

ST. MARTIN'S CREDIT UNION LIMITED

Financial Statements for the Years Ended
March 31, 2025 and 2024 and Independent
Auditors' Report

ST. MARTIN'S CREDIT UNION LIMITED

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INDEPENDENT AUDITORS' REPORT

**To the Board of Directors and Members of:
St. Martin's Credit Union Limited**

Opinion

We have audited the financial statements of St. Martin's Credit Union Limited which comprise the statements of financial position as at March 31, 2025 and 2024 and the statements of comprehensive income, statements of changes in members' equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of St. Martin's Credit Union Limited as at March 31, 2025 and 2024 and of its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of St. Martin's Credit Union Limited ("the Credit Union") in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Credit Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Credit Union or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Credit Union's financial reporting process.

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; to design and perform audit procedures responsive to those risks; and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Credit Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Credit Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' report. However, future events or conditions may cause the Credit Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during the audit.

HLB, Belize, LLP

**Chartered Accountants
Belize City, Belize
May 27, 2025**

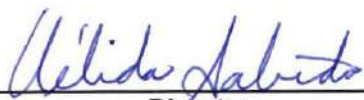
ST. MARTIN'S CREDIT UNION LIMITED

STATEMENTS OF FINANCIAL POSITION

AS AT MARCH 31, 2025 AND 2024 (IN BELIZE DOLLARS)

	<u>Notes</u>	<u>2025</u>	<u>2024</u>
<u>ASSETS</u>			
Cash and cash equivalents	4e. 4f. 6.	\$ 6,463,346	\$ 7,599,273
Debt instruments	4e. 7.	4,730,088	4,677,514
Equity instruments	4e. 8.	164,718	8,270
Members' loans receivable	4e. 9.	28,304,672	25,155,654
Less: expected credit loss on members' loans receivable	4e. 5. 9.	(896,795)	(1,199,896)
Other receivables	4e. 4g. 10.	124,498	169,419
Prepayments		52,562	69,088
Property and equipment	4h. 4j. 12.	2,384,065	2,439,539
Intangible assets	4i. 4j. 11.	97,279	234,493
Total assets		<u>41,424,433</u>	<u>39,153,354</u>
<u>LIABILITIES</u>			
Members' deposits	4e. 13.	4,726,573	4,012,729
Accounts payable and accruals	4e. 14.	501,715	546,484
Funeral benefit plan	15.	929,396	858,756
Severance payable	4k. 16.	45,780	67,256
Total liabilities		<u>6,203,464</u>	<u>5,485,225</u>
Net assets		<u>\$ 35,220,969</u>	<u>\$ 33,668,129</u>
<u>MEMBERS' EQUITY</u>			
Shares - mandatory	4l.	\$ 559,050	\$ 541,400
Shares - non-mandatory	4l.	27,953,056	26,538,223
Revaluation reserve	4h. 12.	1,545,917	1,545,917
Guaranty fund	4m.	4,245,255	4,245,255
Education fund	4n.	30,156	30,156
Development fund	4o.	10,631	23,579
Undistributed surplus		876,904	743,599
Total members' equity		<u>\$ 35,220,969</u>	<u>\$ 33,668,129</u>

The financial statements on pages 4 to 8 were approved and authorized for issue by the Board of Directors on May 27, 2025 and are signed on its behalf by:


Director


Director

The above financial statements should be read in conjunction with the accompanying notes.

ST. MARTIN'S CREDIT UNION LIMITED

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED MARCH 31, 2025 AND 2024 (IN BELIZE DOLLARS)

	<u>Notes</u>	<u>2025</u>	<u>2024*</u>
	4p.		
Net interest revenues	17.	\$ 2,873,354	\$ 2,679,190
Fee and commission income	18.	573,009	294,496
Dividend income		18,718	25,728
Other operating income	19.	<u>113,511</u>	<u>57,928</u>
Operating income		3,578,592	3,057,342
Net remeasurement of expected credit loss	9.	(386,546)	(355,458)
General and administration expense	21.	<u>(2,268,928)</u>	<u>(2,098,763)</u>
Profit for the year		923,118	603,121
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income		<u>\$ 923,118</u>	<u>\$ 603,121</u>

The above financial statements should be read in conjunction with the accompanying notes.

* Restructure of statement for comparative purposes.

ST. MARTIN'S CREDIT UNION LIMITED

STATEMENTS OF CHANGES IN MEMBERS' EQUITY

FOR THE YEARS ENDED MARCH 31, 2025 AND 2024 (IN BELIZE DOLLARS)

	Shares - mandatory	Shares - non- mandatory	Revaluation reserve	Guaranty fund	Education fund	Development fund	Undistributed surplus	Total
Balance at April 1, 2024	\$ 541,400	\$26,538,223	\$ 1,545,917	\$4,245,255	\$ 30,156	\$ 23,579	\$ 743,599	\$33,668,129
Comprehensive income for the year:								
Profit for the year	-	-	-	-	-	-	923,118	923,118
Other comprehensive income	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	923,118	923,118
Members' contributions and distributions:								
Net change in shares	17,650	1,414,833	-	-	-	-	-	1,432,483
Dividends declared	-	-	-	-	-	-	(799,437)	(799,437)
	17,650	1,414,833	-	-	-	-	(799,437)	633,046
Distributions and transfers:								
Development fund expenditures	-	-	-	-	-	(3,324)	-	(3,324)
Reversal of allocation	-	-	-	-	-	(9,624)	9,624	-
	-	-	-	-	-	(12,948)	9,624	(3,324)
Balance at March 31, 2025	\$ 559,050	\$27,953,056	\$ 1,545,917	\$4,245,255	\$ 30,156	\$ 10,631	\$ 876,904	\$35,220,969

Continued on page 7.

The above financial statements should be read in conjunction with the accompanying notes.

ST. MARTIN'S CREDIT UNION LIMITED

STATEMENTS OF CHANGES IN MEMBERS' EQUITY (CONTINUED) FOR THE YEARS ENDED MARCH 31, 2025 AND 2024 (IN BELIZE DOLLARS)

	Shares - mandatory	Shares - non- mandatory	Revaluation reserve	Guaranty fund	Education fund	Development fund	Undistributed surplus	Total
Balance at April 1, 2023	\$ 523,350	\$25,199,280	\$ 1,545,917	\$4,226,291	\$ -	\$ 31,379	\$ 1,018,431	\$32,544,648
Comprehensive income for the year:								
Profit for the year	-	-	-	-	-	-	603,121	603,121
Other comprehensive income	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	603,121	603,121
Members' contributions and distributions:								
Transfer to guaranty fund	-	-	-	18,964	-	-	(18,964)	-
Development fund expenditures	-	-	-	-	-	(13,831)	-	(13,831)
Transfer to education fund	-	-	-	-	30,156	-	(30,156)	-
Transfer to development fund	-	-	-	-	-	6,031	(6,031)	-
	-	-	-	18,964	30,156	(7,800)	(55,151)	(13,831)
Distributions and transfers:								
Net change in shares	18,050	1,338,943	-	-	-	-	-	1,356,993
Dividends declared	-	-	-	-	-	-	(822,802)	(822,802)
	18,050	1,338,943	-	-	-	-	(822,802)	534,191
Balance at March 31, 2024	\$ 541,400	\$26,538,223	\$ 1,545,917	\$4,245,255	\$ 30,156	\$ 23,579	\$ 743,599	\$33,668,129

The above financial statements should be read in conjunction with the accompanying notes.

ST. MARTIN'S CREDIT UNION LIMITED

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED MARCH 31, 2025 AND 2024 (IN BELIZE DOLLARS)

	<u>2025</u>	<u>2024</u>
Operating activities		
Profit for the year	\$ 923,118	\$ 603,121
Adjustments for non-cash items:		
Depreciation and amortization expense	165,424	179,914
Gain on disposal of intangible assets	(24,218)	-
Remeasurement of expected credit loss	386,546	355,458
Severance expense	4,000	11,000
Operating profit before working capital changes	<u>1,454,870</u>	<u>1,149,493</u>
Changes in operating assets and liabilities:		
Members' loans receivable	(3,838,665)	(1,874,873)
Other receivables	44,921	135,955
Prepayments	16,526	(6,872)
Members' deposits	713,844	(123,858)
Accounts payable and accruals	(44,769)	161,801
Funeral benefit plan	70,640	79,928
Cash used in operating activities	<u>(1,582,633)</u>	<u>(478,426)</u>
Severance paid	<u>(25,476)</u>	<u>-</u>
Net cash used in operating activities	<u>(1,608,109)</u>	<u>(478,426)</u>
Investing activities		
Acquisition of debt instruments	(52,574)	(969,153)
Disposal of equity instruments	5,000	45,000
Acquisition of equity instruments	(5)	(5,000)
Acquisition of intangible assets	(28,146)	(213,614)
Purchase of property and equipment	(81,815)	(66,032)
Net cash used in investing activities	<u>(157,540)</u>	<u>(1,208,799)</u>
Financing activities		
Changes in shares - mandatory	17,650	18,050
Changes in shares - non-mandatory	1,414,833	1,338,943
Payments from development fund	(3,324)	(13,831)
Dividends paid	(799,437)	(822,802)
Net cash provided by financing activities	<u>629,722</u>	<u>520,360</u>
Net change in cash and cash equivalents	<u>(1,135,927)</u>	<u>(1,166,865)</u>
Cash and cash equivalents, beginning of the year	<u>7,599,273</u>	<u>8,766,138</u>
Cash and cash equivalents, end of the year	<u>\$ 6,463,346</u>	<u>\$ 7,599,273</u>

The above financial statements should be read in conjunction with the accompanying notes.

ST. MARTIN'S CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2025 AND 2024 (IN BELIZE DOLLARS)

1. GENERAL INFORMATION

St. Martin's Credit Union Limited (the "Credit Union") was incorporated in 1949 under the Credit Union Act. The Credit Union is currently governed by the Credit Unions Act Chapter 314 Revised Edition 2020. Its main objective is to promote savings, enterprise, and the cooperative principle among its members to pool members' financial resources and to provide personal and corporate banking, loans, and investments.

The Credit Union operates from its principal office situated at Corner Eve and Church Street, San Ignacio Town, Cayo District.

As at March, 31 2025, the Credit Union had 11,181 members (2024:10,828).

2. STATEMENT OF COMPLIANCE WITH IFRS AND GOING CONCERN

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

The financial statements have also been prepared in accordance with the Credit Unions Act Chapter 314 of the Substantive Laws of Belize, Revised Edition 2020 except for the following as it relates the revenue recognition:

- Interest income from loans to members are recognized on an accrual basis contrary to treatment prescribed in Section 47 (12) of the Credit Union Act which indicates that unpaid interest on loans shall not be included in interest income.

The financial statements are prepared on a going concern basis, as management is satisfied the Credit Union has adequate resources to continue as a going concern for the foreseeable future. In making this assessment management has considered a wide range of information including profitability projections, regulatory requirements, and funding needs. The assessment also includes consideration of reasonably possible downside economic scenarios and their potential impacts on the profitability, liquidity, and sustainability of the Credit Union.

3. NEW OR REVISED STANDARDS OR INTERPRETATIONS

The accounting policies adopted are consistent with those used in the previous financial year except some accounting pronouncements which have become effective from April,1 2024, and have therefore been adopted.

- Non-current Liabilities with Covenants (Amendments to IAS 1)
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

These amendments do not have a material impact on the financial statements.

ST. MARTIN'S CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED MARCH 31, 2025 AND 2024 (IN BELIZE DOLLARS)

3. NEW OR REVISED STANDARDS OR INTERPRETATIONS (CONTINUED)

The standards, amendments and interpretations that are issued, but not yet effective, up to the reporting date of financial statements are disclosed below.

- IFRS 18 Presentation and Disclosures in Financial Statements
- Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing standards, and Interpretations have been published by the IASB or IFRIC. None of these Standards or amendments to existing Standards have been adopted early by the Credit Union, and no Interpretations have been issued that are applicable and need to be taken into consideration by the Credit Union at either reporting date.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments, and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Credit Union's financial statements.

4. MATERIAL ACCOUNTING POLICIES

a. Basis of preparation

The financial statements have been prepared on the historical cost basis except for the revaluation of non-current financial instruments and properties. The principal accounting policies are set out below.

b. Functional and presentation currency

The financial statements are presented in Belize dollars, which is the Credit Union's functional currency.

c. Foreign currency transactions and translations

Transactions in foreign currencies during the period are converted into Belize dollars at the rates ruling on the dates of the transactions.

d. Significant accounting judgments and estimates

Use of estimates and judgments:

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ materially from those estimates.

ST. MARTIN'S CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED MARCH 31, 2025 AND 2024 (IN BELIZE DOLLARS)

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

e. Financial instruments

Recognition and initial measurement

The Credit Union initially recognizes loans and advances, deposits and debt securities issued on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognized on the trade date, which is the date on which the Credit Union becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. The fair value of a financial instrument at initial recognition is generally its transaction price.

Classification

Financial asset

On initial recognition, a financial asset is classified as measured at: amortized cost, fair value through other comprehensive income (FVOCI) or FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect its contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely for payments of principal and interest (SPPI).

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

On initial recognition of an equity investment that is not held for trading, the Credit Union may irrevocably elect to present subsequent changes in fair value in Other comprehensive income (OCI). This election is made on an investment-by-investment basis.

The Credit Union's financial assets by category is listed in Note 24.

Financial liabilities

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Credit Union designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortized cost using the effective interest method. The Credit Union classifies its financial liabilities as other financial liabilities at amortised cost.

ST. MARTIN'S CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEARS ENDED MARCH 31, 2025 AND 2024 (IN BELIZE DOLLARS)

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

e. Financial instruments (Continued)

The Credit Union's financial liabilities that fall into this category listed in Note 24.

Business model assessment

The Credit Union makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Credit Union's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Credit Union's stated objective for managing the financial assets is achieved and how cash flows are realized.

The Credit Union's investments comprises primarily loans to members that are held for collecting contractual cash flows. In the retail business the loans comprise mortgages, overdrafts, and unsecured personal lending facilities. Sales of loans from these portfolios are very rare.

Certain debt securities are held by the Credit Union for long-term yield. These securities may be sold, but such sales are not expected to be more than infrequent. The Credit Union considers that these securities are held within a business model whose objective is to hold assets to collect the contractual cash flows.

Assessment of whether contractual cash flows are SPPI

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Credit Union considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

ST. MARTIN'S CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED MARCH 31, 2025 AND 2024 (IN BELIZE DOLLARS)

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

e. Financial instruments (Continued)

In making the assessment, the Credit Union considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Credit Union's claim to cash flows from specified assets and
- features that modify consideration of the time value of money.

Reclassification of financial assets

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Credit Union changes its business model for managing financial assets.

Derecognition

Derecognition of financial assets

The Credit Union derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Credit Union neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in OCI is recognized in profit or loss.

Derecognition of financial liabilities

The Credit Union derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

Modifications of financial assets and financial liabilities

Modification of financial assets

If the terms of a financial asset are modified, then the Credit Union evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognized at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

ST. MARTIN'S CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEARS ENDED MARCH 31, 2025 AND 2024 (IN BELIZE DOLLARS)

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

e. Financial instruments (Continued)

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximize recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Credit Union plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place.

This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortized cost or FVOCI does not result in derecognition of the financial asset, then the Credit Union first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognizes the resulting adjustment as a modification gain or loss in profit or loss. Any costs or fees incurred and modification fees received adjust the gross carrying amount of the modified financial asset and are amortized over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

Modification of financial liabilities

The Credit Union derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortized cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognized in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification.

Any costs and fees incurred are recognized as an adjustment to the carrying amount of the liability and amortized over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

ST. MARTIN'S CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED MARCH 31, 2025 AND 2024 (IN BELIZE DOLLARS)

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

e. Financial instruments (Continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Credit Union currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS Standards, or for gains and losses arising from a group of similar transactions.

Impairment of financial assets

When assessing impairment on debt instruments, such as government treasury notes, management primarily considers third party information such as external ratings and comparable sales.

ECL Calculation methodology

The Credit Union employs the probability of default approach in estimating its expected credit losses (ECL).

This approach uses the exposure at default (EAD), probability of default (PD) along with probability of attrition (PA), and loss given default (LGD) to determine the estimated credit losses. Probability of attrition (PA) is added to the PD to provide a competing risk approach for accurate long-range forecasting.

- Default - means that scheduled repayment, which includes principal and/or interest, of any facility is due and remains unpaid for 90 days or more.
- Exposure at Default (EAD) - is the predicted amount of loss the Credit Union may incur in the event of, and at the time of, the borrower's default.
- Probability of Default (PD) - is the likelihood, as a percentage of the total exposure, that the borrower will not be able to make scheduled payments over a 12-month period.

ECL Calculation methodology (continued)

- Probability of Attrition/Pay-off (PA) – is the likelihood, expressed as a percentage of the total exposure, that the borrower will pay-off the facility before its maturity date.
- Loss Given Default (LGD) – is the percentage of the amount at risk that would be lost if default is certain.

ECL Model Credit Impairment

Expected credit losses are either measured over 12 months or the expected lifetime of the financial asset, depending on credit deterioration since origination, according to the following three-stage approach:

ST. MARTIN'S CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEARS ENDED MARCH 31, 2025 AND 2024 (IN BELIZE DOLLARS)

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

e. Financial instruments (Continued)

Stage 1

For financial assets initially recognised and which continue to perform in accordance with contractual terms and condition, an allowance equivalent to 12 months ECL is recognised. Stage 1 financial assets also include facilities for which the credit risk has improved and has been reclassified from stage 2.

Stage 2

For financial assets exhibiting significant increase in credit risk since origination, a lifetime ECL is recognised. If loan has fully matured, ECL is loan outstanding balance. Stage 2 financial assets also include facilities for which the credit risk has improved and has been reclassified from stage 3.

Stage 3

Where financial assets present objective evidence of impairment, a lifetime ECL is recognised.

Write-off:

Loans and the related loan loss reserve are written off, either partially or in full, when there is no realistic prospect of recovery. Write-offs are reduced by recoveries on property secured on the loan.

Recoveries of amounts previously written off are recognized when cash is received and are included in 'impairment losses on financial instruments' in the statement of profit or loss and OCI.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Credit Union's procedures for recovery of amounts due.

f. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held with banks and other short-term, highly liquid investments with original maturities of 90 days or less.

g. Other receivables

Other receivable comprises of interest receivable from member loans, and miscellaneous receivables from employees and members.

h. Property and equipment

Property and equipment are carried at cost and valuation; and except for land, are depreciated down to their estimated residual values on a straight-line basis over their estimated useful lives as follows:

Buildings and improvements	40 years
Motor vehicles	5 years
Office and IT equipment	5 years
Furniture, fixtures and equipment	5 and 10 years

ST. MARTIN'S CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED MARCH 31, 2025 AND 2024 (IN BELIZE DOLLARS)

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

h. Property and equipment (continued)

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing items and restoring the site on which they are located. The cost of software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Maintenance, repairs and renewals are charged against revenue in the year the expenditure is incurred; major renewals and improvements are capitalized.

An item of property and equipment and any significant part recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and other comprehensive income when the asset is derecognized.

Assets held under revaluation model

Assets held under the revaluation model are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

The cost and accumulated depreciation accounts are restated proportionately with the revaluation. Any increase arising on the revaluation of such asset is recognised as a transfer in equity under the heading of revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit and loss, in which case the increase is credited to profit and loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such asset is recognized in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to undistributed surplus. No transfer is made from the revaluation reserve to undistributed surplus except when an asset is derecognised.

ST. MARTIN'S CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED MARCH 31, 2025 AND 2024 (IN BELIZE DOLLARS)

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

i. Intangible assets

Intangible assets for the Credit Union comprise of purchased software for their in-house system and the ATM. All intangible assets in the Credit Union have a finite life, meaning it has a limited period of benefit to the entity. After initial recognition, intangible assets are carried at cost less accumulated amortisation and impairment losses. If there is an indication that the asset may be impaired, an impairment test is performed by comparing the asset's carrying amount to its recoverable amount. The recoverable amount is the higher of the asset's value in use or fair value less costs of disposal.

Intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

The estimated useful lives for the software systems is 15 years.

j. Impairment of non-financial assets

The Credit Union assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

An impairment loss is recognised immediately in statement of income and expenses, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

k. Severance payable

Severance obligations are recognized at the point of not being able to withdraw from provision of the benefit to qualifying employees. The Company recognizes these obligations in accordance with the Labor Act, Chapter 297 of the Substantive Laws of Belize Revised Edition 2020.

l. Members' shares

As per the Credit Unions Act, members' shares in the Credit Union represent members' capital and are presented as mandatory and non-mandatory shares.

ST. MARTIN'S CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED MARCH 31, 2025 AND 2024 (IN BELIZE DOLLARS)

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

l. Members' shares (continued)

Mandatory shares are \$50 per member and are the minimum shares required for a person to be a member of the Credit Union.

Non-mandatory shares are any shares deposited beyond the minimum mandatory share. These can be withdrawn at any time and may be used as collateral for loans by members.

m. Guaranty Fund

The Guaranty Fund is a reserve mandated by the Credit Union Act where at least 10% of the yearly net earnings of the Credit Union is to be accumulated until it reaches 10% of total assets and should not be used for any other purpose except upon liquidation of the Credit Union. The Guaranty Fund cannot be distributed to members.

n. Education Fund

The Education Fund was established by the Board of Directors. Under the Credit Union Act, the Board of Directors may, after making provision for the reserve fund and declaring a dividend, set aside an amount not exceeding 5% of the net earnings to be used for educational purposes as the Board may determine and cannot be distributed to members.

o. Development Fund

The Development fund was established by the Board of Directors. The purpose of the Fund is to finance any capital development that the Credit Union deems necessary with approval from the Board; per the by-laws of the Credit Union, the amount transferred should not exceed 1% of the net earnings.

p. Income and expense recognition

Interest:

Interest income on loans receivable is recognized in the statement of comprehensive income at the time of collection and adjusted at year end under the accrual basis. Interest income on term deposit investments is recorded using the effective interest rate method.

Service charge fees:

Loan application/processing and review fees on loans have been recognized as income when received. These fees are non-refundable. They are fully earned by the Credit Union at the outset on the loan application and at the time of review.

Expenses are recognized when incurred. Interest on term deposits and personal checking accounts are paid quarterly and monthly, respectively. Interest on term deposits may be paid quarterly or monthly. The interest rates paid on member accounts are determined by the Board of Directors.

ST. MARTIN'S CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED MARCH 31, 2025 AND 2024 (IN BELIZE DOLLARS)

5. FINANCIAL RISK MANAGEMENT

By its nature the Credit Union's activities are principally related to the use of financial instruments. The Credit Union accepts cash as deposits and purchase of shares from members and seeks to earn above average interest margins by investing these funds in high quality assets. The Credit Union seeks to increase these margins by consolidating short-term funds and lending for longer periods at higher interest rates whilst maintaining sufficient liquidity to meet all claims that may fall due.

The Credit Union is also exposed to fraud risks, market risks, cash flow risks, and interest rate risks. The Credit Union's risk management program seeks to minimize potential adverse effects on the overall financial performance. Risk management is executed through policies approved by the Board of Directors and are executed by management who identify and evaluate risks and establish procedures to minimize risks.

Credit risk:

The Credit Union takes on exposure to credit risk which is the risk that a counterpart will be unable to pay amounts in full when due. Management structures its credit risk by placing limits on the amount of credit extended in relation to one borrower or group. This is monitored on a revolving basis and subject to annual review. These limits are also regulated by the Credit Union Act.

The Credit Union's risk management policies are designed to achieve a balance between risk and return and minimize potential adverse effects of its' financial performance. The Credit Union therefore identifies and analyses these risks, designs internal controls to set appropriate limits, and to monitor these limits through reliable and up to date information systems and reports.

Exposure to credit risk is managed through regular analysis of the borrowers ability to repay, current exposure to individual members and the likelihood of default and the recovery ratio on any defaulted obligation. Exposure is also managed in part by obtaining marketable collateral, personal guarantees and authority for salary deductions for instalment payments.

Amounts arising from ECL

For Inputs, assumptions and techniques used for estimating impairment see policy Note 4e.

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Credit Union considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis; based on the Credit Union's historical experience, expert credit assessment and forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing the remaining lifetime Probability of default (PD) as at reporting date with the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure.

ST. MARTIN'S CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED MARCH 31, 2025 AND 2024 (IN BELIZE DOLLARS)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk may also be deemed to have increased significantly since initial recognition based on qualitative factors linked to the Credit Union's credit risk management processes that may not otherwise be fully reflected in its quantitative analysis on a timely basis. This will be the case for exposures that meet certain heightened risk criteria, such as placement on a watch list. Such qualitative factors are based on its expert judgement and relevant historical experiences.

Default

For definition of default see policy Note 4e.

Modified financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, member retention and other factors not related to a current or potential credit deterioration of the member. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan in accordance with recognition policies set forth in Note 4e.

When the terms of a financial asset are modified and the modification does not result in recognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of the remaining lifetime PD at the reporting date based on the modified terms with the remaining lifetime PD estimated based on data on initial recognition and the original contractual term.

Loss Allowance

The following tables shows the reconciliation from the opening to the closing balance of the loss allowance by type of financial instrument.

The movements in the loan loss provision for the year are as follows:

	<u>2025</u>	<u>2024</u>
Balance, beginning of the year	\$ 1,199,896	\$ 844,438
Net remeasurement of loss allowance	386,546	355,458
Write-off	(689,647)	-
Balance, end of the year	<u>\$ 896,795</u>	<u>\$ 1,199,896</u>

The following table show details of ECL by Stages as at the reporting date

	<u>2025</u>	<u>2024</u>
Loan portfolio	\$ 28,304,672	\$ 25,155,654
Stage 1	64,944	54,798
Stage 2	63,954	39,277
Stage 3	767,897	1,105,821
Total	<u>\$ 896,795</u>	<u>\$ 1,199,896</u>
Rate	3.17%	4.77%

ST. MARTIN'S CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED MARCH 31, 2025 AND 2024 (IN BELIZE DOLLARS)

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk/interest rate risk:

The Credit Union is exposed to market risk, which is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in the market prices. Market risk for the Credit Union arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The Credit Union's Board of Directors sets limits on the amount of risk that may be accepted, which is monitored on a daily basis and reviewed by the Board monthly.

The Credit Union takes on interest rate risk in that it pays interest on deposits and that fluctuations in interest rates may affect its capacity to on-lend at competitive rates.

The Credit Union manages this risk by maintaining an adequate interest rate spread between interest paid and interest received.

Liquidity risk:

Liquidity risk is the risk that the Credit Union is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn.

The Credit Union manages this risk by closely monitoring member payments, setting credit limits and by obtaining credit facilities from other sources to ensure cash availability. The Credit Union also maintains highly liquid assets that can easily be liquidated as protection against any unforeseen interruption to cash flow.

Fraud risk:

The Credit Union is exposed to fraud risks from members as well as employees. The Credit Union seeks to minimize these risks by internal controls, authorizations for payments, checks and balances as well as requiring valid identification documents.

6. CASH AND CASH EQUIVALENTS

	<u>2025</u>	<u>2024</u>
Cash on hand	\$ 1,604,759	\$ 3,812,346
Cash at bank	4,858,587	3,786,927
	<u>\$ 6,463,346</u>	<u>\$ 7,599,273</u>

7. DEBT INSTRUMENTS

	<u>2025</u>	<u>2024</u>
Central Bank of Belize treasury notes	\$ 919,000	\$ 919,000
Belize City Council Municipal Bonds	1,000,000	1,000,000
St. John's Credit Union Limited term deposits	380,352	365,583
Spanish Lookout Credit Union Limited term deposits	535,613	517,500
Belize Bank Limited term deposits	1,895,123	1,875,431
	<u>\$ 4,730,088</u>	<u>\$ 4,677,514</u>

ST. MARTIN'S CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED MARCH 31, 2025 AND 2024 (IN BELIZE DOLLARS)

7. DEBT INSTRUMENTS (CONTINUED)

The maturity distribution of debt instruments is as follows:

	<u>2025</u>	<u>2024</u>
Less than 1 year	\$ 2,811,088	\$ 2,758,514
More than 1 year	1,919,000	1,919,000
	<u>\$ 4,730,088</u>	<u>\$ 4,677,514</u>

Details of investments by institution

<u>Central Bank of Belize Treasury Notes</u>		<u>2025</u>	<u>2024</u>
Maturity	Interest		
April 3, 2025	4.50%	\$ 459,000	\$ 459,000
April 3, 2030	5.25%	460,000	460,000
		<u>\$ 919,000</u>	<u>\$ 919,000</u>

<u>Belize City Council Municipal Bonds</u>		<u>2025</u>	<u>2024</u>
Maturity	Interest		
April 1, 2025	4.50%	\$ 400,000	\$ 400,000
April 1, 2026	5.50%	600,000	600,000
		<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>

<u>St. John's Credit Union Limited Term Deposits</u>		<u>2025</u>	<u>2024</u>
Maturity	Interest		
March 30, 2026	2.00%	\$ 126,784	\$ -
March 30, 2026	2.00%	126,784	-
March 30, 2026	2.00%	126,784	-
March 30, 2024	2.00%	-	121,861
March 30, 2024	2.00%	-	121,861
March 30, 2024	2.00%	-	121,861
		<u>\$ 380,352</u>	<u>\$ 365,583</u>

<u>Spanish Lookout Credit Union Limited Term Deposits</u>		<u>2025</u>	<u>2024</u>
Maturity	Interest		
December 29, 2025	3.50%	\$ 535,613	\$ -
December 29, 2024	3.50%	-	517,500
		<u>\$ 535,613</u>	<u>\$ 517,500</u>

ST. MARTIN'S CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED MARCH 31, 2025 AND 2024 (IN BELIZE DOLLARS)

7. DEBT INSTRUMENTS (CONTINUED)

Details of investments by institution

<u>Belize Bank Limited Term Deposits</u>			<u>2025</u>		<u>2024</u>
<u>Maturity</u>	<u>Interest</u>				
August 26, 2025	1.05%	\$	89,732	\$	-
August 26, 2025	1.05%		89,732		-
March 13, 2026	1.05%		97,364		-
March 13, 2026	1.05%		103,938		-
September 11, 2025	1.05%		56,982		-
January 29, 2026	1.05%		98,802		-
February 14, 2026	1.05%		147,074		-
March 13, 2026	1.05%		73,170		-
March 13, 2026	1.05%		103,938		-
March 13, 2026	1.05%		103,938		-
March 13, 2026	1.05%		73,170		-
March 13, 2026	1.05%		199,187		-
March 13, 2026	1.05%		73,170		-
March 13, 2026	1.05%		103,938		-
March 13, 2026	1.05%		97,364		-
March 13, 2026	1.05%		89,349		-
March 13, 2026	1.05%		108,308		-
March 13, 2026	1.05%		95,612		-
July 1, 2025	1.05%		90,355		-
August 27, 2024	1.05%		-		88,800
August 26, 2024	1.05%		-		88,800
September 11, 2024	1.05%		-		56,390
July 1, 2024	1.05%		-		89,416
March 13, 2025	1.05%		-		96,352
March 13, 2025	1.05%		-		102,858
March 13, 2025	1.05%		-		102,858
March 13, 2025	1.05%		-		72,410
March 13, 2025	1.05%		-		102,858
March 13, 2025	1.05%		-		72,410
March 13, 2025	1.05%		-		197,117
March 13, 2025	1.05%		-		72,410
March 13, 2025	1.05%		-		102,858
March 13, 2025	1.05%		-		96,352
March 13, 2025	1.05%		-		88,420
March 13, 2025	1.05%		-		94,619
March 13, 2025	1.05%		-		107,183
January 29, 2025	1.05%		-		97,775
February 14, 2025	1.05%		-		145,545
		\$	1,895,123	\$	1,875,431

ST. MARTIN'S CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED MARCH 31, 2025 AND 2024 (IN BELIZE DOLLARS)

8. EQUITY INSTRUMENTS

	<u>2025</u>	<u>2024</u>
5 shares of \$1,000 par value of redeemable preference shares of the Belize Credit Union League Limited at annual interest rates of 5% and 6%. Shares were fully redeemed during the 2025 fiscal year.	\$ -	\$ 5,000
655 shares (2024: 654 shares) at a \$5 par value in Belize Credit Union Assurance Services Limited (BCUA) which represents 13.1% ownership.	3,275	3,270
15,900 shares at \$10 par value in Shared Services Network Ltd. (SSN) which represents 7.95% ownership.	161,443	-
	<u>\$ 164,718</u>	<u>\$ 8,270</u>

9. MEMBERS' LOANS RECEIVABLE

	<u>2025</u>	<u>2024</u>
Total members' loans receivable	\$ 28,304,672	\$ 25,155,654
Less: expected credit loss	(896,795)	(1,199,896)
Net members' loans receivable	<u>\$ 27,407,877</u>	<u>\$ 23,955,758</u>

The movements in the provision for credit loss for the year are as follows:

	<u>2025</u>	<u>2024</u>
Balance, beginning of the year	\$ 1,199,896	\$ 844,438
Net remeasurement	386,546	355,458
Write-off	(689,647)	-
Balance, end of the year	<u>\$ 896,795</u>	<u>\$ 1,199,896</u>

The maturity distribution of loans receivable is as follows:

	<u>2025</u>	<u>2024</u>
Less than 1 year	\$ 1,101,610	\$ 239,491
1-3 years	6,445,516	6,785,256
More than 3 years	20,757,546	18,130,907
	<u>\$ 28,304,672</u>	<u>\$ 25,155,654</u>

	<u>2025</u>	<u>2024</u>
Total value of loans which do not have collateral held by the Credit Union	\$ 19,762,770	\$ 15,634,976
Percentage of loan portfolio of loans which do not have collateral	<u>70%</u>	<u>62%</u>

ST. MARTIN'S CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED MARCH 31, 2025 AND 2024 (IN BELIZE DOLLARS)

10. OTHER RECEIVABLES

	<u>2025</u>	<u>2024</u>
Accrued interest receivable	\$ 119,710	\$ 143,850
Other receivables	600	24,749
Employee receivable	4,188	820
	<u>\$ 124,498</u>	<u>\$ 169,419</u>

11. INTANGIBLE ASSETS

	<u>2025</u>	<u>2024</u>
Cost		
Balance at the beginning of the year	\$ 369,991	\$ 87,894
Additions	28,146	213,614
Transfer	-	68,483
Disposal	(161,443)	-
Balance at the end of the year	<u>236,694</u>	<u>369,991</u>
Accumulated amortization		
Balance at the beginning of the year	135,498	87,894
Additions	28,135	27,757
Transfer	-	19,847
Disposal	(24,218)	-
Balance at the end of the year	<u>139,415</u>	<u>135,498</u>
Net Book Value	<u>\$ 97,279</u>	<u>\$ 234,493</u>

The Credit Union received shares in Shared Service Network Limited in exchange for an intangible asset it previously held. See Note 8.

ST. MARTIN'S CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED MARCH 31, 2025 AND 2024 (IN BELIZE DOLLARS)

12. PROPERTY AND EQUIPMENT

	Land	Buildings and improvements	Motor vehicles	Office and IT equipment	Furniture, fixtures and equipment	Total
Cost (c), Valuation (v)	(v)	(v)	(c)	(c)	(c)	
Brought forward, April 1, 2024	\$ 650,000	\$ 1,665,747	\$ 134,160	\$ 254,803	\$ 528,618	\$ 3,233,328
Additions	-	14,515	-	-	67,300	81,815
Carried forward, March 31, 2025	650,000	1,680,262	134,160	254,803	595,918	3,315,143
Accumulated Depreciation						
Brought forward, April 1, 2024	-	133,583	134,160	248,504	277,542	793,789
Additions	-	41,691	-	5,314	90,284	137,289
Carried forward, March 31, 2025	-	175,274	134,160	253,818	367,826	931,078
Net Book Value, March 31, 2025	\$ 650,000	\$ 1,504,988	\$ -	\$ 985	\$ 228,092	\$ 2,384,065
	Land	Buildings and improvements	Motor vehicles	Office and IT equipment	Furniture, fixtures and equipment	Total
Cost (c), Valuation (v)	(v)	(v)	(c)	(c)	(c)	
Brought forward, April 1, 2023	\$ 650,000	\$ 1,660,568	\$ 134,160	\$ 323,286	\$ 467,765	\$ 3,235,779
Additions	-	5,179	-	-	60,853	66,032
Transfers	-	-	-	(68,483)	-	(68,483)
Carried forward, March 31, 2024	650,000	1,665,747	134,160	254,803	528,618	3,233,328
Accumulated Depreciation						
Brought forward, April 1, 2023	-	91,392	134,160	246,742	189,185	661,479
Additions	-	42,191	-	21,609	88,357	152,157
Transfers	-	-	-	(19,847)	-	(19,847)
Carried forward, March 31, 2024	-	133,583	134,160	248,504	277,542	793,789
Net Book Value, March 31, 2024	\$ 650,000	\$ 1,532,164	\$ -	\$ 6,299	\$ 251,076	\$ 2,439,539

Land and buildings were revalued during the financial year 2021 by an independent appraiser, Rolando Villas. See Note 4h. for details of revaluation treatment.

ST. MARTIN'S CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEARS ENDED MARCH 31, 2025 AND 2024 (IN BELIZE DOLLARS)

13. MEMBERS' DEPOSITS

	<u>2025</u>	<u>2024</u>
Regular deposits	\$ 3,820,624	\$ 3,179,713
Term deposits	905,949	833,016
	<u>\$ 4,726,573</u>	<u>\$ 4,012,729</u>

The maturity distribution of loans receivable is as follows:

Less than 1 year	\$ 3,820,624	\$ 3,179,713
1-3 years	905,949	833,016
	<u>\$ 4,726,573</u>	<u>\$ 4,012,729</u>

14. ACCOUNTS PAYABLE AND ACCRUALS

	<u>2025</u>	<u>2024</u>
Accounts payable	\$ 124,607	\$ 137,167
Payroll processing	63,705	58,229
Other payable	225,930	209,059
Due to banks	87,473	142,029
	<u>\$ 501,715</u>	<u>\$ 546,484</u>

15. FUNERAL BENEFIT PLAN

The Credit Union initiated a Funeral Benefit Plan for members of the Credit Union whereby members make a yearly contribution of \$24 every October. To qualify, account holder's must maintain a minimum account balance of \$200 and must not be over 70 years old. Beneficiaries are given a one time funeral benefit of \$4,000 or \$2,000 dependent on the account holder's age. Exclusion to the benefit do apply with regards to the cause of death.

At the Annual General Meeting held on the May 29, 2015, a resolution was approved by the general membership to automatically enroll all qualifying members to the Credit Union's Funeral Benefit Plan.

	<u>2025</u>	<u>2024</u>
Balance at the beginning of the year	\$ 858,756	\$ 778,828
Increase for year	128,640	126,360
Claims paid	(58,000)	(46,432)
Balance at the end of the year	<u>\$ 929,396</u>	<u>\$ 858,756</u>

ST. MARTIN'S CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED MARCH 31, 2025 AND 2024 (IN BELIZE DOLLARS)

16. SEVERANCE PAYABLE

	<u>2025</u>	<u>2024</u>
Balance at the beginning of the year	\$ 67,256	\$ 56,256
Additions during the year	4,000	11,000
Payouts during the year	<u>(25,476)</u>	<u>-</u>
Balance at the end of the year	45,780	67,256
Less: current portion	<u>(2,723)</u>	<u>(4,000)</u>
Severance payable	<u>\$ 43,057</u>	<u>\$ 63,256</u>

17. NET INTEREST REVENUES

	<u>2025</u>	<u>2024</u>
Interest income on members' loans	\$ 2,743,346	\$ 2,567,655
Interest income on debt instruments	<u>138,654</u>	<u>118,451</u>
Total interest income	2,882,000	2,686,106
Interest expense on members' deposits	<u>(8,646)</u>	<u>(6,916)</u>
	<u>\$ 2,873,354</u>	<u>\$ 2,679,190</u>

18. FEE AND COMMISSION INCOME

	<u>2025</u>	<u>2024</u>
Commission income	\$ 581	\$ 516
Late fee service charge	48,295	11,268
Service charge	<u>524,133</u>	<u>282,712</u>
	<u>\$ 573,009</u>	<u>\$ 294,496</u>

19. OTHER OPERATING INCOME

	<u>2025</u>	<u>2024</u>
ATM fees	\$ 2,663	\$ 2,441
Book and cover sales	5,223	4,533
Recoveries	60,651	29,208
Other income	<u>44,974</u>	<u>21,746</u>
	<u>\$ 113,511</u>	<u>\$ 57,928</u>

20. TAXATION

As a credit union licensed under the Credit Union Act, the Credit Union is exempted from taxes on profits, gains, interest and dividends earned.

General Sales Tax of 12.5% is a tax on consumer spending that is collected at the point of sale of a business' good or service. The Credit Union pays General Sales Tax as a regular consumer.

ST. MARTIN'S CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED MARCH 31, 2025 AND 2024 (IN BELIZE DOLLARS)

21. GENERAL AND ADMINISTRATIVE EXPENSE

	<u>2025</u>	<u>2024</u>
Advertising and promotion	\$ 58,640	\$ 61,162
Annual general meeting expenses	39,532	31,998
ATM expenses	15,687	16,653
BCUA insurance	251,453	235,151
Belize rural finance expense	30	1,110
Committee and cafeteria expense	78,050	72,278
Compliance expense	17,173	14,792
Computer network	121,622	107,181
Conference and credit union week	29,363	11,340
Depreciation and amortization expense	165,424	179,914
Donations	7,100	7,700
Insurance expense	37,908	40,858
Interest and bank charges	45,854	48,734
Internal audit expense	3,790	4,684
License fee	1,000	1,950
Office expense	36,927	40,014
Other allowances	59,914	53,281
Other expenses	3,857	1,002
Postage	1,296	850
Professional fees	25,988	41,252
Property tax	1,168	1,168
Repairs & maintenance	24,088	16,739
Salaries & wages	865,268	738,677
Scholarship	15,639	15,973
Security expense	67,801	70,084
Severance expense	4,000	11,000
Social security expense	42,718	38,010
Staff benefits	87,367	94,550
Stationaries and supplies	35,408	40,679
Training	19,290	9,784
Travel and subsistence	4,062	1,432
Utilities	79,414	72,003
Vehicle expense	22,097	16,760
	<u>\$ 2,268,928</u>	<u>\$ 2,098,763</u>

ST. MARTIN'S CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED MARCH 31, 2025 AND 2024 (IN BELIZE DOLLARS)

22. KEY MANAGEMENT COMPENSATION

Key management compensation is inclusive of salaries and allowances paid to senior and junior management. At March 31, 2025, the number of key management personnel was 7 (2024 - 7).

	<u>2025</u>	<u>2024</u>
Key management compensation	<u>\$ 334,550</u>	<u>\$ 315,359</u>

23. RELATED PARTY TRANSACTIONS

The Board of Directors and management have loan balances with the Credit Union which are included in the loans receivable balance on the statement of Financial position. These loans total the following as of the year end:

<u>Assets held at year-end with related parties</u>	<u>2025</u>	<u>2024</u>
Officers' loans receivable	\$ 381,693	\$ 403,024
Employees' loans receivable	589,107	365,647
	<u>\$ 970,800</u>	<u>\$ 768,671</u>

Liabilities held at year-end with related parties

Officers' deposits and shares	<u>\$ 317,820</u>	<u>\$ 262,113</u>
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Transactions with related parties throughout the year

Officers' allowances paid	<u>\$ 30,500</u>	<u>\$ 30,305</u>
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24. FINANCIAL INSTRUMENTS

Note 4e. provides a description of each category of financial assets and financial liabilities and the related accounting policies. The carrying amounts of financial assets and financial liabilities in each category are as follows:

At March 31, 2025

	Amortised Cost	FVTPL	Total
Financial assets:			
Cash and cash equivalents	\$ 6,463,346	\$ -	\$ 6,463,346
Debt instruments	4,730,088	-	4,730,088
Net members' loans receivable	27,407,877	-	27,407,877
Other receivables	4,788	-	4,788
Equity instruments	-	164,718	164,718
Total financial asset	<u>\$ 38,606,099</u>	<u>\$ 164,718</u>	<u>\$ 38,770,817</u>

ST. MARTIN'S CREDIT UNION LIMITED

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEARS ENDED MARCH 31, 2025 AND 2024 (IN BELIZE DOLLARS)

24. FINANCIAL INSTRUMENTS (CONTINUED)

At March 31, 2025

	Amortised Cost
Financial liabilities:	
Members' deposits	\$ 4,726,573
Accounts payable	438,010
Total financial liabilities	<u>\$ 5,164,583</u>

At March 31, 2024

	Amortised Cost	FVTPL	Total
Financial assets:			
Cash and cash equivalents	\$ 7,599,273	\$ -	\$ 7,599,273
Debt instruments	4,677,514	-	4,677,514
Net members' loans receivable	23,955,758	-	23,955,758
Other receivables	25,569	-	25,569
Equity instruments	-	8,270	8,270
Total financial asset	<u>\$ 36,258,114</u>	<u>\$ 8,270</u>	<u>\$ 36,266,384</u>

	Amortised Cost
Financial liabilities:	
Members' deposits	\$ 4,012,729
Accounts payable	488,255
Total financial liabilities	<u>\$ 4,500,984</u>

25. COMMITMENTS AND CONTINGENCIES

As of March 31, 2025, member loans approved but not yet disbursed totaled \$379,585 (2024: \$319,229).

The Credit Union is subject to various litigation and claims arising in the normal course of operations. Based on current knowledge and communication with legal counsel, the Credit Union is of the view that the final outcome of the matters which existed at March 31, 2025, would not have a material adverse effect on the Credit Union's financial position.

26. EVENTS AFTER THE REPORTING DATE

There were no adjusting or significant non-adjusting events that occurred between the March 31, 2025, reporting date and the date of authorization for issuance.



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