MINUTES
73rd ANNUAL GENERAL MEETING
St. Martin's Credit Union Ltd.
Friday, May 31, 2024
Sacred Heart College Auditorium, San Ignacio Town, Cayo District

Present:

Dr. John Morris	- President, Board of Directors
Ms. Seidy García	- Vice President, Board of Directors
Mr. Elmer Juárez	- Secretary, Board of Directors
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
Mrs. Karen Pérez	- Member, Supervisory Committee

Members absent with apologies: Mr. Carlton McKoy, Treasurer, Board of Directors

Member-owners in attendance: 372 adults and 72 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 73rd Annual General Meeting and invited the President to call the meeting to order.

1. **<u>Meeting called to order</u>**
   The meeting was called to order at 6:03 p.m. by 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* and intonated by Mrs. Lucille Pulido.

   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.

2. **<u>Welcome Remarks</u>**
   The welcome address was delivered by *Mr. Elmer Juárez, Secretary, Board of Directors*. He extended a warm welcome to the Board of Directors, the General Manager, members of staff and all the visitors. Mr. Juárez especially welcomed the representatives of the Belize Credit Union League, Toledo Teachers Credit Union, Blue Creek Credit Union, Holy Redeemer Credit Union, Spanish Lookout Credit Union and all other credit unions. He also welcomed the external auditors, and most importantly, all the members of the St. Martin's Credit Union. He reminded members

that this is the time and place to make comments and ask questions. He underscored that, after 73 years, SMCU is still standing strong and focusing on moving forward.

3. **<u>Acceptance of the minutes of the 72nd Annual General Meeting of 2023</u>**
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.

No corrections were made, and the minutes were accepted by Ms. Elsa Mas, member, and seconded by Mrs. Hipólita Medina, member.

4. **<u>Board of Directors Report</u>**
Dr. John Morris, President, Board of Directors, presented the report for the period April 1, 2023, to March 31, 2024.

Dr. Morris began by welcoming everyone present. He primarily extended a warm welcome to the representatives of the Belize Credit Union League and to Mr. Ronald Hulse, member and former General Manager of SMCU. Dr. Morris also extended condolences to the Toledo Teachers Credit Union for the members affected by the wildfires.

Dr. Morris commenced his report by emphasizing that "Credit Unions were created under the rubric of cooperative principles", meaning that credit unions and their membership are considered as one big family. However, he reminded the membership that credit unions are guided by the Credit Union Act and regulated by the Central Bank of Belize to ensure that their standards (local and international) and best practices are in line with the conditions and guidelines for Belize's financial sector. He emphasized that credit unions are not banks and that the distinct difference is that the members they serve are from the segment of the population that are most dispossessed, often living below the poverty line, who cannot access the banks and other credit facilities. He urged the Central Bank and other relevant authorities to consider the credit unions when making decisions on operational and macro level policies to ensure that the poor and marginalized do not suffer from lack of access to funds and capital as a result of regressive policies.

Dr. Morris expressed that this year presented several challenges for SMCU. At the administrative level, there were issues with internal re-organization, staff training and retention. The introduction of new technology and the inherent risks of fraud associated with these new products, strong competition from the banking sector, labor shortages and spiraling costs of goods and services were among the other challenges faced.

In 2024, membership shares stood at $27,079,623.00, a 7.46% increase over last year. Total assets are at $39,153,354.00, a 3.30% increase over the previous year. Income grew by 4.22%, but the expenses grew by 15.11%, reducing the net income significantly. Dr. Morris explained that although these figures indicate that SMCU is growing, they would like to see a more robust increase in membership, which grew by 3.45% this year. Despite the increase in shares, assets and loan receivables, the net income did not grow appreciatively due to the lowering of interest rates to compete with the banking sector, and the increase costs in administration as a result of the implementation of new 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. Nevertheless, in this year's audited financial statements, SMCU has demonstrated that it has more than adequate liquidity based on its institutional capital which is above the required 10% to safeguard members' funds.

Dr. Morris announced that SMCU will be able to declare dividends this year, and he applauded the hard work of the management, staff and members of the credit union. He reported that the delinquency rate has remained stable and has not gone above 5%, being at 1.39% for this fiscal year. He also mentioned that this year, SMCU invested just under one million dollars in Belize City Municipal Bonds, an investment proposal from the Belize City Council Series V Municipal Bonds, that yields 4.5% and 5.5%. This trend of saving and investment must continue to ensure that SMCU can survive and provide funds to be lent out to its members in need, especially if the country is affected by natural disasters due to climate change. In the budget for 2024-2025, marketing will play a tremendous role as SMCU seeks to increase its membership and attract new members by at least 15%. He assured that this goal can be accomplished if the credit union is well managed and its members maintain trust in their institution.

He also underscored that there is a substantial increase in scrutiny by the Supervisory Committee to confirm to the regulations that financial institutions are subject. Thus, he assured that the financials that are presented are a true picture of SMCU economic transactions and financial viability.

This is the second year that SMCU rolled out its Online Banking and it has been a success, with a significant increase in ATM users and members with ATM cards. In this new fiscal year, SMCU seeks to improve several areas, in accordance with a Three-Year Strategic Plan 2024-2026. The first of these areas addresses the Human Resources capacities. The new Assistant General Manager, Mr. Bernabel Franklin, was introduced. Dr. Morris also mentioned that a Human Resource Manual is almost complete, and it has to be submitted to the Central Bank for vetting. Its purpose is to bolster staff productivity and motivation and to ensure that the hiring process adequately matches the needs of SMCU. Secondly, aggressive marketing, new lending protocols and new loan products will be conducted to attract a 15% increase in Interest Income for 2024-2025, intending to generate $1.5 million in net income. The loan program includes a revamped rural finance program to boost loans to rural communities for agriculture. The Benque Branch will play a significant role in this area. This is their fifth full year of operations, and it continues to report positive net cash flow of $1.16 million, as shown by the audited statements.

SMCU continues to build goodwill within the community by assisting high school students with financial aid and scholarships. Dr. Morris mentioned that Ms. Katy Jones, this year's valedictorian at Sacred Heart College, is a member of SMCU and was the recipient of a scholarship from SMCU to complete her high school studies. This year, SMCU also gave aid for tertiary level education, to attend the University of Belize and Sacred Heart Junior College. Over 300 children received school bags with supplies under the School Bag Giveaway initiative, and many more children benefited from the Christmas Toy Giveaway. Dr. Morris thanked the staff, especially those who assisted in the outreach programs and who gave of their time to ensure that SMCU is well marketed. On a final note, he thanked the Board members, the General Manager, Mr. Raymond Tzul, and the staff for all the extra work they put in to make SMCU better. He ended by thanking 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 2023-2024.

Mrs. Tesecum began by greeting everyone and thanking God for an increased job stability for many of SMCU members who had been previously affected by COVID. She pointed out that this year there was a slight increase in the number of loan applications sent to the credit committee as a result of the delegated authority levels that they now have in the loans department.

The Chairperson reported that the Credit Committee has continued to meet virtually to review loans. In addition, they also serve in the Delinquency Committee, the Credit Management Committee and the Loans Oversight Committee. They also met with the General Manager, the Senior Loan Officer and other management personnel to make recommendations for improvement in the lending process and participated in budget review meetings and other training sessions.

This year, they reviewed 2,500 loans requested amounting to $17,003,298.61. A total of 1,941 loans were approved with a value of $9,520,892.44. The highest number of loan requests were during the Christmas promotion, representing 19.6% or $1,852,834.00 of the total loan portfolio. This was followed by vehicle loans, representing 18% or $1,735,890.00, Construction representing 13% or $1,236,019.44, building and construction loans amounting to 11.5% or $1,091,088.00, and education amounting to $629,427.00 or 6.6%. A total of $596,210.50 or 6.3% was approved for personal loans, $416,900.00 or 4.4% for Easter, and $409,692.50 or 4.3% for medical purposes. A total of $360,000.00 was approved for business, $323,260.00 for vacation and $312,800.00 for land purchase. $300,550.00 was approved for house goods, $120,000.00 for house purchase, $56,600.00 for wedding and $40,800.00 for farming. $17,700.00 was approved for legal fees, $11,171.00 for utility and $9,950.00 for funeral, and none for insurance.

Mrs. Tesecum reminded all members to borrow wisely and to save and pay as agreed. She thanked the loans department and management for facilitating their job as officers on the Credit Committee, as well as fellow officers of the Supervisory and Board who also worked as a team when the need arose. She personally expressed gratitude to Mr. Fabio Carballo and Mr. Manuel Medina for their dedication to their duties as credit committee officers. She concluding by expressing her hope that with the new amendments to the lending strategy, the borrowing process will be a smoother and better experience for everyone.

6. **Supervisory Committee Report**

Ms. Laura Sierra, Chairperson of the Supervisory Committee, presented the report for 2023-2024.

Ms. Sierra began by greeting the directors, management, staff members and invited guests. She reported that the committee members met numerous times and participated in sessions for the development of a 3-year Strategic Plan and discussions for the new lending strategy. As part of the Finance and Audit Committee, they contributed to the budget exercise for 2024-2025, and as part of the Admin and HR Committee, they participated in the hiring process of the new Assistant General Manager.

With the assistance of the Internal Auditor, they observed the Credit Union's functions and daily operations. They also made recommendations to strengthen procedures and internal controls. Audits conducted throughout the year included:

- Annual cash count of ATM, vault petty cash and tellers for both the Benque and the San Ignacio Branches
- Review of the financial reports
- Review of the monthly budget expenses
- Review of loans
- Review and perusal of Board minutes
- ATM cards procedure
- Other audits as per annual plan

As required by the Central Bank, the Supervisory Committee had to ensure that the updating of the policies and procedures manuals was completed and that internal control measures were implemented. The Committee recommended an assistant for the Internal Audit Department due to the workload as a result of the roll out of online banking. The Board of Directors approved the hiring of an Assistant Internal Auditor who will come on board soon. The Committee also has the responsibility to protect the integrity of the system and members' accounts, therefore, she reminded members to check their accounts regularly and bring their concerns to the Credit Union or the Supervisory Committee.

Ms. Sierra ended by thanking Mrs. Irma Sánchez and Mrs. Karen Pérez, members of the Supervisory Committee, as well as Mr. Wilson Vargas, Internal Auditor, for their dedication and commitment to SMCU. She also expressed special thanks to Mrs. Irma Sánchez for delivering a motivational session to the staff at the annual retreat, and to the management, staff and Board of SMCU for providing the information requested.

7. Treasurer's Report

Ms. Seidy García, Vice President, presented the report for 2023-2024 on behalf of the Treasurer, Mr. Carlton McKoy. She began by greeting everyone present, then she proceeded to present a summary of the financial affairs of SMCU for the year ending March 31, 2024.

Balance Sheet

The Credit Union continues to grow, as Total Assets for year ending March 31, 2024, grew by 3.30% or $1.29M. Total Assets increased from $37.9M to $39.2M. Although this is below the goal, SMCU remains committed to work towards reaching pre COVID growth rates of 10% or higher. There was a growth in shares of 7.46% or $1.88M.

For this financial year, SMCU finally returned to pre COVID loan receivables level, which grew by 8.05% or $1.88M and now stands at $25.15M. This is attributed to the creativity and innovation in packaging loans and revised lending policies.

SMCU was also able to maintain its delinquency rate below the accepted standard of 5%, closing the year at 1.39%.

Investments in the banks continue to decline, yielding very little interest. The Board of Directors, management and staff continue to look for sound investment opportunities that will yield higher returns on the shares of the members.

Statement of Earnings
Income for the year 2024 increased by 4.22% or $123,837.00. Interests from loans continue to grow slowly due to the reduction of interest rates in order to remain competitive with major banks and to assist membership. Expenses also increased by $275,556.00 or 15.1% as a result of increases in computer network, salaries and benefits and the general overall cost of doing business. The Credit Union made a modest profit of $603,121.00 for this year.

Fiscal Management
At the end of the fiscal year 2024, SMCU met and surpassed the Net Institutional Requirement of 10% with its Education Fund of 5% of Net Income allocated and in compliance. The credit union did not take major investments but rather focused on improving services to membership by introducing a revised lending strategy and the continuous improvement of the Online Banking platform.

Ms. García emphasized that the credit union is at a point where fiscal management is of utmost importance to survival. The Credit Union continues to provide innovative services, making it a viable option, with a membership of almost 11,000 strong and growing. She concluded by thanking all Joint Officers, management and staff, particularly the Accounts team for their unwavering support.

8. **Special Report by General Manager**
Mr. Raymond Tzul, General Manager, presented a special report on the Integration to National Payment System, Loan Collection Tool and changes to member payroll processing. He began by greeting everyone present before starting to explain the changes that have taken place at SMCU over the past year.

In June 2023, SMCU was officially integrated into the National Payment System through the Shared Services Network, a subsidiary company of the Belize Credit Union League. This means that members can now send and receive funds electronically to/from any credit unions or banks connected to the national payment system with a maximum processing time of one day. Presently, St. Francis Xavier Credit Union, Holy Redeemer Credit Union and St. Martin's Credit Union are connected to the payment system while the other credit unions are working on being connected. The automatic straight through processing (STP) will be implemented soon, allowing funds to be sent instantly to the receiving credit union or bank account.

Mr. Tzul encouraged members to sign up for online banking services. Over 1,600 members have signed up since May 2023 and just under 900 members have actively been using the service. Members were reminded that they can have access to view their account balances and transfer funds from the convenience of their home and members were asked to check with any staff member to sign up for this service.

Since June of 2023, the Credit Union has processed 601 outgoing transfers with a total cash value of $2.3M and received a total of 12,342 incoming transfers totaling $8.6M. Mr. Tzul explained to members that contrary to the idea that the credit union account was only for savings, things are changing, and members are encouraged to fully make use of their credit union account to transfer funds and make life easier.

Mr. Tzul further explained that the mode of receiving and processing funds has changed, and whereas the credit union once had direct control over the members' funds, with the integration to the National Payment System, this is no longer the case. The credit union had to develop a loan collection tool that collects loan payments and savings to shares from members' deposit accounts and apply the payment on the 28 of every month. For those who pay twice a month, partial payments are collected at the middle of the month and placed on hold, then applied to the loan or share account on the 28 of the month. The payment is triggered once there is a payment or deduction that is due, regardless of the origin of the funds. For this reason, members were reminded that it is their responsibility now to ensure that there are enough funds to cover their loan payment, savings to shares and other deductions in their deposit account. Members were also urged to check every month that their loans and deductions are being collected properly, and to contact the credit union if there are any discrepancies.

Like with any change, Mr. Tzul explained that there were a few hiccups along the way. With the Christmas loan promotion, the first full payment was due until February 2024 and only interest was due from November to January. This resulted in accounts erroneously showing as being in prepayment and this caused the tool to collect interest payment only or partial payments. He concluded by asking members for their understanding as the team works diligently to permanently fix this problem.

9. **<u>Discussion and Acceptance of Reports</u>**

Dr. John Morris, President, invited Ms. Seidy García, Vice President, and Mr. Raymond Tzul, General Manager to join him on stage for the discussion and acceptance of reports. He then opened the floor for questions and comments from the membership.

Mr. Rodolfo Juan, member, expressed concern about the increase of 31% in expenses from 2021 to 2024. He voiced the following concerns:

(i) He asked them to explain the plan to curtail or decrease expenses. Mr. Tzul responded by reminding the membership that the implementation of new technologies and online banking are expensive ventures, but that they do not expect these expenses again since most of these investments have been made. He also pointed out that the high cost of living has contributed to the increase in expenditure.

(ii) Mr. Juan asked if the credit union can be open on Saturday afternoons to accommodate members who work, to which the response was that the credit union opens every Saturday, except on holidays, but it closes at 11AM because the staff also needs time for themselves.

(iii) Finally, he asked if financial statements could be made available to members two or three weeks prior to the AGM for perusal. Mr. Tzul's response was that it is very difficult to make that accommodation since all reports need to be approved by the Board of Directors prior to dissemination. He added that the External Auditor can only review the financial statements after March 31, so the timeline is a bit tight from there to the AGM.

Mrs. Carla Juan, member, also expressed concern with the report of expected credit loss. It was explained that under law, the credit union has to set aside money to write off delinquent loans.

Dr. Morris then called for the acceptance of reports. Ms. Karen Smith, member, moved that the reports be accepted and Mrs. Doreen Nuñez, member, seconded the motion to accept the reports.

10. <u>Declaration of Dividends</u>

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 2024 at 3%.

Part of the membership was dissatisfied with the amount declared and requested at least 3.5%. Ms. García explained that due to the expenses of technology, they were unable to declare higher dividends. Dr. Morris added that giving higher dividends would put SMCU in the red. He added that giving lower interest rate loans has provided savings for members and that money also needs to be set aside for education.

Mr. Leon Palacio, Chief Financial Officer, assured that the maximum SMCU can declare is 3.2%. After a show of hands from the membership in agreement, 3.2% was accepted and declared.

11. **<u>Resolutions</u>**

Ms. Laura Sierra, Chairperson of the Supervisory Committee, called for the re-appointment of HLB Belize as external auditors. Mrs. Marylee Harrison, member, moved to accept the motion and Mr. Ronald Hulse, member, seconded the motion.

12. **<u>Election of Officers</u>**

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

13. **<u>Vote of Thanks</u>**

Mr. Raymond Michael Tzul, General Manager, delivered the vote of thanks. He expressed gratitude to all SMCU members for being present and emphasized that making tough decisions is part of the process. He also reminded them that they cannot spend all the money that they make and that they have to save. He recapped that the base interest rate has remained at 7.99%, netting less income from loans. He also stressed that an increase in expenses and the hiring of additional staff has also translated to less profit. He ended by thanking all present for attending this year's AGM and making their voices heard.

14. **<u>Adjournment</u>**

It was requested that the meeting be adjourned. Mrs. Hipólita Medina, member, moved that the meeting be adjourned. This was seconded by Mr. Jesse Madrid, member. The meeting was adjourned at 8:30 p.m.

15. **Raffles**
The raffle winners are as follows:

Name of Winner	Prize	Ticket Number
Bernadette Howe	Early Bird $300 cash (earlier than 5 pm)	472903
Elvira Luna	Early bird $100 cash	472910
Lucette Herrera	Early bird $100 cash	472925
Angelita Berges	Early bird $50 cash	472939
Carmita Ayala	Early bird $50 cash	472896
Azra Roberts	Toaster	995237
Mariela Paredes	Set of Oster Knives	995085
Nolberto Puc	Cuatro Non-stick Cookware Set	995068
Marco Mauricio	Professional Tool Set	995306
Irma Canto	Blender	995113
Veronica Lemus	Gibson Dinnerware Set	995282
Marina Landero	Cuatro Cookware Set	995029
Derrick Perry	Microwave	995289
Berta Arevalo	Mastertech Fan	995047
Margarita Mauricio	Frigidaire Washer	995297
Adelita Garcia	Refrigerator	995269
Rafael Mauricio	Bicycle and Piggy Bank (Children)	444428