is tentatively scheduled to go live in June 2023, allowing members to acquire co-branded Debit and Credit cards that can be used anywhere. He explained that members will be able to send money from their laptop or phone to any financial institution in Belize without going physically to the Credit Union and will be able to receive funds into their accounts from other banks and credit unions almost immediately. The current Credit Union account number will change to a sixteen digit account number that will be used to send or receive funds to the account. The staff will be available to assist with information and new passbooks.

Dr. Morris explained that the strategy for 2023-2024 is to increase interest income by 25%, generating 1.5 million dollars in net income. The new housing loans with a rate of 6.99% are a key feature of this strategy. SMCU is currently working on the completion of a Human Resource manual to bolster staff productivity and motivation, and to ensure that the hiring process adequately matches the needs of the Credit Union. This will be coupled with a revised operations manual to assist with training and compliance to improve overall efficiency. The second strategy is the development of a three-year Strategic Plan to chart the future direction of SMCU, bridging the demands of a financial institution and the needs of a people's movement. This plan is to be implemented by August of this year. Other plans include the construction of a building on an empty lot in Santa Elena to house a collection branch for SMCU and also have four additional units for rental. Plans are also underway to restart the Rural Finance Program to promote more robust agricultural loan programs. Dr. Morris also noted that this is the fourth year of operations of the Benque Branch, and it reports positive net cash flow. Future plans are to boost membership growth to capture all the surrounding villages.

Dr. Morris stressed that SMCU has been a people's movement and will continue to persevere in building goodwill and credibility within the community by assisting high school children with

financial aid and scholarships. This year, SMCU will also offer aid for tertiary education. In addition, assistance was provided to victims of hurricane Lisa. He thanked the staff for assisting in the outreach programs and for giving of their time to market SMCU.

In closing, Dr. Morris expressed his gratitude to the members of the Board of Directors: Ms. Seidy García, Vice President, for checking the financial returns and serving on the Board of the Credit Union League; Mr. Carlton McKoy, Treasurer, for ensuring that the budgets and revenue projections are realistic and for maintaining good business practices; Mr. Elmer Juárez, Secretary, for helping out with the revision of new policies and making recommendations; Mrs. Nelida Sabido, Education Director and Staff Liaison Officer, for her contributions to the HR manual and her assistance to improve staff working conditions. The President also thanked the Supervisory Committee, Ms. Laura Sierra, Mrs. Karen Pérez and Mrs. Irma Sánchez, for working with the Internal Auditor and Compliance Officer, and for preparing the Yearly Internal Audit Plan, as well as ensuring that the management of SMCU remain transparent, honest and viable. Special thanks were also expressed to the Credit Committee, Mrs. Santos Tesecum, Mr. Fabio Carballo and Mr. Manuel Medina for assisting in updating the loan policy and lending strategies, as well as ensuring best practices at SMCU. Heartfelt thanks were also expressed to Mr. Raymond Tzul, General Manager, and his managing team which consists of Mr. Leon Palacio and Ms. Juanita Gámez, for their hard work and dedication. Finally, the President thanked the members for their patience, loyalty and commitment to saving and paying their loans despite the hardships encountered.

5. Credit Committee Report

Mrs. Santos Tesecum, Chairperson of the Credit Committee, presented the report for 2022-2023.

Mrs. Tesecum began by greeting everyone present and thanking God for bringing some peace, stability and health after all the struggles of the past years.

The Chairperson reported that the Credit Committee has been meeting virtually to review loans. They have also been participants in training workshops and in the Delinquency Committee, Credit Management Committee and Loans Oversight Committee meetings, in an effort to bring more consistency and transparency as they comply with all Central Bank requirements.

The year 2022-2023 saw a growth in the number of requested and approved loans. A total of \$10,695,610.35 was approved in loans, which is \$3,757,406 more than last year. A total of 2,121 loans were approved. The highest amount approved was \$1,877,186.69 or 17.5% of loans which were approved for construction. Christmas loans amounted to \$1,685,005.00 representing 16.1% of approved loans. A total of \$1,441,668.00 or 13.5% was approved for vehicle loans, and \$1,294,455.80 or 12.4% was approved for personal loans. Building and construction loans amounted to \$1,119,287.50, representing 10.3%. The other 30% of approved loans accounted for education, medical, land, Easter, household goods, vacation, wedding, farming, legal fees, house purchase, insurance, funeral and utility.

The non-approved loans were due to members who did not meet the conditions, or they forgot their commitment. These members were asked to reapply when they qualified. Members were also encouraged to communicate with the credit union in the event that they are unable to make payments and savings because a good character and savings can serve as the best collateral. The Chairperson also reminded members to save continuously, borrow wisely and pay promptly.

Lastly, Mrs. Tesecum thanked the management and staff, especially the loans department, for facilitating the job of the Credit Committee officers. She also thanked everyone for trusting them to get the job done.

6. Supervisory Committee Report

Ms. Laura Sierra, Chairperson of the Supervisory Committee, presented the report for 2022-2023.

Ms. Sierra began by greeting directors, officers, management, staff and members of SMCU. She reported that after last year's AGM, the Supervisory Committee met and agreed to rotate the composition of the committee, such that Ms. Laura Sierra became the Chairperson, Mrs. Irma Sánchez the Secretary, and Mrs. Karen Pérez, member. She assured members that the committee met more than once a month to carry out the duties assigned to them.

The Chairperson explained that, as per Central Bank requirements, SMCU developed an Internal Audit Manual, a Supervisory Committee Charter, and carried out a revision of the Internal Audit Charter, which was accomplished during the first quarter. The Internal Auditor joined the membership of the Institute of Internal Auditors (IIA) and attained the International Advanced Certificate in Anti-money laundering from the International Compliance Association (ICA).

Monthly meetings were held with the Internal Auditor, Mr. Wilson Vargas. Quarterly reports of audits conducted were submitted, as well as the annual report, to the Board of Directors.

The Committee monitored the Credit Union's functions and daily operations, made recommendations to strengthen procedures and internal controls to protect the assets of members. Audits conducted included:

- Annual cash count of ATM, vault, and tellers for Benque Branch and San Ignacio
- Review of the Financial Reports on a quarterly basis
- Review of the monthly budget expenses
- Review of loans to ensure compliance with Loan Policy
- Review and perusal of Board Minutes to ensure clear directive and guidance to Management
- Meeting with the Board to present the Internal Audit Annual Plan based on Risk Assessment and the Internal Auditor Manual
- Meeting with External Auditor
- Recommended the completion of the Human Resources Policy Manual.

Ms. Sierra shared that this was a challenging year for the Supervisory Committee as a result of a high staff turn-over mainly due to resignations. The Internal Auditor reviewed the pay-out of staff benefits to ensure that they were standardized, fair and in accordance with labor laws. Special audits were commissioned to ensure that internal controls were strengthened, and corrective measures were implemented to mitigate any loss to members.

Ms. Sierra expressed her gratitude of the Committee to the membership for allowing them to serve. She also thanked the Committee members, Mrs. Sánchez and Mrs. Pérez, for their dedication, Mr. Vargas, the Internal Auditor, for his availability, Mr. Gemayel Babb from the Belize

Credit Union League for advice rendered, and the Management and Staff for providing information to conduct the committee's work.

7. Treasurer's Report

Ms. Seidy García, Vice President, Board of Directors presented the report for 2022-2023 on behalf of the Treasurer, Mr. Carlton McKoy.

She began by greeting everyone present, then moved on to present the Balance Sheet.

Balance Sheet

Total Assets for the year ending March 31, 2023, grew by 7.23% or \$2.5 million, compared to 2.67% or \$919,800.00 in 2022. The goal is to return to a growth rate of 16.44% in 2019 and 10.78% in 2018, prior to COVID. There was a growth in Shares of 4.73% or \$1.13 million.

Despite negative growth in the loan portfolio in 2021 and 2022 due to COVID, this financial year, 2023, catapulted to a 16.45% or \$3.3 million in Loans Receivables. This is as a result of the creation of a New Lending Policy to meet the needs of its membership.

SMCU was also able to maintain its delinquency rate below the accepted standard of 5%, closing the year at 1.43%.

Investment in banks continues to decline, yielding very little interest rate. However, the Board of Directors, Management and staff continue to look for sound investment opportunities to receive higher returns on shares.

Statement of Earnings

Income for 2023 increased marginally by 2.17% or \$62,312.00. Interest from loans was \$2.5 million, the same as in 2022, despite the reduction of interest rates for existing mortgages and reduction in lending rates. SMCU reduced interest rates in general to remain competitive with the banks and to assist membership. Expenses for the period increased by almost \$100,000 or 5%. Despite increased Operational Expenses and a reduction in interest rates, a modest profit of \$758,515 was achieved.

Fiscal Management

At the end of the fiscal year 2023, SMCU met and surpassed the Net Institutional requirement of 10%. The Education Fund of 5% of Net Income was allocated. No major investments were undertaken, but the focus was on improving services to the membership. A new lending strategy was introduced, and Online Banking continues to improve, with a full-scale launch next month.

The Treasurer's report concluded by thanking the Joint Officers, Management and Staff of SMCU, and in particular the Finance Team for their unwavering support.

8. Discussion and Acceptance of Reports – Matters Arising

Dr. John Morris, President, and Ms. Seidy García, Vice President, invited the members to share their comments or concerns about the reports. The following concerns were expressed:

Mr. Les Johnstone, member, noted an error on the figure on page 23 showing the graph of Loans Receivable. The label of 23.28 for 2023 was incorrect.

Dr. Patricia López, member, thanked everyone at the head table for their service to the credit union. She then made reference to Ms. Sierra's report of the Supervisory Committee whereby a high staff turnover mainly due to resignation was cited. Dr. López asked if a survey was done to identify the factors of this turnover.

Dr. Morris explained that some former employees went on to better paying jobs, while others went back to school. He further explained that they are still in the process of analyzing the causes and that information will be reported as soon as it is available.

Mrs. Irma Sanchez added that, as humans, we are challenging, and that people leave for various reasons. She also explained the challenges faced by resignations, primarily in investments for training. She shared that a report is being compiled with the Staff Liaison officer. It was reported that the Board will outsource the development of the HR Manual and that they are looking for someone with HR expertise to develop policy. The Supervisory Committee has had to intervene and address the challenges that members have faced with junior staff.

Dr Morris added that they are working on the development of an HR Manual with remunerations and rewards to come up with staff designations.

Dr Morris asked Ms. Seidy García to explain the loan provisioning. Ms. García explained that every loan is a risk, so we are required to provide for these loans because of the new accounting standards that are being implemented.

Dr Morris acknowledged the staff from Benque and commended them for doing a wonderful job.

Dr Patricia López referred to page 31, specifically the section on general and administrative expense. Dr. López said that she would like more specifics for items such as "Other allowances" and "Professional fees" She asked if it is possible to put more information. She also enquired as to how many people are referred to as key management.

Dr Morris explained that it is not put in the report because it is just lumped together. However, he informed members that if they want to find out more about other allowances, they can go to SMCU and find out there. He assured members that the information can be provided to them upon request.

Dr. Morris called for the acceptance of reports. Mr. Andy Bahadur, member, accepted the reports and Mr. Jeffery Lainfiesta, member, seconded the motion to accept the reports.

9. Declaration of Dividends

In the absence of the Treasurer, Mr. Carlton McKoy, and on behalf of the Board of Directors, *Dr. John Morris, President, and Ms. Seidy García, Vice President*, declared dividends for the fiscal year ending March 2023 at 3.5%. Ms. Elsa Mas, member, asked why they did not declare dividends at 4% after all the hardships of COVID. Ms. García explained that some had to be set aside for next year and said that for the next fiscal year they may be able to give 4%. Dr. Morris also added that, like the motto of the Credit Union says, SMCU needs to put a little aside for a rainy day in the event that something happens.

Dr. Morris called for the acceptance of dividends declared. Mr. Brian Jones, member, accepted the declaration of dividends. The motion was seconded by Ms. María Logue.

10. Resolutions

Ms. Laura Sierra, Chairperson of the Supervisory Committee, called for the approval to change the external auditor, Mr. Mark Hulse. She explained that, as per regulations, the external auditor should serve for five years maximum, and it is now time to change. Mr. Ronald Hulse, member, accepted the motion to change the external auditor and Ms. Gladys García, member, seconded it.

The Master of Ceremony, on behalf of the head table, recognized Ms. Guadalupe Velásquez, member from Yalbac, for being at the venue from 1:50 p.m.

11. Election of Officers

This year was not an election year. Since there were no vacancies for Board of Directors, Credit Committee or Supervisory Committee, the meeting continued.

12. Vote of Thanks

Mr. Raymond Michael Tzul, General Manager of SMCU, expressed happiness to see more members present this year. He also shared the following announcements:

Account numbers – A pamphlet was shared explaining the change of account number. This information was also included in the AGM booklet. Account numbers will now change to 16 digits. This is necessary since SMCU will now be integrated into the banking system. Members will now be able to send and receive money instantly. There will be a change of passbooks with the new 16-digit account number. Mr. Tzul explained how to know the new account number. Members will need this new account number for salaries, pensions, to receive money, etc. Members can go to the office if they need help or have questions.

Shirts – Members of the Board of Directors, the Committees, Management and Staff of SMCU wore shirts with the words “Coming soon”. Mr. Tzul explained that this makes reference to several changes: (1) They are presently working on credit cards through Heritage Bank (Mastercard); (2) Members will be able to carry out direct transfers; (3) New account numbers are on the way; (4) new ATM cards are coming soon, which will be upgraded to Mastercard Debit cards with chip to be used anywhere where they are accepted; (5) ATMs will also be upgraded, thus, members will be able to deposit into the ATM instead of going into the office.

Shares have been split into Mandatory and Non Mandatory shares on all accounts. Members will note that they appear to have \$50 less. For accounting purposes, it was necessary to separate the initial \$50 used to open the account. Now members will see Shares 1 with \$50 (mandatory shares) and Shares 2 containing all other shares (non-mandatory shares). Mr. Tzul explained that when members close their account, the \$50 will be returned.

Mr. Tzul also took time to introduce Mr. Jorge Nazim Requena, Membership Relationship Officer, who is there to assist members when they have questions or need help at the office.

The General Manager then concluded by thanking all the members of the Board of Directors, the Committees, the staff and all members.

13. Adjournment

It was requested that the meeting be adjourned. Mr. Les Johnstone, member, moved that the meeting be adjourned. This was seconded by Mrs. Irma Sánchez, Secretary of the Supervisory Committee. The meeting was adjourned at 8:28 p.m.

14. Raffle winners

Name of Winner	Prize	Ticket Number
Mr. Brian Jones	\$50.00	443137
Ms. Marjorie Rivers	\$50.00	443081
Ms. Tricia Mesa	1 Dinnerware set	443124
Ms. Dianellie Trujillo	12-Piece Non-stick Cookware Set	443004
Ms. Celedonia Tzib	\$100.00	443113
Ms. Jenice Pascacio	\$100.00	443083
Mr. Levi Shol	1 Trimmer (Weed eater)	443229
Mrs. Cindy Jones	1 Microwave	443138
Mr. Mario García	1 Mabe stove	443217
Ms. Lindy García	1 Food chopper	443136
Ms. Lucy Andrews	\$300.00 (Early bird prize)	666062
Mr. Hernan Lemus	1 Mabe refrigerator	443323