

BOARD OF DIRECTORS REPORT
74th ANNUAL GENERAL MEETING
May 30th, 2025

Welcome and Greetings to all members and invited guests of the St. Martin's Credit Union to this year's 74th Annual General Meeting. This report covers the period April 1st, 2024, to March 31st, 2025.

I begin this report this evening by reiterating the theme for International Credit Union Day 2024 **"Together We Thrive: Celebrating International Credit Union Day. Join us in uniting for a better world through cooperative finance"**. It goes on to say, **"Together we empower communities, foster financial inclusion, and create a brighter future for all."** Powerful words that highlight the fact that Credit Unions and their membership are considered as one big family, that when united we grow and succeed, and create a brighter future for the next generation of our families and children. We save our funds to lend to one another and expect that we will use these funds prudently and repay promptly and the dividends at the end of the year we share equitably. SMCU is our financial institution and home. Most Belizeans and our beloved members of the Cayo district are not wealthy; they do not have excess money to splurge. We are hardworking farmers, taxi and bus drivers, clerks, small business entrepreneurs, teachers, nurses, policeman, firemen, tour guides, home-care, domestic, babysitters workers, restaurant workers, retired public officers and in many instances also poor and marginalized. But in our struggle we find the means and ways to survive, to feed our children, provide a home for them and to give them an education. How do we do this? We come together as a family in the Credit Union and make it work. **No one is going to take this away from us.** I will return to this statement later.

This year has been a struggle and challenge for SMCU and its members for a number of reasons, many of which are beyond our control. For example, the country's environmental problems (such as fires, floods, diseases of crops and cattle); rising prices for food and fuel, housing, and inflation all add to the high cost of living in Belize. Competition from Banks, staff turnover as the Call Centers expand and take our trained staff, loss of jobs by members resident of Cayo, as industries falter, are challenges that prohibit growth at SMCU. And we have not yet factored external pressures of the global markets, high tariffs and wars that disrupt the global supply of goods, and no doubt will affect us drastically. Nevertheless, we have persevered in the face of adversities to maintain a viable and efficient financial institution.

In 2025 our Membership Shares are at \$28,512,106, a 5.29 % increase over last year. Our Total Assets is at \$41,424,433 million, which is a 5.8% increase over the previous year. Our income grew by 17.05 % and our expenses grew by 8.2% thereby increasing our net income to \$923,118. These figures do indicate that the Credit Union is growing, but very slowly, and we would like to see a more robust increase in membership, which this year only grew by 3.26 % (we are at 11,181 members but the Cayo population has grown substantially, and we need to capture more of these young families). As noted, despite the increase in shares, in assets, and in loan receivables, our net income grew but we had projected a much higher growth that did not materialize. This was due to the lowering of interest rates (primarily to compete with the banking sector that have been reducing their interest rates), increase costs in administration (there had been a number of vacancies that we have had to fill) in order to provide timely and efficient services to our membership, and the additional costs incurred to provide the necessary platform and protocols for new and emerging technologies associated with electronic banking, wire transfers and new payment platforms initiated by the Government of Belize and the banking sector. The risk factors associated with Internet banking have been addressed and these are costly both in time and assets, but necessary if we are to embrace a twenty-first century where cash is becoming obsolete. SMCU has invested in computer technology such as Firewalls, Anti-Virus, bit defender, Data-comm, Ethical hacking,

shield-online threats, block time and many others that help with cyber-security concerns. Our goals are to be more highly accessible online and to have less dependency on the banks for ATM services that we have no control over.

Nevertheless, in this year's audited financial statements SMCU has demonstrated that it 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 Management and Staff, and Members of St. Martin Credit Union, and your Board of Directors, we have made substantial progress and continue to make the necessary adjustments to make our Credit Union a viable and secure financial entity, and at the same time created a safe and pleasant atmosphere to conduct our business. SMCU will be able to declare dividends this year. Therefore, let us applaud the hard work of the Management, Staff, and Members of the Credit Union for their hearty support this year.

SMCU strategic plan prioritizes management and governance, financial performance and investments, human resources, marketing and technological advancements to sustain its competitiveness. The future of financial operations and banking is propelled by cutting-edge technology and any financial institution that does not recognize this will certainly end up in the dustbin of history, that is, FAIL. For instance, money today is transferred mostly via electronic means and devices; MoneyGram recently introduced MyWallet and PayPal; and in many stores you can pay using your cell phones. Hence the need for rapid investment in technologically skilled personnel, the offering of relevant and essential services and products, and fostering an empowered and economically thriving membership base to ensure a robust SMCU.

SMCU vision, which reads **"A distinguished, purpose-driven, and leading financial institution in Belize, creating value for all its members"** is crafted to ensure that all members benefit not only today but also for generations to come. Our mission statement empowers us and is the driving force to create **"A leading financial institution in the Cayo District, Belize guided by cooperative principles, committed to improving the standard of living of all its members by providing secure, affordable and timely financial services"**. I noted earlier SMCU has to compete in a rapidly evolving financial market as Banks vie for the scarce dollars of the people of Belize. The fundamental philosophy of "saving for a rainy day", which is the hallmark of Credit Unions has paid off for SMCU members. This is evident in the fact that our delinquency rate has remained stable and has not gone above 5% and in this current financial year it is 1.92% In the budget for 2025-2026 marketing will play a tremendous role as we seek to increase our membership and attract new customers by at least 10%. As I noted earlier, the recent population statistics show that the Cayo district is the fastest growing, and SMCU has to capture a sizable portion of that young adult population to become productive members of SMCU. Our marketing team is embarking on a rigorous advertisement campaign to engage the people of Cayo and substantially increase our membership. SMCU goal is to become the largest financial entity in our district. We can accomplish this goal if the credit union is well managed and our member's maintain trust in their institution. With the prudent management of the Board and other committees and the Management, we have devised numerous loan strategies and marketing plans, and I can say that today we are seeing the window of opportunity, progress and success beckoning in next year as our projections indicates more robust earnings.

Earlier I alluded to the fact that the Credit Union belongs to us members and that no one will take it away from us. The Central Bank has crafted a new Credit Union Bill that seeks to be legislated. This new Bill takes away the autonomy of Credit Union members in deciding the fate of their Credit Union and grants the Central Bank governor unlimited power to decide what, how, when, where Credit Unions can carry out business. Now we are cognizant that Credit Union are regulated by the Belize Central Bank to ensure that our standards (local and international) and best practices are in line with the conditions and

guidelines for Belize's financial sector. We are, for regulation purposes, treated in many ways like the banking sector. And we do our best to comply despite the enormous costs sometimes associated with implementing such policies as "Risk Assessment Strategies" and Anti-Money Laundering. I strongly reiterate, we are not Banks, even though we carry out many of the same financial activities. However, there is a distinct difference. We must bear in mind that the members we service, that the majority of our members are from that segment of the population (particularly those living below the poverty line), that are most dispossessed, that function in the more fragile sectors of the economy; they are our poor and marginalized peoples who cannot access the Banks and other credit facilities. Therefore, I urge the Central Bank and other relevant authorities that consideration must be afforded to Credit Unions when decisions on operational and macro level policies are made to ensure that the poor and marginalized do not suffer from lack of access to funds and capital because we the Credit Unions can no longer provide the support to them due to regressive policies (you cannot throw the baby out with the bathwater). There is a need for the Central Bank to constructively engage in discussions and not enforce top-down policies, where the financial and security future of the Belizean public is of concern.

I also noted earlier that Climate Change and its accompanying disasters, extreme weather producing drought and fires, hurricanes and floods and global disruptions caused by Wars all affect our economy. Now even the political decisions in other countries that seek to streamline their immigration policies and curtail aid will affect small countries like Belize. We are already seeing prices rising on "TEMU.com and SHEIN.com" that import cheap goods to Belize. SMCU investment strategies hence are limited and attempts to diversify are becoming less available. One of the fastest growing economies is at Spanish Lookout, so this year we re-invested in Spanish Lookout financial institution by over a million at 3.5 percent interest, since 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 and investment where we can, so that if our country is affected by natural disasters due to climate change or a world recession commences, we can survive and provide funds to be lent out to our members in need.

The Strategic Plan charts the future direction of SMCU bridging the demands of a financial institution and the needs of a people movement. Within our loan programs is a new project for agricultural loans so that SMCU can establish more robust agricultural loan program with assistance from the Government of Belize. 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. I earlier suggested that we need to increase our membership particularly in our Benque Branch; to capture families of surrounding villages This is Benque Branch sixth full year of operations and this year it reported a positive net cash flow, and our audited statements show a positive net cash flow of \$900, 000 over the six years. There have been repeated calls from Belizean authorities to produce more farm related products, vegetables, rice, beans, potatoes, carrots, cattle and other crops. Agricultural production is necessary. Belizeans must produce to feed themselves too and SMCU can continue to play a critical role in this initiative, hence marketing for Benque will focus on these issues. The plans for the future are to boost members' growth to capture all the surrounding villages; hence face-to face marketing is ongoing and collections agents established to facilitate financial transactions.

Several of the areas highlighted in the Strategic Plan are that of internal-reorganization, staff retention, and increased re-numeration. At the administration level, there have been continuing efforts to ensure staff training and retention and with the hiring of a full time HR Officer we are making substantial progress. This year we have budgeted salary increases for staff that takes into consideration the rising costs of goods and services to Belizeans. Staff training will involve introduction to new technology, re-organization of departments and duties to maximize efficiencies, how to spot fraud associated with new products and

the necessary regulatory compliance issues. SMCU is required by law to deal with Anti-Money Laundering and Counter Financing of Terrorism. We also need to develop a Risk Based Framework to ensure our loan portfolios remain viable, that is expensive and will cost in the thousand of dollars.. To date with regards to our Internal Control Framework, it requires updating our Policy and Procedures Manual and Standardized Accounting and Operational Manual. We have already commenced working on these and also upgrading that department by adding more personnel. As part of our Strategic Plan, we are reviewing and updating our Business Continuity and Disaster Recovery Plan and Asset and Liability Management Policy. These will guide our Investment Policies and Credit Risk management tools plus providing a context to measure our progress and aid internal controls and satisfy our Central Bank commitments.

This is the third year SMCU rolled out its On-Line Banking that has been a success, given that the global economy is going cashless and the Internet is a phenomenon that governs our lives. There continues to be increases in users of the ATM and members with ATM cards and the number continues to grow daily. Fees generated from using the ATM are 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 online banking it is expected that these numbers will only increase. But so do the instances of fraudulent activities and we must forever be alert to combat these occurrences, especially the hacking of accounts and so SMCU continues to invest in improving its technological hardware and software and a robust IT department. SMCU is modernizing and the Shared Service Network (SNN) rollout has taken place. Unfortunately, there are many issues and details that plague this rollout. In fact, these problems have delayed our acquisition of Debit and Credit cards that can be used anywhere. These are scheduled to come on stream later this year.

I have always championed the fact that St. Martin Credit Union Credit Union is a people's movement, and integral to our community and that we will continue to do so. SMCU perseveres in building goodwill and credibility within the community. We do so by assisting high school children with financial aid and scholarships, especially to those most in need. We also provide financial aid to students, to attend the University of Belize and Sacred Heart Junior College. We continue to give assistance to those needy by giving grocery baskets and medicines. Our Back to School Bag giveaway was a success as over 300 kids received school supplies and other assistance. Our Toy drive at Xmas was highly embraced by our members as we brought joy to our less privileged members. We keep on donating to the feeding programs at the various elementary schools in San Ignacio and Santa Elena. We need to do more with our youths to curb the increasing gang violence and armed robbery perpetrated by our young adults, hence this year we will be assisting in sport programs for our youth. 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. Ms. Seidy Garcia, our able Vice President, has worked hard to serve her Credit Union, checking diligently the financial returns and our operations activities. Ms. Seidy also serves on the Board of the Credit Union League on our behalf. The Treasurer, Mr. Carlton Mckoy, 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 Accounts department 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. Special thanks go out to our Education Director and Staff Liaison Officer Mrs. Nelida Sabido whose past experiences as accountant of SMCU has greatly aided us. In fact, she has stepped in to

assist in our reconciliation efforts and she is working diligently to getting our HR manual completed, and in addition has worked with staff to improve their conditions of work. She has also been working part-time with the General Manager since early this year to provide urgently needed assistance.

I also want to express a great many thanks to the Supervisory Committee, especially Ms. Laura Sierra, Mrs. Karen Perez and Mrs. Irma Sanchez. Mrs. Perez resigned late last year due to family exigencies and has been replaced by Mr. Andy Bahadur, whose performance was exemplary. These officers have worked with the Internal Auditor and Compliance Officer in preparing Risk Assessment and the Yearly Internal Audit Plan ensuring that the practices at St. Martin's are transparent and allow for better accountability and complies with the Central Bank of Belize. 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 remains 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.

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 sincere gratitude to them for carrying out their duties effectively and prudently. Mrs. Santos Tesecum, Mr. Fabio Carballo, 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. I want to single out Mrs. Santos Tesecum who has also assisted in the upgrading of the loan policies, and other operational manuals required by the Regulator. 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 take this opportunity to give a heartfelt thanks to our General Manager, Mr. Raymond Tzul and his management team for their hard work and dedication to St. Martin Credit Union. 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. The addition of the Assistant General Manager has allowed us to complete many of our outstanding commitments to the Central Bank and also to invest in internal training for our staff and revamp our policies and procedures. As a former banker, the skills he brought to SMCU have yielded positive accomplishments and we expect that in the current year we will achieve many of the objectives and goals set out in our new Strategic Plan. I would be remiss not to extend a special thanks to Ms. Lizette Arana, who took on the responsibilities of the Finance Officer (he resigned in December 2024), to prepare our budget for 2025. On behalf of the Board and the other committees sincere gratitude is expressed and lets 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 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. May God bless us all!!!

The Board of Directors

Dr. John Morris	President
Ms. Seidy Garcia	Vice President
Mr. Carlton Mckoy	Treasurer
Mr. Elmer Juarez	Secretary
Ms. Nelida Sabido	Education Director/Staff Liaison Officer