

ST. FRANCIS XAVIER CREDIT UNION LTD.

ADMINISTRATOR'S REPORT 2026



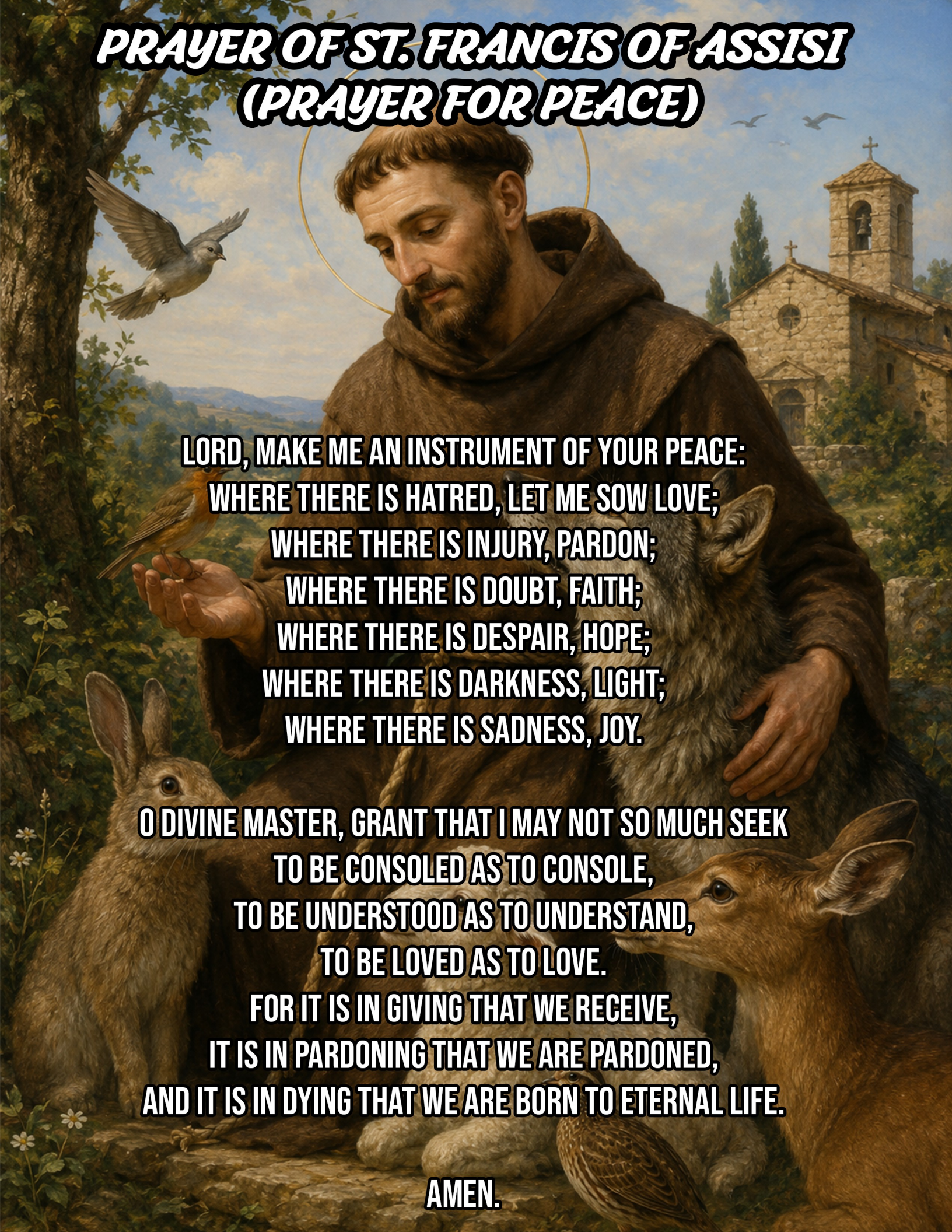
 **CCC AUDITORIUM, COROZAL DISTRICT**
 **JUNE 14TH, 2026**



MEETING AGENDA

Saturday, June 14, 2026 ◇ CCC Auditorium, Corozal District

No.	Agenda Item	Presenter	Time
1	Pre-Meeting Entertainment	CCC Marching Band	9:30 – 9:45 a.m.
2	National Anthem	CCC Marching Band	9:45 – 10:00 a.m.
3	Credit Union Prayer & Minute of Silence for Departed Members	SFXCU	10:00 – 10:05 a.m.
4	Call to Order	SFXCU	10:05 – 10:10 a.m.
5	Welcome to Members & Meeting Protocols	Administrator	10:10 – 10:20 a.m.
6	Raffle Draw (4 Prizes)	SFXCU	10:20 – 10:30 a.m.
7	Administrator's Report to Members - Risk Management - Operations - Financial Performance	Administrator	10:30 – 11:30 a.m.
8	Questions & Answers on the Administrator's Report	Administrator	11:30 a.m. – 12:00 p.m.
9	Raffle Draw (4 Prizes)	SFXCU	12:00 – 12:10 p.m.
10	Presentation of Dividend & Rebate	Administrator	12:10 – 12:20 p.m.
11	Lunch, Refreshments & Raffle Draw (4 Prizes)	SFXCU	12:20 – 12:50 p.m.
12	Special Father's Day Raffle (3 Prizes)	SFXCU	12:50 – 1:00 p.m.
13	Election of Officers - Board of Directors - Credit Committee - Supervisory Committee	Election Committee	1:00 – 3:00 p.m.
14	Adjournment	Administrator	3:00 p.m.

A religious painting of St. Francis of Assisi, a man with a beard and a halo, wearing a brown robe. He is surrounded by various animals: a dove flying above him, a small bird on his hand, a rabbit on the left, a wolf behind him, and a deer on the right. In the background, there is a stone church with a bell tower and a cross on top, set against a landscape with trees and hills under a blue sky with birds.

PRAYER OF ST. FRANCIS OF ASSISI (PRAYER FOR PEACE)

**LORD, MAKE ME AN INSTRUMENT OF YOUR PEACE:
WHERE THERE IS HATRED, LET ME SOW LOVE;
WHERE THERE IS INJURY, PARDON;
WHERE THERE IS DOUBT, FAITH;
WHERE THERE IS DESPAIR, HOPE;
WHERE THERE IS DARKNESS, LIGHT;
WHERE THERE IS SADNESS, JOY.**

**O DIVINE MASTER, GRANT THAT I MAY NOT SO MUCH SEEK
TO BE CONSOLED AS TO CONSOLE,
TO BE UNDERSTOOD AS TO UNDERSTAND,
TO BE LOVED AS TO LOVE.
FOR IT IS IN GIVING THAT WE RECEIVE,
IT IS IN PARDONING THAT WE ARE PARDONED,
AND IT IS IN DYING THAT WE ARE BORN TO ETERNAL LIFE.**

AMEN.

ST. FRANCIS XAVIER CREDIT UNION LTD.



HOME ADVANTAGE

MORTGAGE PROGRAM



as low as
7.5%
on the reducing
balance

- Borrow up to 90% of your property value
- Flexible repayment terms up to 30 years
 - Only 5% share requirement
- Refinance for home improvements, vehicle purchase, education, medical expenses, vacations, debt transfer, or personal needs



ST. FRANCIS XAVIER CREDIT UNION LTD.

SFXCU CUAN STRUCTURE

1501

SFXCU CODE

000

ACCOUNT TYPE

0

BRANCH CODE

00009999

MEMBER ACCOUNT NUMBER

16 DIGITS

EXAMPLE: 1501000000009999

1501

**SFXCU
CODE**

000

ACCOUNT TYPE

PCA	001
SHARES	005
DEPOSITS	006
LOAN	12X

0

BRANCH CODE

CZL	0
SAR	2
SPR	3
CCA	4

00009999

**MEMBER
ACCOUNT
NUMBER**

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Administrator's Message

To the Members and Owners of St. Francis Xavier Credit Union Limited,

It is my privilege to present this Report to Members for the financial year from April 1, 2025, to March 31, 2026. As the institution continues to operate under Administration, this report also serves as the message I would otherwise deliver as Chair. I want to use this opening to set the context for the rest of the report: the economic environment in which your Credit Union operates, the opportunities we see, the risks we are managing, and what members can expect next.

The Economic Environment

SFXCU operates at the intersection of three of Belize's most important industries. Tourism, by far the country's largest foreign-exchange earner, contributes roughly forty percent of GDP and directly drives the economies of San Pedro and Caye Caulker, while indirectly supporting Sarteneja's fishing economy. Sugar production is the largest single employer in our home district and remains a meaningful part of the national economy. Cross-border commerce, anchored by the Corozal Free Zone, is a primary driver of the Corozal corridor, where the Credit Union conducts roughly 70% of its business.

Each of these sectors faced significant pressure during the year. The 2025 summer tourist season softened relative to 2024, as travel advisories and elevated fuel costs weighed on visitor spending and competition for the tourist dollar intensified across the wider Caribbean. The sugar industry contended with rising fuel and fertilizer costs and the lingering effects of Fusarium disease, even as the 2026 crop season opened on a more optimistic note than the prior year. Cross-border trade volumes through the Corozal Free Zone moderated as the regional purchasing-power outlook softened, with knock-on effects on household consumption and small-business cash flows in our home market.

This is the economic backdrop against which the Credit Union's results should be understood. We are not insulated from these forces. Our members are farmers, fishers, tourism workers, traders, small-business owners, and salaried employees in both the private and public sectors. When these sectors are under pressure, household repayment capacity is strained. Throughout the year, the Credit Union's response was not to retreat from lending but to lend with greater discipline, document loans more thoroughly, monitor exposures more closely, and engage members earlier when accounts showed signs of stress.

What the Year Demonstrated

Three things stood out. First, credit quality improved materially. The internal non-performing loan ratio fell from 9.50% to 6.64%, total delinquency declined by more than \$2.4 million, and provision expense came in at \$50,557, compared with a budget of \$1.2 million. Second, we resolved a long list of legacy problem accounts that had been on the books for years, writing off \$1.69 million across 253 accounts. Almost all of those accounts originated under prior management, and most were already in advanced stages of legal review. The write-offs did not erode the surplus because the allowance had been built up against them in earlier periods.

Third, deposit growth of 8.0% confirmed that members continue to entrust their savings to the Credit Union in growing volume, even in a difficult environment.

Beyond the headline numbers, this was also the year the institution's governance and control infrastructure moved from "under construction" to "substantially complete." Enterprise Risk Management is ninety percent complete, with a Risk Register, Risk Appetite Statement, and Key Risk Indicators now in place. Independent charters for Internal Audit, Compliance, and Information Technology have been approved. Bylaws have been revised and submitted for Central Bank review. The HR function has been established. A custom Collections Management Platform has been launched. Group health insurance for staff has been implemented. These are not headline-grabbing developments, but they are what make a credit union sustainable over time.

Opportunities on the Horizon

The opportunities we see are concrete. CRESAP, the World Bank-supported Climate-Resilient Agriculture Program, is introducing a dedicated lending window for our farming members at a time when climate adaptation is becoming a structural rather than an optional investment. Modernized ATMs with deposit functionality, together with Education Thursday at the Main Office, are intentionally shifting routine transactions to self-service channels, allowing branches to focus on higher-value member interactions. The new Collections Management Platform provides the data foundation for more proactive credit management. The new Marketing Officer position, now filled, enables us to communicate more consistently with members and the wider community. The reconstruction of the Father James Walsh Building will restore institutional capacity at the Main Office that has been compromised for too long. And the maturing of the workforce, policies, and control framework prepares the institution for a return to a normalized Board governance arrangement when conditions are right.

The Risks We Are Managing

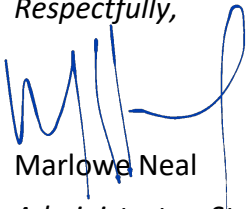
The risks are also clear. The legacy loan book still includes accounts that will require time, patience, and disciplined collections to resolve fully. Sarteneja's elevated Internal NPL ratio remains the branch-level outlier and will receive targeted attention. The Caye Caulker branch operates in a constrained competitive environment, and its building lease is under review. The core banking project with the original vendor stalled and will be set on a definitive course in the new fiscal year. Cultural transformation, particularly around accountability and consistent policy enforcement, is an ongoing discipline rather than a finished project. None of these risks is insurmountable; all are visible, quantified, and being addressed.

A Note of Thanks

On behalf of the Administration, I thank the management team and staff of SFXCU for their hard work during a demanding year; our external advisors, consultants, auditors, and partners for their professional support; the Belize Credit Union League; the Registrar of Credit Unions and the Central Bank of Belize for their continued engagement and oversight; and, most importantly, the member-owners of SFXCU for the confidence you continue to place in this institution. The work over the past three years has focused on putting your Credit

Union on the strongest possible long-term footing. The work that remains focuses on building on that foundation, prudently and consistently, to serve the members who own it.

Respectfully,



Marlowe Neal

Administrator, St. Francis Xavier Credit Union Limited

1. Introduction

This Report to Members/Owners provides a comprehensive overview of the operations, governance, risk management, financial performance, and member service initiatives of St. Francis Xavier Credit Union Limited ("SFXCU" or "the Credit Union") for the financial year from April 1, 2025, to March 31, 2026. It is intended to give members a clear, factual, and transparent picture of where the Credit Union stood at the start of the year, what was undertaken during the year, what was achieved, what remains to be done, and the priorities for the new financial year.

Subsequent events occurring after March 31, 2026, including matters arising during the external audit, regulatory engagement, and operational developments, are reported separately in Section 18 and clearly identified as post-year-end matters. They should not be considered part of the audited FY2025/2026 results unless the supporting documents specifically state otherwise.

The objectives for the year were straightforward and aligned with the path established under Administration: protecting members' equity, strengthening institutional controls, cleaning up legacy credit risk, lending prudently to qualified members, modernizing operations and technology, and continuing to professionalize the workforce. This report outlines how those objectives were pursued and where they produced measurable results, including a material reduction in delinquency, a significant cleanup of legacy non-performing loans through write-offs, the restart of the core banking project under new IT leadership, the substantial completion of the enterprise risk management framework, the launch of a custom Collections Management Platform, the introduction of group health insurance for staff, and the broad-based completion of policies and charters the Credit Union previously lacked.

The Credit Union made meaningful progress in strengthening accountability and improving service. However, the work is not finished. Important matters remain, particularly the quality of the legacy loan portfolio, the rebuilding of the Father James Walsh building, the core banking transition, and the continued development of the workforce. This report addresses both progress and unfinished work, neither understating challenges nor overstating achievements.

2. Executive Summary

FY2025/2026 was a year of measurable consolidation. The Credit Union grew its asset base, expanded members' deposits by more than \$7 million, materially reduced delinquency, cleaned up legacy non-performing loans through write-offs, completed key governance and risk infrastructure, restarted the core banking project under new IT leadership, and continued to professionalize human resources, compliance, and internal audit. The audited surplus for the year was lower than the prior year, primarily due to one-time, non-recurring items in the prior year's other income line and to legitimate, planned investments in salaries, depreciation, insurance, and infrastructure that were absorbed during the year. Despite this, the underlying credit picture improved decisively.

At a Glance: FY2025/2026 vs FY2024/2025

Indicator	FY2024/2025	FY2025/2026	Movement	Commentary
Total Assets	\$124,863,533	\$129,348,794	+\$4.49M (+3.6%)	Asset growth driven by deposit inflows and liquidity build.
Members' Deposits	\$90,618,332	\$95,519,418	+\$4.90M (+5.4%)	Strong member confidence; deposit and share inflows grew \$4.98M.
Gross Loans Receivable	\$85,219,222	\$84,992,520	-\$0.23M (-0.3%)	Stable gross book despite \$1.69M in legacy write-offs and strong new lending.
Allowance for Loan Losses	\$3,951,786	\$2,359,925	-\$1.59M (-40.3%)	Reflects write-down of legacy provisions against actual write-offs.
New Loans Disbursed	\$19.0M (3,947 loans)	\$38.72M (3,871 loans)	+103.7% in value	More than doubled prior-year disbursements while volume held steady.
Total Delinquency	\$8,072,509	\$5,646,394	-\$2.43M (-30.1%)	Strongest credit improvement in years.
Non-Performing >90 Days	\$5,216,143	\$4,172,949	-\$1.04M (-20.0%)	Continued reduction in problem accounts.
Internal NPL Ratio	9.50%	6.64%	-2.86 pp	Material decline; continuing to track toward portfolio-quality targets.
CBB-Classified NPL Ratio	6.14%	4.91%	-1.23 pp	Movement toward regulatory benchmarks.
Total Income	\$10,769,319	\$10,343,582	-\$0.43M (-4.0%)	Lower other income; interest income on loans is essentially flat.
Total Expenses	\$6,416,918	\$6,700,385	+\$0.28M (+4.4%)	Higher wages, depreciation, insurance, and severance, offset by sharply lower bad-debt expense.
Provision Expense	\$171,274	\$50,557	-\$120,717 (-70.5%)	Significantly below the \$1.2M provision budget.
Net Surplus	\$4,352,401	\$3,643,197	-\$0.71M (-16.3%)	Lower other income and reinvestment in staff & assets.

Indicator	FY2024/2025	FY2025/2026	Movement	Commentary
Statutory Reserve Fund	\$16,690,191	\$16,696,790	+\$6,599	Funded by entrance fees; reserve well above the 10% legal minimum.
Total Membership	31,399	31,782	+383 (+1.2%)	Net member growth confirmed by audited Note 2e.

Headline Themes

First, credit quality improved meaningfully. The Internal NPL ratio fell from 9.50% to 6.64%, total delinquency declined by more than \$2.4 million, and provision expense came in at \$50,557, against a budget of \$1.2 million. Second, the Credit Union absorbed a \$1.69 million legacy-portfolio write-off, comprising 253 long-standing problem accounts, without affecting the underlying surplus because the allowance had already been built up. Third, the 8.0% deposit growth was strong, providing ample funding for qualified lending. Fourth, the audited surplus was lower than in FY2024/2025, primarily due to a \$345,000 decline in other income, an 18.6% rise in wages and salaries as the organizational structure took final shape, and higher depreciation, insurance, and severance accruals. Fifth, governance, risk, compliance, IT, internal audit, and HR all moved from "in development" to "largely complete," with policies, charters, and structures formally approved or substantially finalized.

3. Operating Environment and Strategic Context

SFXCU operates from its head office in Corozal Town and from three branch offices in Sarteneja, San Pedro Town, and Caye Caulker. The Credit Union's footprint aligns with the distinct economic geographies of northern Belize and the cayes: trade and commerce in the Corozal corridor (which includes the Corozal Free Zone, a major regional employer), sugarcane and other agriculture in the rural north, fishing in Sarteneja, and tourism on Ambergris Caye and Caye Caulker.

Corozal continues to account for roughly seventy percent of the Credit Union's business. Any slowdown in cross-border trade, sugar production, or household spending is therefore felt most acutely in Corozal's consumer-loan, residential-construction, and small-business books. During FY2025/2026, the Belize sugar industry saw an improved crop season, but industry stakeholders continued to flag rising fuel and fertilizer costs and the lingering effects of fusarium disease. These factors warrant close monitoring because they affect cane farmers' cash flows and repayment capacity. SFXCU's cane-farming portfolio of \$3.92 million remains material but well-contained.

The tourism corridor on Ambergris Caye and Caye Caulker remained active yet highly competitive. Two large banks operate alongside SFXCU on the cayes, and growth in our loan portfolios on the islands has been steady rather than rapid. Sarteneja's fishing economy continues to depend indirectly on tourism demand. The Credit

Union carefully tracked these realities when setting credit policy and branch budgets, and they inform the outlook commentary in Section 19.

On the competitive front, members continue to have access to commercial bank alternatives, particularly for larger mortgages and refinancings. The Credit Union's approach is not to chase volume but to lend prudently, price fairly, document properly, and earn member loyalty through consistent service. Refinancing payouts to other institutions were observed during the year, but were offset by strong new lending. The gross loan portfolio closed essentially flat at \$84.99 million.

On the regulatory front, engagement with the Registrar of Credit Unions and the Central Bank of Belize continued throughout the year. Periodic Administrator's updates were issued covering operations, structure, risk, IT, infrastructure, and personnel matters. The amended bylaws were submitted to the Central Bank for review and feedback in February 2026, in anticipation of the forthcoming Credit Unions Bill.

4. Governance and Administration

SFXCU continues to operate under Administration. The Registrar of Credit Unions appointed the Administrator under section 61(1) of the Credit Unions Act. During FY2025/2026, governance and administration matured along three lines: a final organizational structure, a substantially complete policy and charter framework, and ongoing, transparent engagement with the Registrar and the Central Bank.

Organizational Structure and Functional Reporting

The Credit Union finalized its new organizational structure during the year, introducing an Operations Manager role and clarifying the separation between the Assistant General Manager (AGM) Operations and the AGM Risk. Branch operational and administrative reporting flows to the AGM Operations, while the AGM Risk provides independent oversight of risk, compliance, and audit. The structure was presented to the Belize Credit Union League and other credit unions at BCUL's Annual General Meeting. It was rolled out to staff through branch tours led by the Administrator, the Senior Executive Consultant, Risk & Operations, the HR Manager, and the AGM Operations. The full functional reporting chart and a cleaned-up organogram are included as Annexes A and B.

The Finance Unit was elevated from "Accountant-led" to a Finance Manager-led unit, reflecting the institution's need for stronger financial analysis, investment oversight, and strategic financial planning. The Compliance, Internal Audit, and IT functions were elevated in status and independence to address prior supervisory concerns that control functions lacked the authority to perform their work.

Policy and Charter Framework: Substantially Complete

The Credit Union substantially closed the policy and charter gaps identified in prior years. Approved or substantially completed during the year:

- Accounting Manual and Procedures (approved)

- Procurement Policy (approved and in operation)
- Board Charter; Supervisory Committee Charter; Credit Committee Charter
- Credit Committee Policy and Procedures Manual
- Vehicle Management Policy
- Enterprise Risk Management Framework Assessment
- Risk Appetite Statement
- Internal Audit Department Charter (2025, revised)
- Compliance Department Charter (2025)
- IT Department Charter (2025)
- Risk Assessment Report
- New Functional Reporting Chart and updated Organizational Chart
- Business Continuity Plan (Draft v1 issued for review)
- Collateral Manager Policy (final draft under review)
- HR Policy (final draft under review)
- Collection Procedures Policy (in final stages)

The Business Continuity Plan is still under active review at year-end and is expected to be approved in the coming months.

Regulatory Engagement

The Administrator issued periodic written updates to the Central Bank of Belize covering organizational structure, key personnel changes, risk and compliance work, core banking, infrastructure projects, the IT Manager fraud review, the Group Health Insurance roll-out, CRESAP onboarding, and proposed revisions to the bylaws. Examination findings and management letter comments were tracked and addressed; thirty-three previously identified AML deficiencies were closed in earlier reporting periods and remain closed.

Bylaws Revision

Preliminary observations on necessary revisions to the SFXCU Bylaws were developed with the management team and submitted to the Central Bank for review in February 2026. The proposed revisions aim to align the bylaws with modern governance practices, clarify the authority of committees and management, and anticipate the forthcoming Credit Unions Bill. Final legal drafting will incorporate the Central Bank's input.

Governance Transition Planning

Governance work this year has been deliberately structured to enable the institution to transition from Administration to a normalized governance arrangement when conditions are right. Charters, policies, role definitions, reporting lines, and control function independence are now in place. A Board of Directors operating under the new framework will inherit an institution with clearer accountability and stronger controls than at the start of Administration.

5. Risk Management and Compliance

Risk management matured significantly during FY2025/2026. The Enterprise Risk Management (ERM) framework, initiated earlier with PPF Consulting, was approximately ninety percent complete at year-end. The framework now includes an enterprise-wide Risk Register, department-level risk mapping, and Key Risk Indicators covering credit, liquidity, operational, compliance, and reputational risks. The Risk Appetite Statement was finalized, and a Key Risk Indicator dashboard is being prepared for management reporting in FY2026/2027.

Risk management is being moved from an occasional exercise to a standing management discipline. Department heads now own their risk registers and controls; risk review is becoming a standing item on the monthly management agenda.

Credit Risk

Credit risk improved materially. The Internal NPL ratio fell from 9.50% to 6.64%, and the CBB-classified NPL ratio fell from 6.14% to 4.91%. Year-end provision expense of \$50,557 came in well below the \$1.2 million budget. The reduction was driven by disciplined collections, restructuring, a \$1.69 million legacy write-off that removed long-standing problem accounts from the book, and stricter underwriting at origination. Credit risk early-warning indicators are being formalized as part of the ERM rollout. Detailed credit-quality data appears in Section 9.

Liquidity Risk

Liquidity remained strong throughout the year. Unrestricted cash and cash equivalents totaled \$27.76 million at year-end (FY2025: \$24.98 million). Combined with \$3.38 million in unrestricted fixed deposits and \$3.35 million in unchanged investments, the Credit Union has substantial deployable liquidity to fund qualified lending without strain. Member deposit growth of 8.0% provided a liquidity tailwind. The Credit Union maintains overdraft facilities with Belize Bank and Heritage Bank totaling \$2.3 million; neither facility was drawn at year-end.

Operational Risk

Operational risk controls have been strengthened across cash handling, branch security, dual control, vault access, petty cash, and IT and system access. Following the separation of the former IT Manager during FY2025/2026 (see IT Manager Fraud Review below and Section 14), all staff system access was regularized, privileged access was tightened, and a comprehensive fraud examination of prior user activity was initiated. The new IT Manager, who joined in late 2025, has begun a structural review of the server room, firewall configurations, software licensing, and internal controls. A dedicated Systems Administrator role has been created to formalize day-to-day technical oversight.

AML / Compliance

The previously identified thirty-three AML/CFT deficiencies remain closed. AML training was delivered across all branches during the year, including a December 2025 enterprise-wide session led by the Compliance Department and an April 2026 Source-of-Funds training session. The Compliance Department now operates under a formal departmental Charter (2025) that clarifies its mandate and reporting lines. KYC remediation continued, and suspicious-transaction reporting protocols were reinforced to meet regulatory expectations.

Legal and Documentation Risk

Updated mortgage documentation, including the memorandum accompanying the charge, powers of attorney, charge forms, and bills of sale, remains in active use across all branches. The Legal Department continues to review and approve loan documentation before disbursement. Targeted training for the Credit and Legal Departments was delivered to all branches in April 2026.

Risk Management Action Tracker

Risk Area	Key FY2025/2026 Actions	Result / Impact	Remaining Work
Credit Risk	NPL ratio reduction; collections restructure; CMS engagement; \$1.69M legacy write-off	Internal NPL 9.50% to 6.64%; provision \$50,557 vs \$1.2M budget	Continue legacy cleanup; tighten origination on consumer book
Liquidity Risk	Stronger deposit gathering, investment placements, and overdraft facilities are unused.	Liquid assets > \$32M; member deposits +8.0%	Deploy liquidity into qualified lending and yield-improving instruments
AML / Compliance	Departmental Charter approved; cross-branch training; KYC remediation	33 deficiencies closed and remain closed	Continue periodic training; full source-of-funds adoption
Operational Risk	Cash-handling controls; centralized loan disbursement; IT access regularization	Reduced manual handoffs; tightened system access	Recruit Systems Administrator; complete server room rebuild
Legal / Documentation	Updated mortgage docs in use; pre-disbursement legal review	Improved security perfection; fewer documentation defects	Continue periodic refresher training; close auditor recommendations
IT / Cybersecurity	New IT Manager onboarded; firewall, licensing, and access reviews; cybersecurity training.	Stronger internal safeguards; fraud examination underway	Complete Disaster Recovery / off-site backup; resolve core banking direction

Risk Area	Key FY2025/2026 Actions	Result / Impact	Remaining Work
Enterprise Risk Mgmt.	ERM ~90% complete; Risk Register; KRIs; Risk Appetite Statement	Department heads now own their registers	Stand up the KRI dashboard; embed risk review in the monthly management agenda.

6. Operations and Member Service

The operations agenda for the year focused on practical goals: standardizing service across branches, reducing member wait times, simplifying the loan process, improving the physical environment, and modernizing internal infrastructure. Concrete results were achieved on each front.

Loan Process Centralization (Main Office)

At the Corozal Main Office, the entire loan process, from member appointment through disbursement, was consolidated into a single Credit Department. A dedicated Credit Member Service Area was established. Member information updates were moved into Credit before loan finalization, and loan disbursement was moved to the Credit Department, with the Assistant Cashier reassigned to that area. Loan documents are now completed, verified, and scanned internally by Credit, reducing handoffs and processing errors. The effect on the member experience is direct: a true "one-stop" loan experience with reduced congestion in the cashier line.

Member Service Environment

Privacy dividers were installed in the Member Service area at the Main Office, providing members with a more confidential environment for updating accounts or discussing sensitive financial matters. Clear, branded signage identifying Member Service, Tellers, and Cashiers was installed throughout the office to improve navigation. Branded external signage was completed at the Main Office. A dedicated Branch Manager's office was constructed to support members seeking private consultations with management.

Frontline Department Reorganization

A new Branch Administrative Supervisor role was introduced at the Main Office to support the Frontline Supervisor, enabling closer day-to-day oversight of Tellers, Cashiers, and Member Service Representatives. Weekly briefings were instituted in both the Frontline and Credit Departments to address operational issues promptly. A three-day seminar on emotional intelligence and communication was held, with monthly follow-up sessions, to strengthen team functioning and member-facing service.

Education Thursday: Member Digital Adoption

"Education Thursday" was launched at the Main Office, offering in-branch tutorials for members on ATM and deposit-machine use, online banking, and digital transfers. The objective is to build member confidence in

digital channels and shift routine transactions away from the counter, reducing wait times for members who need in-person service. Account onboarding was also streamlined: debit cards are issued automatically at account opening, online banking enrollment is immediate, and ATM orientation occurs during onboarding.

Branch Operational Improvements

Each branch advanced its own service-delivery improvements (detailed in Section 10). Sarteneja continued to deliver core services, with stronger coordination between the front desk and back-office support and a more consistent application of standard operating procedures. San Pedro, under new branch leadership starting in July 2025, introduced an internal Branch Development Excellence Program featuring structured training in accounting operations and recovery/delinquency, as well as a scheduling system to coordinate Loans, Customer Service, and Cashier Operations. Caye Caulker introduced "high-touch" management and next-day turnaround for loans under \$20,000.

Operations and Member Service Initiatives Tracker

Initiative	Status	Member Benefit	Next Step
Centralized loan process (Main Office)	Completed	One-stop loan experience; fewer errors; reduced cashier-line congestion	Replicate elements in other branches
Privacy dividers + branded signage	Completed	Improved confidentiality; clearer navigation	Roll out branded signage at all branches
Branch Administrative Supervisor role	Completed	Stronger frontline supervision and member service	Embed structure in updated organogram
Education Thursday	Launched (Main Office)	Higher member digital adoption; less counter traffic	Expand to other branches
Onboarding streamlining (card + online banking at account opening)	Completed	Faster activation; fewer repeat visits	Standardize across branches
Main Office renovations and Loan Center upgrade	Substantially complete (~99.5%)	Professional environment; modernized public image	Complete exterior lighting and façade work (~\$150K remaining)
Walsh Building rebuild	Engineering scoping complete; RFP ready	Will restore institutional headquarters capacity	Tender, award, build (BZ\$2.25M to \$2.5M)
ATM modernization (deposit-capable units)	Quotations solicited	Reduced counter traffic; greater convenience	Procurement and installation across all branches

Initiative	Status	Member Benefit	Next Step
Collections Management Platform	Launched 1 October 2025	AI-supported case management; structured recovery	Continue refinement and reporting integration
NeoPeople HR platform	Onboarding complete	Streamlined HR processes and records	Continue training and adoption
Website re-launch	Completed	Improved member-facing presence	Continue content and feature additions
Frontline & member-service training	Multiple sessions delivered	Improved courtesy, accuracy, and professionalism	Continue annual refresh cycle

7. Membership Growth and Member Engagement

Member service is meaningless without members. The Credit Union closed FY2025/2026 with 31,782 members, up from 31,399 as of March 31, 2025 (a net gain of 383 members, +1.2%). The prior year saw growth of 570 members as of March 31, 2024. The audited financial statements (Note 2e) confirm the year-end membership count of 31,782.

Member Engagement Initiatives

Student Grant Program 2025: 485 applications were approved, totaling BZ\$72,750, to support member families with textbooks, tuition, and technology at the secondary and tertiary levels. Disbursements began on August 4, 2025, at all branches. The ATM Campaign and Membership Awareness initiatives ran throughout the year and continue into FY2026/2027. Education Thursday at the Main Office aims to build members' comfort with self-service channels, which will, over time, translate into broader engagement with digital services.

Burial Scheme: The Womb-to-Tomb fund continued to operate as designed. Burial scheme dues collected during the year totaled \$397,920, and payments to qualifying beneficiaries totaled \$306,600. The fund balance increased to \$2.62 million.

Community-facing engagement is discussed in detail in Section 15.

8. Loan Portfolio Performance

The Credit Union's loan portfolio was essentially flat in gross terms but saw significant qualitative improvement during the year. New lending more than doubled the volume from the transitional FY2023/2024 period. Underwriting was tightened, the legacy book was cleaned through \$1.69 million in write-offs (Section 9), and credit quality improved sharply (lower NPLs and lower provision expense).

Loan Portfolio Movement

Measure	Amount	Number of Loans
Opening loan portfolio (April 1, 2025)	\$84,444,243	5,932
Closing loan portfolio (March 31, 2026)	\$84,703,099	5,594
Net change	+\$258,857 (+0.3%)	–338 loans
Gross loans receivable per audited draft	\$84,992,520	-
Allowance for loan losses	\$(2,359,925)	-
Net loans receivable	\$82,632,595	-

The reduction of 338 loans, alongside near-flat dollars, reflects two simultaneous movements: 253 long-standing problem accounts (mostly small balances) were written off, and many small consumer accounts were paid down or paid off as members refinanced with other institutions. New lending replaced the dollar value, but in larger, better-underwritten tickets.

New Loans Disbursed by Branch

Branch	Amount Disbursed	Number of Loans	% of Total
Corozal (Head Office)	\$28,825,336	3,190	74.4%
Sarteneja	\$2,222,013	204	5.7%
San Pedro	\$5,699,304	373	14.7%
Caye Caulker	\$1,974,537	104	5.1%
Total	\$38,721,190	3,871	100.0%

Total new loans disbursed during FY2025/2026, totaling \$38.72 million across 3,871 loans, are substantially higher than the \$19.0 million / 3,947 loans reported for the transitional FY2023/2024 period. This doubling reflects the Credit Union's deliberate return to active, prudent lending, now that the legacy book is cleaner and underwriting and documentation discipline are stronger.

New Loans, Monthly Cadence (Consolidated)

Month	Amount Disbursed	Number of Loans
April 2025	\$2,422,486	303
May 2025	\$3,910,950	280

Month	Amount Disbursed	Number of Loans
June 2025	\$2,493,760	259
July 2025	\$3,473,276	278
August 2025	\$4,284,797	394
September 2025	\$3,293,090	255
October 2025	\$3,217,697	246
November 2025	\$3,938,944	551
December 2025	\$4,404,439	638
January 2026	\$1,782,881	175
February 2026	\$2,551,877	196
March 2026	\$2,946,992	296
Total FY2025/2026	\$38,721,190	3,871

Loan Portfolio Composition by Category (March 31, 2026)

Category	Portfolio	Number of Loans	% of Total
Consumer	\$15,860,318	1,946	18.7%
Home Improvement	\$12,296,600	869	14.5%
Business (non-agriculture)	\$6,178,852	339	7.3%
Agriculture	\$6,094,967	677	7.2%
Medical	\$4,732,279	433	5.6%
Education	\$3,068,474	299	3.6%
House Purchase	\$2,551,578	179	3.0%
Other	\$33,920,032	852	40.0%
Total	\$84,703,099	5,594	100.0%

The "Other" category is dominated by vehicle, large-ticket housing-related (construction, completion, annex/extension, repair), cane farming, and tourism exposures. Of note in the detailed by-purpose schedule: cane farming exposure is \$3.92 million (356 loans); vehicle and vehicle-repair combined total \$8.47 million;

and tourism-purpose loans total \$635,007 (concentrated on Caye Caulker and San Pedro). The "Other" line should be remapped in the FY2026/2027 reporting structure so that vehicle, cane farming, and tourism are surfaced directly.

Loan Portfolio by Branch (March 31, 2026)

Branch	Portfolio	Number of Loans	% of Total
Corozal (Head Office)	\$58,950,468	4,375	69.6%
San Pedro	\$15,357,223	613	18.1%
Caye Caulker	\$5,367,865	204	6.3%
Sarteneja	\$5,027,543	402	5.9%
Total	\$84,703,099	5,594	100.0%

Concentration in Corozal remains structurally high at roughly seventy percent, consistent with the Credit Union's demographic and economic footprint. The Caye Caulker portfolio is the most concentrated relative to branch staffing and maintains a comparatively small yet high-quality book.

9. Non-Performing Loans, Provisions, Write-Offs, and Collections

This section is the heart of the credit-quality story for FY2025/2026, and the news is genuinely positive. Internal delinquency fell sharply; the CBB-classified NPL ratio moved closer to regulatory benchmarks; the Credit Union absorbed a large legacy-portfolio write-off without affecting the surplus because the allowance had already been built up; and provision expense came in well below budget.

Delinquency and Non-Performing Loans by Branch, Closing March 31, 2026

Branch	Special Mention	Doubtful	Loss	Total Delinquency	NPL >90 days	Internal Rate	CBB Rate
Main Office (Corozal)	\$830,688	\$2,059,229	\$1,346,314	\$4,236,231	\$3,405,543	7.15%	5.75%
San Pedro	\$132,239	\$264,559	\$127,670	\$524,468	\$392,229	3.41%	2.55%
Caye Caulker	\$34,883	\$74,060	\$5,839	\$114,783	\$79,899	2.14%	1.49%
Sarteneja	\$475,634	\$140,456	\$154,822	\$770,911	\$295,277	15.32%	5.87%
Consolidated	\$1,473,445	\$2,538,304	\$1,634,645	\$5,646,394	\$4,172,949	6.64%	4.91%

Year-on-Year Movement in Delinquency

Measure	March 31, 2025	March 31, 2026	Change	% Change
Total Delinquency	\$8,072,509	\$5,646,394	-\$2,426,116	-30.1%
NPL >90 Days	\$5,216,143	\$4,172,949	-\$1,043,194	-20.0%
Internal NPL Ratio	9.50%	6.64%	-2.86 pp	-
CBB-Classified NPL Ratio	6.14%	4.91%	-1.23 pp	-
Gross Loan Portfolio (per recoveries report)	\$84,932,743	\$84,992,520	+\$59,777	+0.07%

Total delinquency fell by more than \$2.4 million in a year. The Internal NPL ratio moved from 9.50% to 6.64%. Provision expense came in at \$50,557 against a \$1.2 million budget. This is the strongest credit-quality improvement the Credit Union has reported in years.

Sarteneja's Internal Rate of 15.32% remains the highest outlier across the branch network, though it improved materially from 20.62% a year earlier. The CBB-classified rate at Sarteneja stands at 5.87%, closer to peers, indicating that a meaningful portion of the elevated internal-rate exposure is classified as Special Mention rather than in the harder Doubtful or Loss buckets. Sarteneja will receive targeted focus during FY2026/2027.

Provisioning (Allowance for Loan Losses)

Item	Amount
Allowance balance, April 1, 2025	\$3,951,787
Provision expense recorded during the year	\$50,557
Less: Write-offs absorbed against allowance	\$(1,642,418)
Other movements / net adjustment	\$0 (approx.)
Allowance balance, March 31, 2026	\$2,359,926

Provision Expense, Budget vs Actual by Branch

Branch	Budgeted Provision	Actual Provision	Variance
Corozal	\$1,000,000	\$0	\$1,000,000 under
Sarteneja	\$100,000	\$6,269	\$93,731 under
San Pedro	\$50,000	\$44,288	\$5,712 under

Branch	Budgeted Provision	Actual Provision	Variance
Caye Caulker	\$50,000	\$0	\$50,000 under
Consolidated	\$1,200,000	\$50,557	\$1,149,443 under (95.8% favourable)

Write-Offs During FY2025/2026

Branch	# of Accounts	Amount Written Off	% of Total
Corozal	219	\$1,411,727	83.7%
Sarteneja	19	\$152,976	9.1%
San Pedro	6	\$64,090	3.8%
Caye Caulker	8	\$57,918	3.4%
Total	252	\$1,686,712	100.0%

The 252 accounts written off during the year are largely legacy items dating back several years and are in advanced stages of collection. The two tables below show, respectively, the vintage of the written-off accounts by year of origination and the recovery stage at which each account was pursued. The vintage analysis should leave no doubt that these are legacy exposures: 97% of the principal written off relates to loans originated in 2022 or earlier, and 56% relates to loans originated in 2019 or earlier.

Write-Offs by Year of Loan Origination (Vintage)

Origination Year	# of Accounts	Principal Written Off	% of Total	Age at Write-Off
2006 to 2010	3	\$10,694.53	0.6%	16 to 20 years old at write-off
2011 to 2013	9	\$37,257.95	2.2%	13 to 15 years old
2014 to 2016	25	\$187,376.80	11.1%	10 to 12 years old
2017	19	\$109,990.35	6.5%	9 years old
2018	28	\$212,136.47	12.6%	8 years old
2019	31	\$232,757.97	13.8%	7 years old
2020	20	\$136,860.27	8.1%	6 years old
2021	38	\$227,431.33	13.5%	5 years old

Origination Year	# of Accounts	Principal Written Off	% of Total	Age at Write-Off
2022	72	\$489,640.47	29.0%	4 years old (largest single vintage)
2023	7	\$42,565.60	2.5%	3 years old (smallest recent vintage)
Total	252	\$1,686,711.74	100.0%	All accounts are at least 2 years old at write-off

Write-Offs by Recovery Stage

Recovery Stage	# of Accounts	Principal	% of Total
Supreme Court	26	\$480,651	28.5%
CMS (Credit Master Systems)	60	\$367,533	21.8%
Court Order	51	\$233,809	13.9%
Court Process	57	\$224,624	13.3%
Lower Court	18	\$94,800	5.6%
Identified for Demand / Demand Letter	6	\$122,862	7.3%
Foreclosure	1	\$34,469	2.0%
Unknown Address / Identified for Court	14	\$65,072	3.9%
Sickness / Prison	4	\$23,618	1.4%
Restructure (process or active)	3	\$8,871	0.5%
Other / Unclassified	9	\$24,944	1.5%
Agreement Paying \$100 / Month	1	\$664	0.0%
Total	252	\$1,686,712	100.0%

Read together, the two tables describe a write-off pool that is overwhelmingly legacy by vintage and advanced by recovery posture. Roughly 85% of the value is tied to formal court processes or commercial collection agency channels. A write-off is an accounting action that removes the receivable from the books to reflect economic reality; it does not extinguish the Credit Union's right to continue pursuing recovery. The collections function continues to pursue these accounts in accordance with policy and the relevant legal stage.

Collections and Recovery Activity

The collection's agenda advanced on multiple fronts. First, the function was supported by a dedicated Head of Portfolio Recovery and additional staff, with an intentional separation between front-line, member-service-driven cure activity and more advanced legal-stage recovery. Second, a custom-built Collections Management Platform was launched on 1 October 2025, replacing scattered spreadsheets, shared drives, and handwritten notes with a structured, AI-supported case management environment. Functionality includes assigned-account tracking, field-visit and phone-call logging, automated reminders and escalations, real-time management dashboards, and standardized internal and regulatory reporting. The total system development cost was \$30,000 and was capitalized.

Third, in October 2025, the Credit Union engaged Credit Master Systems (CMS), a bonded collection agency. In November 2025, 67 accounts totaling approximately \$507,000, primarily smaller unsecured loans, were transferred to CMS for intensive recovery. This frees internal collections staff to focus on larger, secured exposures. Fourth, the Credit Union transitioned auctioneer services from Fitzgerald Joseph to Kevin Castillo to broaden bidder reach and digital exposure for foreclosed-asset sales.

Fifth, recovery and delinquency training was delivered on a branch-by-branch basis. San Pedro received a tailored Recovery & Delinquency Training session as part of its Branch Development Excellence Program. Frontline staff received guidance on identifying delinquent accounts and escalating concerns; communication channels among frontline staff, recovery officers, supervisors, and management were strengthened; and certain inconsistent recovery practices were discontinued to improve consistency and adherence to procedures.

10. Branch Performance

Each branch contributed to FY2025/2026 performance. Three of the four branches grew or maintained their loan portfolios; one (Caye Caulker) operated in a more constrained competitive environment, yet still met or exceeded its budget. The branch-level financial schedules below are based on the supplemental schedules in the audited financial statements (Schedules I-IV).

Branch Performance: Consolidated Snapshot

Branch	Loan Portfolio	New Loans	Internal NPL	Income	Expenses	Surplus
Corozal (Head Office)	\$58,950,468	\$28,825,336	7.15%	\$7,462,452	\$5,213,833	\$2,248,619
Sarteneja	\$5,027,543	\$2,222,013	15.32%	\$669,713	\$383,679	\$286,034
San Pedro	\$15,357,223	\$5,699,304	3.41%	\$1,620,908	\$766,489	\$854,419
Caye Caulker	\$5,367,865	\$1,974,537	2.14%	\$590,509	\$336,384	\$254,125
Total	\$84,703,099	\$38,721,190	6.64%	\$10,343,582	\$6,700,385	\$3,643,197

Corozal (Head Office)

Corozal, the institution's anchor branch, generated a \$2.25 million surplus on \$7.46 million in income. New loan disbursements of \$28.83 million across 3,190 loans dominated consolidated lending activity. The branch underwent the year's deepest operational redesign: a new Branch Manager's office, the Branch Administrative Supervisor role, centralization of the entire loan process, relocation of loan disbursement to the Credit area, privacy dividers in Member Service, branded signage, and substantial completion of the Main Office renovation and Loan Center upgrade. Surplus declined by approximately \$0.66 million year over year, primarily because non-recurring "other income" was lower, while wages and salaries rose by \$312,665 (16.5%) as the structure took its final form.

Sarteneja

Sarteneja reported a \$286,034 surplus on \$669,713 in income, essentially flat year over year, with continued service-delivery improvements. Front-desk processes were streamlined, back-office coordination strengthened, and standard operating procedures applied more consistently. Staff participated in refresher training on credit union policies, AML/CFT compliance, and credit and legal procedures. The branch's Internal NPL ratio remains elevated at 15.32%, though it is materially below the 20.62% reported a year earlier. Targeted recovery and member engagement work will continue in FY2026/2027.

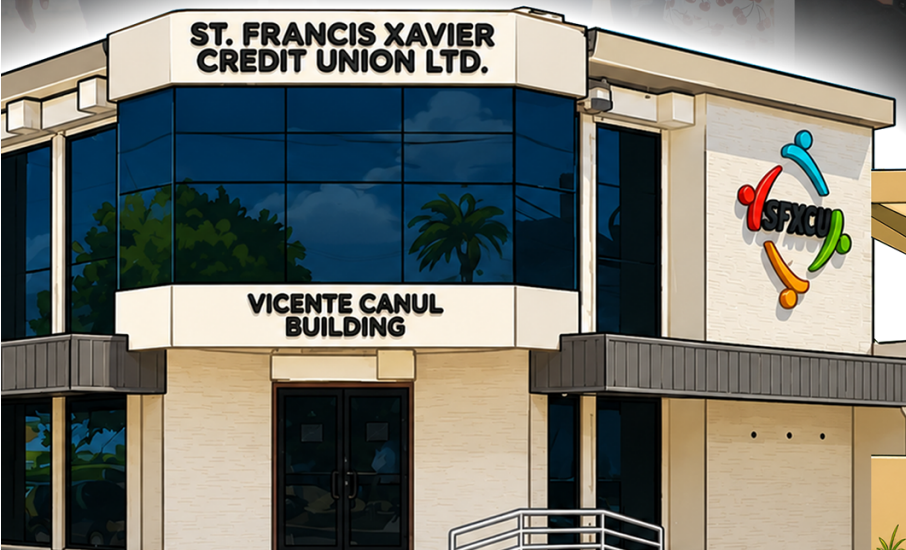
San Pedro

San Pedro generated \$854,419 in surplus on \$1.62 million in income. New leadership, Mr. Shane Pariente, took over the branch in July 2025 and launched the Branch Development Excellence Program: structured internal training in Accounting Operations and Recovery & Delinquency; a scheduling system to coordinate Loans, Customer Service, and Cashier Operations; and faster turnaround targets for smaller consumer loans (one-day approval and one- to two-day disbursement when documentation is in order). The branch's Internal NPL ratio fell from 7.13% to 3.41%, the largest branch-level improvement in absolute percentage points. Surplus declined modestly year over year, primarily due to higher expenses, with wages and salaries up \$93,509 (+48.8%), reflecting strengthened branch leadership.

Caye Caulker

Caye Caulker generated \$254,125 in surplus on \$590,509 in income, a slight improvement over the prior year despite a difficult competitive environment with two large commercial banks on the island. The branch met its budget objectives, delivered \$97,961 in cost savings versus plan, and maintained an Internal NPL ratio of just 2.14% (CBB-classified 1.49%), the cleanest loan book in the network. The loan portfolio closed at \$5.37 million, and approval turnaround for loans under \$20,000 was reduced to the next day. The branch adopted a "high-touch" management approach, with immediate private consultations with the Branch Manager. The lease on the Caye Caulker building expires in February 2026, and the property owner is considering a sale (with a right of first refusal granted to SFXCU). The branch's continued presence on the island is subject to ongoing review and is addressed in Sections 17 and 18.





11. Overall Financial Performance

All figures in this section are drawn from the audited financial statements issued and authorized on 26 May 2026 (prepared on a modified cash basis consistent with prior years) and from the supporting schedules for recoveries, write-offs, and the loan portfolio. Final figures will be confirmed by the external auditor (HLB Belize Limited) and are included in Annex C.

Statement of Financial Position: Summary

Item	March 31, 2025	March 31, 2026	Change
Cash and cash equivalents, unrestricted	\$24,976,953	\$27,759,301	+\$2,782,348
Cash and cash equivalents, restricted	\$2,584,910	\$2,561,915	-\$22,995
Fixed deposits, unrestricted	\$3,298,749	\$3,377,912	+\$79,163
Fixed deposits, restricted	\$2,799,302	\$2,873,417	+\$74,115
Loans receivable (gross)	\$85,219,222	\$84,992,520	-\$226,702
Allowance for loan losses	\$(3,951,786)	\$(2,359,925)	+\$1,591,861
Net loans receivable	\$81,267,436	\$82,632,595	+\$1,365,159
Investments	\$3,349,931	\$3,349,931	-
Property, plant & equipment (net)	\$5,865,937	\$6,006,496	+\$140,559
Other assets (interest receivable, prepayments, supplies, other receivables)	\$720,315	\$787,227	+\$66,912
Total Assets	\$124,863,533	\$129,348,794	+\$4,485,261
Members' deposits	\$90,618,332	\$95,519,418	+\$4,901,086
Severance payable	\$1,364,037	\$1,097,119	-\$266,918
Accounts payable	\$286,735	\$234,165	-\$52,570
Total Liabilities	\$92,269,104	\$96,850,702	+\$4,581,598
Net Assets / Members' Equity	\$32,594,429	\$32,498,092	-\$96,337

Notes: (i) The reduction in net assets/members' equity is primarily due to reclassifying \$2.26 million of mandatory and voluntary members' shares from members' equity (where they appeared as of March 31, 2025) to members' deposits, consistent with their classification in the final audited statements. The underlying institutional capital position, statutory reserve, and undistributed surplus remained intact. (ii) Net loans receivable increased by \$1.37 million, driven by a sharp decline in the allowance for loan losses, partially offset

by a small decline in gross loans. The cleanup of the allowance for legacy write-offs is explained in Section 9.

(iii) The classification of members' shares should be confirmed against the final auditors' report (Section 22).

Members' Equity Components

Component	March 31, 2025	March 31, 2026	Commentary
Members' shares, mandatory	\$627,980	\$635,640	+\$7,660
Members' shares, voluntary	\$1,635,280	\$1,683,708	+\$48,428
Burial scheme fund	\$2,526,113	\$2,617,433	+\$91,320
Education fund	\$576,256	\$457,464	-\$118,792 (training & scholarships funded)
Loan protection (life) fund	\$628,001	\$738,163	+\$110,162 (net of provisions and settlements)
Revaluation reserve	\$504,715	\$504,715	-
Statutory reserve fund	\$16,690,191	\$16,696,790	+\$6,599 (entrance fees)
Other reserve	\$1,062,140	\$900,339	-\$161,801
Undistributed surplus	\$8,343,753	\$8,263,840	-\$79,913
Total Members' Equity	\$32,594,429	\$32,498,092	-\$96,337

Income Statement: Summary

Line Item	FY2024/2025	FY2025/2026	Change
Interest income on loans	\$8,858,170	\$8,861,894	+\$3,724 (+0.0%)
Interest income on debentures	\$51,875	\$51,875	-
Investment income	\$246,020	\$251,680	+\$5,660
Other income	\$771,352	\$426,722	-\$344,630 (non-recurring items in prior year)
Service fees income	\$789,300	\$710,477	-\$78,823
Passbook sale income / Gain on disposal	\$52,602	\$40,934	-\$11,668
Total Income	\$10,769,319	\$10,343,582	-\$425,737 (-4.0%)
Wages and salaries	\$2,321,379	\$2,753,124	+\$431,745 (+18.6%)

Line Item	FY2024/2025	FY2025/2026	Change
Loan protection (life) fund expense	\$557,561	\$542,275	-\$15,286
Administrator expenses	\$427,493	\$451,435	+\$23,942
Depreciation	\$380,604	\$442,652	+\$62,048
Repairs and maintenance	\$227,726	\$284,455	+\$56,729
Security	\$256,887	\$273,679	+\$16,792
Severance accrual	\$133,739	\$181,796	+\$48,057
Insurance	\$124,129	\$168,212	+\$44,083
Office supplies	\$151,942	\$164,011	+\$12,069
Computer upgrades	\$152,355	\$138,857	-\$13,498
Professional fees	\$221,220	\$137,338	-\$83,882
Bad debt/provision expense	\$171,274	\$50,557	-\$120,717 (-70.5%)
Annual general meeting (reclassified prior year)	\$62,100	\$0	-\$62,100
Membership special events expense (reclassified)	\$43,811	\$74,814	+\$31,003
Other operating expenses	\$984,698	\$1,037,180	+\$52,482
Total Expenses	\$6,416,918	\$6,700,385	+\$283,467 (+4.4%)
Surplus for the Year	\$4,352,401	\$3,643,197	-\$709,204 (-16.3%)

Key Financial Ratios

Ratio	FY2024/2025	FY2025/2026	Commentary
Surplus margin (Surplus / Total Income)	40.4%	35.2%	Lower due to reinvestment and lower other income
Operating expense ratio (Expenses / Total Income)	59.6%	64.8%	Reflects wage and depreciation increases
Wages / Total Income	21.6%	26.6%	Investment in workforce (see Section 13)
Provision expense / Average loans	0.20%	0.06%	Strongly favourable
Loan-to-asset ratio (Net loans / Total assets)	65.1%	63.9%	Steady, strong liquidity ready for deployment

Ratio	FY2024/2025	FY2025/2026	Commentary
Liquidity (Liquid assets / Total assets)	30.4%	29.4%	Per audited Note 3 (FS basis), stable and well above 10% legal minimum
Statutory reserve / Total assets	13.4%	12.9%	Well above 10% legal minimum
Internal NPL ratio	9.50%	6.64%	Materially improved
CBB-classified NPL ratio	6.14%	4.91%	Materially improved
Provision coverage (Allowance / NPL >90)	75.8%	56.6%	Reflects post-write-off allowance level

Expense Commentary

The \$283,467 (4.4%) increase in total operating expenses is best understood as the year the Credit Union absorbed its new operating structure. Wages and salaries rose \$431,745 (18.6%) as the finalized organizational structure was implemented: Operations Manager, AGM roles, Finance Manager elevation, branch leadership transitions, and the strengthening of Compliance, Internal Audit, and IT. Depreciation rose \$62,048, reflecting the capitalization of \$1.12 million in additions during FY2024/2025 (vehicles, work in progress, computer hardware and software, building, and furniture). Repairs and maintenance rose \$56,729 as physical infrastructure work continued. Insurance rose \$44,083, reflecting expanded coverage, including the new group health insurance plan. These cost increases were offset by sharply lower bad debt expense (–\$120,717), lower professional fees (–\$83,882), and lower staff allowance (–\$77,939), so the net impact on surplus was contained.

12. Dividend, Rebate, Capital, and Reserve Recommendations

SFXCU declares the following distribution of the FY2025/2026 surplus and the following dividend and rebate rates, which balance the return of value to members with the need to preserve capital strength, maintain liquidity, and adequately provide for remaining credit risk in the legacy book.

Dividend Declaration of 4.0%

We approve a 4.0% dividend rate on member shares for FY2025/2026. The recommended dividend is paid from the undistributed surplus. It is calculated as the average of the lowest member share balance for each quarter of the financial year, consistent with the Credit Union's bylaws and prior practice. The total estimated dividend at 4.0% is approximately \$3,093,302. The dividend will be credited to member share accounts following the Special Meeting.

Rebate Recommendation: 6.0%

We have approved a 6.0% rebate on interest paid by borrowing members for FY2025/2026. The rebate is declared annually in proportion to the volume of loan business with the Credit Union during the year and is paid from the Credit Union's undistributed surplus. The estimated total rebate at 6.0% is approximately \$489,782. The rebate will be credited to member share accounts following the Special Meeting.

Combined dividend and rebate recommendation: \$3,583,084. Both amounts will be paid from the undistributed surplus during FY2025/2027. After payment, the undistributed surplus will be approximately \$8,263,840, plus the FY2025/2026 surplus retention of \$3,643,197, less the combined dividend and rebate of \$3,583,084, for approximately \$8,323,953, broadly stable compared with the prior-year position. Capital adequacy is preserved: the Statutory Reserve remains at 12.9% of total assets, well above the 10% legal minimum, and Net Institutional Capital remains comfortably above the 10% mandate level at 12.0%.

Capital and Reserve Position

Component	March 31, 2026	Commentary
Statutory reserve fund	\$16,696,790	12.9% of total assets; well above 10% legal minimum
Education fund	\$457,464	Funded and supported \$118,792 of education expenses during the year
Loan protection (life) fund	\$738,163	\$542,275 funded; \$432,113 settlements paid
Burial scheme fund	\$2,617,433	Member benefit fund; net contributions in
Other reserve	\$900,339	General reserve set aside by the Administrator
Revaluation reserve	\$504,715	Unchanged (land revaluation, 2020)
Members' shares (mandatory + voluntary)	\$2,319,348	\$635,640 mandatory; \$1,683,708 voluntary
Undistributed surplus	\$8,263,840	Retained earnings available for future distribution
Total Members' Equity	\$32,498,092	-

13. Human Resources and Organizational Capacity

Human resources matured significantly during the year. The HR Manager role was filled after an interim transition and is now held by Ms. Camille Hall (commenced January 2026), bringing senior HR experience from structured hospitality environments. Mr. Jose Herrera served as HR Manager midyear and led the rollout of the NeoPeople HR platform and the staff training needs assessment.

HR Function Status Tracker

HR Area	FY2025/2026 Status	Impact	Next Step
HR Department	Established and operating	Permanent HR Manager in place	Continue policy completion and embedding
HR Policy	Final draft submitted; under review	Standardizes terms, fairness, and performance	Finalize and approve in early FY2026/2027
Job Descriptions	Updated and issued	Clear roles and reporting lines	Maintain currency as the structure evolves
Compensation / Allowances	Rationalized; under regularization	More consistent salary placement	Complete file regularization
Training	Multi-stream program delivered	AML, customer service, credit, recovery, risk, cyber, first aid, etc.	Roll out FY2026/2027 training plan
Group Health Insurance	Implemented (RF&G Group Med Plus Silver)	Closes long-standing competitive gap; major retention lever	Continue annual policy review
NeoPeople HR Platform	Onboarding complete	Streamlined HR records and processes	Continue feature adoption
Personnel records audit	Identified ~65% complete files; reconstruction underway	Closes documentation gaps	Complete file regularization
Performance Management	Probation evaluations are active; structured review cycle	Confirmations and accountability	Embed annual cycle in HR Policy
Recruitment / Retention (island)	Continued challenge	Mitigated through internal promotions and consultancies	Continue targeted hiring and the consultant model
Internal Auditor	External recruitment in progress	Independence and technical depth	Hire and onboard during FY2026/2027
Systems Administrator	Vacancy opened	Day-to-day technical oversight	Hire and onboard during FY2026/2027
Leadership Development	Three-day retreat + monthly virtual sessions	Mindset, communication, and change management	Continue program

Training Delivered During FY2025/2026

Training	Conducted By	Audience	Date
Group Health and Life Presentation	RF&G	Corozal staff	23 July 2025
Introduction to Accounting and GL	Branch Manager	San Pedro team	8 Nov 2025
AML Training	Compliance Department	All branches	6 Dec 2025
Cyber Security	IT Department / KnowB4	All staff	26 Jan 2026
Enhancing Teller Performance / Member Service	Frontline Supervisors	Frontline Corozal	24 Jan 2026
Enterprise Risk Management	Gina Ochaeta / Risk Op	CCCU representatives	13 Feb 2026
Risk Management / Lending / Investments / Fraud	Central Bank of Belize	Execs / Finance / Compliance / IT	20 Mar 2026
International Credit Union Regulations	Central Bank of Belize	Corozal staff	24 Mar 2026
Loan Delinquency & Recovery Fundamentals	Branch Manager	San Pedro team	28 Mar 2026

Additional training continued into April and May 2026, i.e., Source of Funds (Compliance), Customer Service (Beltraide), Credit and Legal Department, SSN Frontline Training, Employment Regulations (Income Tax and Social Security Departments), First Aid (Belize Red Cross), and IT systems training. These are noted in Section 18 as subsequent events for the FY2025/2026 reporting period.

Culture and Change Management

Cultural transformation remains a top priority. Legacy perceptions and practices rooted in prior management (favoritism, uneven enforcement, confidentiality concerns around compensation) persist in pockets. They are being addressed through structural change (the HR function), training (the leadership retreat and monthly virtual sessions), and consistent policy enforcement. The recent staff changes across Finance, Branches, Recovery, and IT were intentionally designed to standardize the operating environment, raise expectations, and rebuild trust.

14. Technology, Systems, and Digital Transformation

FY2025/2026 was a year of technology consolidation and reset. The previous IT Manager was terminated for gross misconduct; a new IT Manager was onboarded in November 2025 with extensive experience in IT infrastructure, core banking, and project execution. Internal controls were strengthened, several immediate technology projects advanced, and the long-standing core banking project was reset under new leadership.

Collections Management Platform: Launched 1 October 2025

A custom-built, locally developed Collections Management Platform replaced fragmented spreadsheet-based tracking. Total system cost: \$30,000, capitalized. The platform supports AI-assisted insights, natural-language queries across the collections dataset, real-time dashboards, automated reminders and escalations, and standardized internal and regulatory reporting. It also enables structured staff redeployment from manual data collection to higher-value underwriting and portfolio monitoring.

Website Re-launch

The Credit Union's website was relaunched during the year, providing a modernized member-facing presence and a foundation for online forms and digital service expansion in subsequent periods.

ATM Modernization

Quotations were solicited to replace aging ATMs with modern, deposit-capable units across all four branches (two units are required at Corozal Main Branch, including the replacement of an inoperable machine). Procurement and installation will proceed during FY2026/2027. Modern deposit-capable ATMs are an essential element of the strategy to shift routine transactions away from the teller line.

Cybersecurity, System Access, and Disaster Recovery

Following the prior IT Manager's separation, system access controls were standardized across all staff. The new IT Manager completed a systems review and began restructuring the server room (cable identification, infrastructure mapping, and general organization). Firewall configurations, software licenses, and subscription renewals were reviewed and updated. Ongoing discussions with CITO (Belmopan) concern off-site backup hosting for disaster-recovery redundancy. A dedicated Systems Administrator role is being recruited to formalize and strengthen day-to-day technical oversight. The fraud examination of prior user activity continues.

Core Banking System: Ameya Project Reset

The core banking transition with vendor Ameya was reset during the year. Despite the vendor's reaffirmed go-live commitments and completion of internal General Ledger configuration, the testing environment was not loaded as committed. Staff enthusiasm waned, and the implementation stalled. Following the appointment of the new IT Manager, the project team was reconstituted under his oversight, and the vendor was re-engaged. The Credit Union has also sought a formal legal opinion on potential exit penalties under the Ameya contract. Management has been candid with the Central Bank that the project is realistically several quarters away from successful completion, regardless of the vendor; the Collections Management Platform was developed locally precisely because mission-critical functions could not wait for core banking. Definitive direction on the core banking project will be set during FY2026/2027.

Two-story Annex at Corozal Main Branch

A two-story, 1,000-square-foot rear addition is scheduled for the Corozal Main Branch to address immediate infrastructure needs. The upper floor will house the server room, and the lower level will accommodate filing and records storage. The structure includes an elevated foundation for flood resilience and a ferroconcrete roof with reinforced block walls.

15. Community Engagement and Member Outreach

SFXCU has always been more than a financial institution to its members. The Credit Union's history of community investment continued during FY2025/2026 through several concrete actions, alongside structural changes to support more consistent and visible outreach in future periods.

Corozal Central Park Rehabilitation

SFXCU is contributing to the rehabilitation of Corozal Central Park, a long-standing community asset that the Credit Union has chosen to invest in as part of its broader civic commitment. Work progressed steadily throughout the year:

1. All internal and perimeter walkways were ripped up, and the surfaces were relaid in new concrete, stamped, and painted.
2. All park benches were replaced.
3. The old stage was fully dismantled, and the new Canary Wharf-style structure/stage was advanced past belt-beam height and is awaiting resumption of work after the clock tower phase is complete.
4. A new walkway and park lighting were installed, with underground conduits prepared for recessed lighting.
5. The clock tower is currently the active work item.
6. The fountain is being repaired and will be the last element to be reinstalled.
7. The central plaza area was cast and stamped.
8. Cleanup and preparation for community use, including Christmas decorations, trees, and community attractions, were completed in season.

SFXCU's \$150,000 investment for items 1 and 2 above is secured and accounted for, with works confirmed completed by an independent engineer.

Student Grant Program 2025

SFXCU approved 485 student grant applications for the 2025 cycle, totaling BZ\$72,750. The program supports member families with textbooks, tuition, and technology needs at the secondary and tertiary levels. Disbursements began on August 4, 2025, at all branches.

Marketing Function and Member Outreach

A dedicated Marketing Officer was recruited during the year to improve member communication, increase public-facing visibility, and adopt a more deliberate approach to membership awareness. The marketing

function is now positioned to support the rollout of new products and services in FY2026/2027 and to deepen SFXCU's community presence.

ATM Campaign and Membership Awareness

ATM and membership awareness campaigns ran throughout the year to build members' comfort with self-service channels and attract new members to branches with growth opportunities. These initiatives continue into FY2026/2027 and align with the broader digital adoption agenda described in Section 6.

16. Achievements During the Year

The achievements listed below are directly tied to member impact. The list is not exhaustive; many smaller improvements at the branch level (reduced wait times, improved communication, faster loan turnaround) are detailed in Section 10.

Achievement	Why It Matters to Members
Internal NPL ratio reduced from 9.50% to 6.64%	Strengthens earnings, capital, and future dividend capacity
Total delinquency reduced by \$2.43 million (-30.1%)	Cleaner, healthier loan book
\$1.69M of legacy non-performing accounts written off	Books now reflect economic reality; collections continue
Provision expense \$50,557 against \$1.2M budget	\$1.15M favourable; releases reinvestment capacity
New lending more than doubled in value year-over-year	Renewed credit support for qualified members
Members' deposits grew \$7.22M (+8.0%)	Strong member confidence; deeper liquidity
Dividend rate raised to 4.5% (from 3.75% previously)	Greater value returned to member-owners
Group Health Insurance implemented (RF&G)	Closes a long-standing competitive gap; supports retention
Collections Management Platform launched.	AI-supported, structured recovery; improved accountability
Enterprise Risk Management framework ~90% complete	Risk Register, KRIs, Risk Appetite Statement in place
Compliance, Internal Audit, IT, and HR Charters approved.	Independent control functions are formally established.
Updated bylaws submitted to the Central Bank	Aligns governance with modern practice and the forthcoming Bill
Centralized loan process at Corozal Main Office	One-stop loan experience; reduced congestion

Achievement	Why It Matters to Members
Website re-launched	Modernized member-facing presence
NeoPeople HR platform onboarded	Streamlined HR records and processes
33 historical AML/CFT deficiencies remain closed	Sustained compliance posture
Main Office renovation substantially complete	Professional environment; modernized branding
Branch Development Excellence Program (San Pedro)	Branch-level training and operational improvement
Corozal Central Park rehabilitation in progress	Major community investment and civic contribution
Student Grant Program 2025: 485 grants for \$72,750	Tangible community impact
External Audit re-engagement with HLB Belize	Timely audit cycle; continuity of audit knowledge

17. Key Challenges and Corrective Actions

Members deserve a candid account of what remains difficult. The list below is not exhaustive, and management does not claim otherwise; it focuses on the issues that most affect the Credit Union's trajectory.

Challenge	Impact	Action Taken in FY2025/2026	Remaining Work
Legacy non-performing loans are in deep legal stages	Cash-flow drag; possible incremental write-offs	CMS engagement; auctioneer change; Collections Management Platform; cleanup of 253 accounts for \$1.69M	Continue legal-stage execution; member-in-good-standing restructurings; expand auction visibility.
Sarteneja Internal NPL ratio elevated (15.32%)	Branch-level credit quality outlier	Recovery and member engagement focus; refresher training	Targeted FY2026/2027 cleanup plan; reassess underwriting on legacy book
Caye Caulker's competitive environment	Limited growth; small portfolio	High-touch service; cost discipline; budget over-performance	Lease/property review; right-of-first-refusal evaluation
Father James Walsh's building is structurally compromised	Mold, water damage, possible asbestos; staff displacement	Engineering scoping complete; RFP ready; tender list defined	Tender, award, build (BZ\$2.25M to \$2.5M); manage interim space

Challenge	Impact	Action Taken in FY2025/2026	Remaining Work
Core banking implementation (Ameya) is delayed	Delayed modernization of the mission-critical platform	New IT Manager; reconstituted project team; legal opinion on exit penalties	Definitive direction during FY2026/2027; integrate with Collections Mgmt Platform
Aging ATM fleet	Member inconvenience; counter traffic	Quotations solicited for deposit-capable replacements	Procurement and installation across branches
Island recruitment and retention	Higher cost; competition with tourism employers	Internal promotions, consultancy model, group health insurance	Continue targeted recruitment; selective external hires
Culture/legacy perceptions of unfairness	Reduces morale, accountability, and productivity	HR function; leadership retreat; policy enforcement; targeted training	Continue change management; embed the performance management cycle
IT Manager fraud (legacy event)	Trust and control breach (now mitigated)	Termination for cause; recovery of loan secured against terminal benefits; system access regularization; ongoing fraud examination	Complete fraud examination; embed controls in the new IT Department Charter
Policy approvals are still pending.	Gaps in the formal governance framework	Drafts in advanced review (HR Policy, Collateral Manager, Collections Procedures, BCP)	Approve all outstanding policies in early FY2026/2027
Disaster recovery / off-site backup	Operational resilience risk	Discussions with CITO (Belmopan) ongoing	Conclude DR hosting arrangement; test failover
Dependence on "Other Income" line items year-on-year	Surplus volatility	Stronger structural cost discipline; broader fee income lines	Build recurring fee structures; reduce dependence on one-time items

18. Subsequent Events After March 31, 2026

The following developments occurred after the financial year close of March 31, 2026, and are presented separately. They should be read as updates to the position described above, not as part of the audited financial results for FY2025/2026.

Audit and Reporting

Audited financial statements were issued and authorized for issuance on 26 May 2026. The final audited statements are appended as Annex C.

Continued Training Delivery

Training continued aggressively into April and May 2026: Customer Service and Professional Etiquette (Beltraide) at Caye branches and in Corozal/Sarteneja; Credit and Legal Department training across all branches; SSN Frontline Training (CUL); Source of Funds training (Compliance); New Employee Orientation (Recovery Department); Employment Regulations sessions (Income Tax Department and Social Security Department); First Aid and First Response (Belize Red Cross); Dell Technologies training for the IT Department; and Social Security and Income Tax Regulations for Caye branches.

Revised Loan Fee Schedule, Effective June 1, 2026

The Administrator approved a revised Loan Fee schedule, effective June 1, 2026, that modernizes the fee structure across loan and refinance size ranges. The schedule applies a fixed fee for loans up to \$100,000 and a 1% fee for loans above \$100,000.

Caye Caulker Building

The Caye Caulker branch lease was set to expire in February 2026. The property owner is considering selling the building and has granted SFXCU a right of first refusal. A meeting with the owner was planned for March 2026 in Belize to discuss next steps, with an independent valuation to follow any agreement on the purchase price. An update will be provided to the Central Bank after the meeting.

Bylaws and Regulatory Submissions

The amended SFXCU Bylaws were submitted to the Central Bank for review in February 2026. Final legal drafting will incorporate Central Bank input. The Credit Union remains in active dialogue with the Registrar and the Central Bank on operational, IT, and infrastructure matters.

CRESAP Funding

SFXCU formally joined the CRESAP Climate-Resilient Agriculture Program (supported by the World Bank through the Social Investment Fund).

19. Outlook and Priorities for FY2026/2027

Looking forward, the priorities for FY2026/2027 fall into six themes: lending discipline, collections finishing, infrastructure execution, technology direction, people, and governance normalization.

Theme	FY2026/2027 Priorities
Lending discipline	Continue prudent growth in qualified lending; deploy excess liquidity into yield-improving instruments where appropriate; sharpen credit early-warning indicators; expand MSME and climate-resilient agriculture lending (CRESAP); track refinancing leakage to competitors and respond.
Collections finishing	Continue legacy NPL cleanup; pursue legal-stage matters to conclusion with new auctioneer and CMS; embed Collections Management Platform across all branches and case types; target further reductions in Internal NPL and CBB rates.
Infrastructure	Tender, award, and build Father James Walsh replacement (BZ\$2.25M to \$2.5M); complete two-story annex at Corozal Main; complete exterior lighting and façade at Main Office; procure and install deposit-capable ATMs at all branches; complete remaining Central Park works (clock tower, fountain, Canary Wharf stage)
Technology direction	Set definitive course on Ameya / core banking project after legal opinion review; complete CITO off-site disaster recovery arrangement; hire Systems Administrator; complete server-room rebuild; continue digital adoption initiatives (Education Thursday)
People and culture	Approve outstanding HR Policy; complete personnel file reconstruction; hire permanent Internal Auditor; continue leadership development program; deliver FY2026/2027 training plan, including credit, accounting certification, internal audit, compliance, and member service streams; review and rationalize allowances within approved scales.
Governance normalization	Finalize bylaws revision with Central Bank input; conclude outstanding policy approvals (Collateral Manager, Collection Procedures, BCP); prepare institutional readiness for transition to a normalized Board governance structure under the new bylaws and the forthcoming Credit Unions Bill.

20. Forward Development Plan

Beyond the FY2026/2027 priorities listed above, this section outlines SFXCU's medium-term development orientation. It draws on the work plans of the Assistant General Manager (Operations) and the Assistant General Manager (Risk), both of which are operating against twelve-month milestones. The intent is to give members visibility into where the institution is headed, not only over the next year but as a sustained program of building.

1. Credit Discipline as a Permanent Standard

Credit discipline is not a project that ends; it is a standard enforced every day. The updated credit policy framework, the credit-officer training program, the early-warning indicators being built into the ERM rollout, the Collections Management Platform, and the standardization of underwriting and documentation across branches together form a single, integrated credit discipline architecture. Future work includes formal portfolio stress testing, quarterly branch credit reviews, and a structured product approval process to ensure that new lending propositions are evaluated against credit, liquidity, and concentration parameters before launch.

2. A Culture of Active Risk Management

Active risk management means that risk is owned at the department level, reviewed at the monthly management table, and surfaced to the Administrator (and, in due course, the Board) through a structured KRI dashboard. The work of embedding the Risk Register, the Risk Appetite Statement, and the KRI dashboard into routine management practice will continue through FY2026/2027 and beyond. Risk awareness training will be extended to all staff, not only control functions, so that risk thinking becomes part of how every loan is underwritten, every cash transaction is handled, every member account is updated, and every system change is made.

3. Performance Appraisal and Balanced Scorecard

A balanced scorecard approach to performance management will be developed during FY2026/2027 and embedded in subsequent years. The intent is to evaluate individuals, departments, and branches using a balanced view of member service, credit quality, financial performance, risk and compliance discipline, and people development, rather than any single dimension. Service-level agreements between departments, scheduled in the AGM (Operations) work plan, will provide the basis for measurable accountability. Probation evaluations, confirmation letters, and structured annual reviews already in use will be aligned with the same scorecard framework.

4. New Products and Services to Improve Member Service

Member relevance requires new product and service offerings. Plans under development include a structured, climate-resilient agriculture lending window (via CRESAP), expanded MSME lending products, expanded digital service channels, a modernized ATM and deposit-machine network, and selective product redesigns across savings, loan, and member-benefit lines. New products will undergo the credit-and-risk review referenced above before launch.

5. Member Engagement and Retention

Member engagement is the long-term driver of credit union sustainability. The Marketing Officer position, now filled, anchors a more consistent communication and outreach program. Education Thursday at the Main Office will be expanded to other branches. The website re-launch provides a foundation for digital outreach.

Member feedback loops, member education, and life-event-driven member care (retirement planning, education milestones, business expansion support) will be developed and rolled out in stages.

6. Community Outreach

SFXCU's community-facing presence will continue to grow. The Corozal Central Park rehabilitation will be completed, with the clock tower, fountain, and Canary Wharf stage as the remaining workstreams. Educational support through the Student Grant Program will continue to grow alongside membership. Additional community-investment opportunities will be considered as they arise, with the Marketing Officer providing the coordination and visibility that were previously lacking.

7. Anchoring Documents

The Forward Development Plan is anchored in two internal management documents: the twelve-month work plans of the Assistant General Manager (Operations) and the Assistant General Manager (Risk), both dated June 2025. Both work plans set deliverables, evaluation criteria, milestones, and success indicators across credit, branch operations, finance, HR, compliance, internal audit, and IT. The plans are under the Administrator's direct oversight and are reviewed periodically as part of the management performance cycle.

21. Conclusion

St. Francis Xavier Credit Union Limited remains a member-owned institution, and its strength continues to depend on the confidence, participation, and financial discipline of its members. The work completed during the fiscal year ended March 31, 2026, has strengthened controls, improved accountability, restored credit quality, modernized parts of the operating environment, and positioned the Credit Union for disciplined growth. The audited surplus is lower than in the prior year. Still, the underlying institutional position (capital strength, liquidity, credit quality, governance structure, control function independence, and workforce capacity) is significantly stronger.

The work is not finished. Non-performing loans must continue to be reduced; the Father James Walsh rebuild must be implemented; the core banking direction must be set; branch performance, particularly at Sarteneja and Caye Caulker, must be strengthened; policy approvals must be completed; and the governance framework must continue to mature toward normalization. The path forward is clear: protect members' equity, lend prudently, collect firmly but fairly, invest in staff and systems, improve service, and maintain the financial strength needed to serve current and future members.

The Administrator thanks the staff and management of SFXCU for their work throughout the year; the external advisors, consultants, and partners who supported the transformation agenda; the Belize Credit Union League; the Registrar of Credit Unions and the Central Bank of Belize for their continued engagement and oversight; and, most importantly, the member-owners of SFXCU for their trust and support. The Credit Union is in a stronger position at the end of this year than at the beginning, and the responsibility now is to build on that progress.

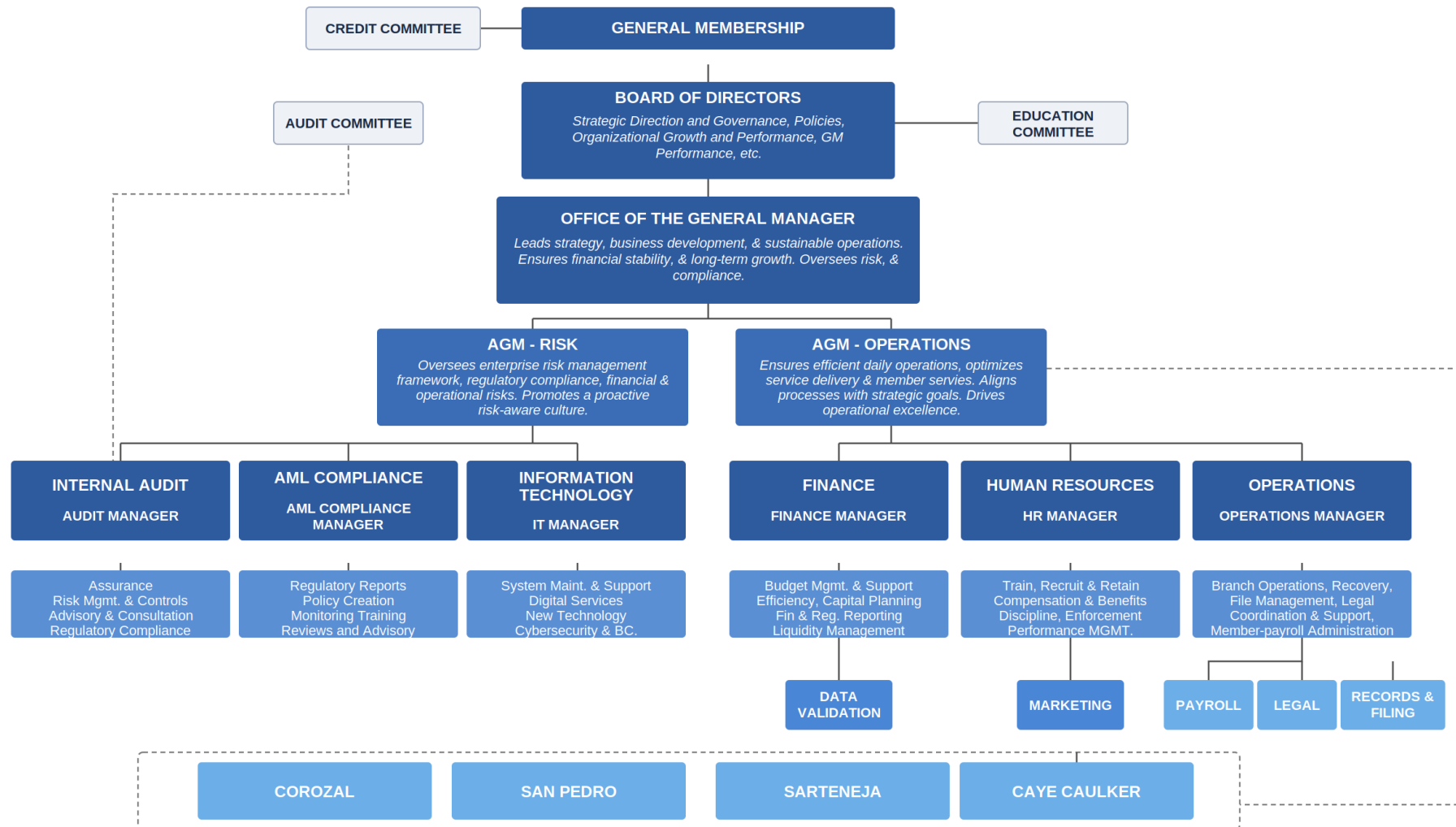
22. Appendix: SFXCU at a Glance, FY2025/2026

Indicator	FY2025/2026
Branches	4 (Corozal Head Office, Sarteneja, San Pedro, Caye Caulker)
Total Members as of March 31, 2026	31,782 (+383 net gain over prior year)
Total Members at March 31, 2025 (prior year)	31,399
Total Assets	\$129,348,794
Loans Receivable (gross)	\$84,992,520
Net Loans Receivable	\$82,632,595
Members' Deposits	\$95,519,418
Members' Shares (mandatory + voluntary)	\$2,319,348
Liquid Assets (per audited Note 3)	\$28,793,254 (29.43% liquidity ratio)
Investments	\$3,349,931
Statutory Reserve Fund	\$16,696,790 (12.9% of total assets)
Net Institutional Capital (NIC)	\$15,519,350 (12.0% of total assets)
Members' Equity	\$32,498,092
Total Income	\$10,343,582
Total Expenses	\$6,700,385
Net Surplus	\$3,643,197
Provision Expense	\$50,557 (against \$1.2M budget)
Write-offs During Year	\$1,686,712 (253 accounts; legacy cleanup)
Allowance for Loan Losses	\$2,359,925
New Loans Disbursed	\$38,721,190 (3,871 loans)
Internal NPL Ratio	6.64%
CBB-Classified NPL Ratio	4.91%
Total Delinquency	\$5,646,394
NPL >90 Days	\$4,172,949

Indicator	FY2025/2026
Dividend Rate Paid During Year (declared at prior AGM, on FY2024/2025 result)	4.5% (\$3,283,684)
Rebate Paid During Year (declared at prior AGM)	5.5% (\$439,426)
Dividend Rate Recommended for FY2025/2026 (this report)	4.0% (\$3,093,302)
Rebate Rate Recommended for FY2025/2026 (this report)	6.0% (\$489,782)

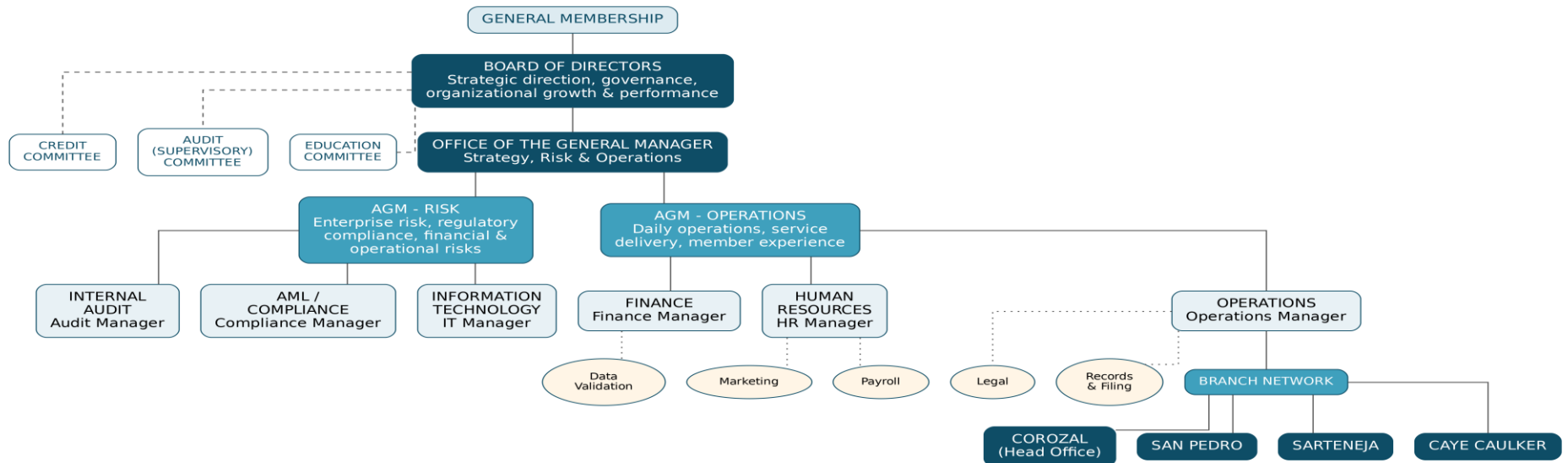
Annex A: Functional Reporting Chart

Reporting and accountability relationships across SFXCU as of FY2025/2026. The chart distinguishes the General Membership, the Board of Directors and its committees, the Administrator, the two Assistant General Manager streams (Risk and Operations), the underlying managerial functions (Internal Audit, Compliance, IT, Finance, HR, and Operations), the cross-functional units, and the four branches.



Annex B: Organizational Chart (Organogram)

The organogram below presents the same structure as Annex A in a more compact, directional format. Solid lines indicate primary reporting; dashed lines indicate governance relationships (Board to committees); dotted lines indicate cross-functional units that report alongside their parent functional area.



Annex C: Audited Financial Statements for FY2025/2026

SAINT FRANCIS XAVIER CREDIT UNION LIMITED

Financial Statements for the Years
Ended March 31, 2026 and 2025 and
Independent Auditors' Report



SAINT FRANCIS XAVIER CREDIT UNION LIMITED

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INDEPENDENT AUDITORS' REPORT

**To the Board of Directors and Members of:
Saint Francis Xavier Credit Union Limited**

Opinion

We have audited the financial statements of Saint Francis Xavier Credit Union Limited which comprise the statements of financial position as at March 31, 2026 and 2025 and the statements of income and expenses, statements of changes in fund balances 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 Saint Francis Xavier Credit Union Limited as at March 31, 2026 and 2025 and of its financial performance and its cash flows for the years then ended in accordance with the modified cash basis of accounting.

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 Saint Francis Xavier 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.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 2a to the financial statements, which describe the modified cash basis of accounting used to prepare the financial statements.

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 the modified cash basis of accounting, 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.

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

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 26, 2026**

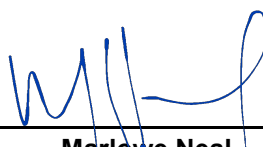
SAINT FRANCIS XAVIER CREDIT UNION LIMITED

Statements of financial position – modified cash basis

As at March 31, 2026 and 2025 (in Belize Dollars)

	<u>Notes</u>	<u>2026</u>	<u>2025</u>
<u>Assets</u>			
Cash and cash equivalents - unrestricted	2f. 3.	\$ 27,759,301	\$ 24,976,953
Cash and cash equivalents - restricted	2f. 4.	2,561,915	2,584,910
Fixed deposits - restricted	2g. 5.	2,873,417	2,799,302
Fixed deposits - unrestricted	2g. 6.	3,377,912	3,298,749
Interest receivable	2h.	135,810	180,398
Loans receivable	2i. 7.	84,992,520	85,219,222
Less: allowance for loan losses	2j. 7.	(2,359,925)	(3,951,786)
Other receivables	2k. 8.	65,080	33,255
Prepayments	2l.	506,172	434,961
Investments	2m. 9.	3,349,931	3,349,931
Stationery and supplies	2n. 2p.	80,165	71,701
Property, plant and equipment	2o. 2p. 10.	6,006,496	5,865,937
Total assets		<u>129,348,794</u>	<u>124,863,533</u>
<u>Liabilities</u>			
Accounts payable	2q.	234,165	286,735
Members' deposits	11.	95,519,418	90,618,332
Severance payable	2r. 12.	1,097,119	1,364,037
Total liabilities		<u>96,850,702</u>	<u>92,269,104</u>
Net assets		<u>\$ 32,498,092</u>	<u>\$ 32,594,429</u>
<u>Members' equity</u>			
Members' shares – mandatory	2s.	\$ 635,640	\$ 627,980
Members' shares – voluntary	2s.	1,683,708	1,635,280
Burial scheme fund	13.	2,617,433	2,526,113
Education fund	2t. 14.	457,464	576,256
Loan protection (life) fund	2u.	738,163	628,001
Revaluation reserve	2o.	504,715	504,715
Statutory reserve fund	2v. 14.	16,696,790	16,690,191
Other reserve	2w.	900,339	1,062,140
Undistributed surplus	2x. 14.	8,263,840	8,343,753
Members' equity		<u>\$ 32,498,092</u>	<u>\$ 32,594,429</u>

The financial statements on pages 4 to 7 were approved and authorized for issue by the Administrator on May 26, 2026:


Marlowe Neal
Administrator

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

SAINT FRANCIS XAVIER CREDIT UNION LIMITED

Statements of income and expenses – modified cash basis

For the years ended March 31, 2026 and 2025 (in Belize Dollars)

	<u>Notes</u>	<u>2026</u>	<u>2025</u>
Income	2y.		
Interest income on loans		\$ 8,861,894	\$ 8,858,170
Interest income on debentures		51,875	51,875
Investment income		251,680	246,020
Gain on disposal of assets		16,604	26,880
Other income		426,722	771,352
Passbook sale income		24,330	25,722
Service fees income		710,477	789,300
Total income		10,343,582	10,769,319
Expenses	2y.		
Administrator expenses		451,435	427,493
Advertising		18,979	51,494
Annual general meeting		-	62,100 *
Bad debt	7.	50,557	171,274
Bank charges and overdraft interest		38,310	32,492
Belize Credit Union League dues		34,230	28,969
Central Bank returns and compliance cost		-	5,000
Computer upgrades		138,857	152,355
Delinquency cost		2,227	3,929
Depreciation	10.	442,652	380,604
Donation		13,466	18,317
Insurance		168,212	124,129
Interest expense - members' term deposits		84,748	84,990
Legal fees		21,242	57,252
Loan protection (life) fund expense		542,275	557,561
Loss on disposal of assets		3,095	94,131
Membership special events expense		74,814	43,811 *
Office supplies		164,011	151,942
Other expense		108,610	96,875
Professional fees		137,338	221,220
Property taxes		3,293	3,293
Rent		44,363	29,744
Repairs and maintenance		284,455	227,726
Security		273,679	256,887
Severance	12.	181,796	133,739
Social security		100,050	95,827
Staff allowance		123,846	201,785
Staff social		27,212	24,422
Travelling and subsistence		78,651	39,411
Uniform allowance		87,754	76,470
Utilities		188,423	193,768
Vehicle expense		58,681	46,529
Wages and salaries		2,753,124	2,321,379
Total expenses		6,700,385	6,416,918
Surplus for the year		\$ 3,643,197	\$ 4,352,401

*Reclassified for comparative purposes

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

SAINT FRANCIS XAVIER CREDIT UNION LIMITED

Statements of changes in fund balances – modified cash basis

For the years ended March 31, 2026 and 2025 (in Belize Dollars)

	Burial scheme fund	Education fund	Loan protection (life) fund	Revaluation reserve	Statutory reserve fund	Other reserve	Undistributed surplus	Total
Balance as at April 1, 2025	\$ 2,526,113	\$ 576,256	\$ 628,001	\$ 504,715	\$ 16,690,191	\$ 1,062,140	\$ 8,343,753	\$ 30,331,169
Burial scheme dues	397,920	-	-	-	-	-	-	397,920
Burial scheme payments	(306,600)	-	-	-	-	-	-	(306,600)
Education expenses	-	(118,792)	-	-	-	-	-	(118,792)
Loan protection provision	-	-	542,275	-	-	-	-	542,275
Loan protection settlement	-	-	(432,113)	-	-	-	-	(432,113)
Entrance fees	-	-	-	-	6,599	-	-	6,599
Other reserve expense	-	-	-	-	-	(161,801)	-	(161,801)
Dividends paid (4.5%)	-	-	-	-	-	-	(3,283,684)	(3,283,684)
Rebate paid (5.5%)	-	-	-	-	-	-	(439,426)	(439,426)
Surplus distribution	-	-	-	-	-	-	3,643,197	3,643,197
Balance as at March 31, 2026	\$ 2,617,433	\$ 457,464	\$ 738,163	\$ 504,715	\$ 16,696,790	\$ 900,339	\$ 8,263,840	\$ 30,178,744

	Burial scheme fund	Education fund	Loan protection (life) fund	Revaluation reserve	Statutory reserve fund	Other reserve	Undistributed surplus	Total
Balance as at April 1, 2024	\$ 2,443,857	\$ 653,511	\$ 724,235	\$ 504,715	\$ 15,925,819	\$ 1,066,966	\$ 8,044,608	\$ 29,363,711
Burial scheme dues	398,376	-	-	-	-	-	-	398,376
Burial scheme payments	(316,120)	-	-	-	-	-	-	(316,120)
Education expenses	-	(294,875)	-	-	-	-	-	(294,875)
Loan protection provision	-	-	557,561	-	-	-	-	557,561
Loan protection settlement	-	-	(653,795)	-	-	-	-	(653,795)
Entrance fees	-	-	-	-	6,176	-	-	6,176
Cash overs	-	-	-	-	443	-	-	443
Other reserves expense	-	-	-	-	-	(4,826)	-	(4,826)
Dividends paid (3.75%)	-	-	-	-	-	-	(2,626,429)	(2,626,429)
Rebate paid (5.5%)	-	-	-	-	-	-	(451,454)	(451,454)
Surplus distribution	-	217,620	-	-	757,753	-	3,377,028	4,352,401
Balance as at March 31, 2025	\$ 2,526,113	\$ 576,256	\$ 628,001	\$ 504,715	\$ 16,690,191	\$ 1,062,140	\$ 8,343,753	\$ 30,331,169

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

SAINT FRANCIS XAVIER CREDIT UNION LIMITED

Statements of cash flows – modified cash basis

For the years ended March 31, 2026 and 2025 (in Belize Dollars)

	<u>2026</u>	<u>2025</u>
Operating activities		
Surplus for the year	\$ 3,643,197	\$ 4,352,401
Adjustments for non-cash items:		
Depreciation	442,652	380,604
Severance expense	181,796	133,739
Net (gain) loss on disposal of property, plant and equipment	(13,509)	67,251
Loan protection (life) fund expense	542,275	557,561
Bad debt expense	50,557	171,274
Interest income on investments	(303,555)	(297,895)
Operating surplus before working capital changes	<u>4,543,413</u>	<u>5,364,935</u>
Changes in operating assets and liabilities:		
Other receivables	(31,825)	926,496
Prepayments	(71,211)	12,675
Stationery and supplies	(8,464)	13,236
Loans receivable	(1,415,716)	(2,229,450)
Accounts payable	(52,570)	(417,880)
Members' deposits	<u>4,901,086</u>	<u>6,008,607</u>
Cash provided by operating activities	<u>7,864,713</u>	<u>9,678,619</u>
Severance paid	<u>(448,714)</u>	<u>(111,391)</u>
Net cash provided by operating activities	<u>7,415,999</u>	<u>9,567,228</u>
Investing activities		
Interest received from investments	348,143	257,023
Acquisition of fixed deposits	(153,278)	(58,973)
Acquisition of investments	-	(240,695)
Purchase of property, plant and equipment	(593,533)	(1,123,955)
Proceeds from sale of property, plant and equipment	<u>23,831</u>	<u>30,914</u>
Net cash used in investing activities	<u>(374,837)</u>	<u>(1,135,686)</u>
Financing activities		
Changes in burial scheme fund	91,320	82,256
Changes in education fund	(118,792)	(294,875)
Changes in loan protection (life) fund settlements	(432,113)	(653,795)
Changes in statutory reserve fund	6,599	6,619
Changes in members' shares – mandatory	7,660	8,140
Changes in members' shares – voluntary	48,428	27,760
Payments from other reserve	(161,801)	(4,826)
Dividends paid	(3,283,684)	(2,626,429)
Rebates paid	(439,426)	(451,454)
Net cash used in financing activities	<u>(4,281,809)</u>	<u>(3,906,604)</u>
Net changes in cash and cash equivalents	<u>2,759,353</u>	<u>4,524,938</u>
Cash and cash equivalents, April 1 - unrestricted	<u>24,976,953</u>	<u>20,597,022</u>
Net transfers from (to) cash and cash equivalents - restricted	<u>22,995</u>	<u>(145,007)</u>
Cash and cash equivalents - unrestricted, March 31	<u><u>\$ 27,759,301</u></u>	<u><u>\$ 24,976,953</u></u>

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

SAINT FRANCIS XAVIER CREDIT UNION LIMITED

Notes to financial statements

For the years ended March 31, 2026 and 2025 (in Belize Dollars)

1. Status

Saint Francis Xavier Credit Union Limited ("SFXCUL") was incorporated in 1947 under the Credit Unions Act. The Credit Union is currently governed by Credit Unions Act Chapter 314 Revised Edition 2020. Its main objective is to promote thrift among its members, to receive savings of its members either as payment on shares or as deposits, and to make loans to members exclusively for provident or productive purposes.

SFXCUL is supervised by the Registrar of Credit Unions, the Governor of the Central Bank of Belize. On March 10, 2023, the Registrar advised that pursuant to section 61(1) of the Credit Unions Act, Martin Marshalleck was being appointed as an Administrator of the Credit Union. Subsequently, on September 1, 2023 Marlowe Neal was appointed as the new administrator.

SFXCUL's registered office is 79 Corner 5th Avenue & 1st Street North Corozal Town, Belize C.A. As at March 31, 2026, SFXCUL had 31,782 members (2025: 31,399).

2. Summary of significant accounting policies

a. Basis of compliance

SFXCUL uses a modified cash basis of accounting which is a comprehensive basis of accounting, other than generally accepted accounting principles. Under this basis, certain revenues are recognized when received rather than when earned and short term expenses are recognized when cash is disbursed rather than when the obligation is incurred.

b. Basis of presentation

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the consideration given in exchange for assets.

c. Functional and presentation currency

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

d. Foreign currency translations

Transactions in foreign currencies are converted into Belize dollars at exchange rates at the dates of the transactions. Gains or losses on ordinary foreign exchange transactions are included in the statements of income and expenses.

e. Changes in accounting policies

No changes to the accounting policies were identified and the comparative information has accordingly remained unchanged since the prior reporting period.

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 3 months or less.

SAINT FRANCIS XAVIER CREDIT UNION LIMITED

Notes to financial statements (continued)
For the years ended March 31, 2026 and 2025 (in Belize Dollars)

2. Summary of significant accounting policies (continued)

- g. Fixed deposits
Fixed deposits comprise of term deposits held at the bank with maturity dates of 3 months to 2 years from the date of acquisition.

- h. Interest receivable
Interest receivable represents interest earned on fixed deposits that has not yet been received.

- i. Loans receivable
Loans are recognized when cash is advanced to the member borrowers.

- j. Allowance for loan losses
This account is treated as a contra-asset account to member loans receivable in accordance with the Credit Unions Act (CUA) Requirement No. 2 of 2013. The account is funded through charges to income as a provision expense for charging off loans and other assets or portions of such loans and other assets which have been adversely classified.

- k. Other receivables
Other receivables comprises of miscellaneous receivables from members.

- l. Prepayments
Prepayments represent costs paid in advance of their intended use or coverage. Prepayments are expensed in the period the service is received.

- m. Investments
SFXCUL accounts for its minority equity investments at cost. Under this method, dividends are treated as income when received.

- n. Stationery and supplies
Use of stationery and supplies is analyzed on a regular basis and are expensed in the period used.

- o. Property, plant and equipment
Property, plant and equipment are carried at cost, with the exception of land which are carried at revalued amounts. Property and equipment are depreciated on a straight line basis as follows:

Buildings	40 years
Computer hardware & software	5 years
Furniture & fixtures	15 years
Generator	20 years
Office equipment	10 years
Vehicles	7 years

SAINT FRANCIS XAVIER CREDIT UNION LIMITED

Notes to financial statements (continued)

For the years ended March 31, 2026 and 2025 (in Belize Dollars)

2. Summary of significant accounting policies (continued)

o. Property, plant and equipment (continued)

Maintenance and repairs are expensed as incurred. Major asset additions and expenditures that significantly increase value or extend useful asset life are capitalized. The cost and related accumulated depreciation of assets sold or retired are eliminated from the accounts and gains or losses on disposal are included in income and expenses for the year.

An item of property, plant 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 income statement 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.

p. Impairment of non-financial assets

SFXCUL 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.

SAINT FRANCIS XAVIER CREDIT UNION LIMITED

Notes to financial statements (continued)

For the years ended March 31, 2026 and 2025 (in Belize Dollars)

2. Summary of significant accounting policies (continued)

p. Impairment of non-financial assets (continued)

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.

q. Accounts payable

Accounts payable comprises of member deposits and loan payments that have not yet been applied against respective member accounts.

r. Severance payable

Severance payable represents the accrual of salaries payable to employees in the event of their resignation or termination in accordance with the SFXCUL Severance Pay policy. Employees with at least 5 years or more of continuous employment are entitled to a minimum of two week's salary for each year of service. Upon retirement, employees with at least 10 years or more of continuous employment are entitled to up to five weeks salary for each year of service.

s. Members' shares

As per the Credit Unions Act, members' shares in the Credit Union represent members' capital and are presented as mandatory and voluntary shares. Mandatory shares are minimum shares required for a person to be a member of the Credit Union. Mandatory shares are \$20 per member. Voluntary shares are any shares deposited beyond the \$20 minimum share required to obtain membership in the Credit Union.

t. Education fund

In accordance with SFXCUL's by-laws an amount not exceeding 5% of the net surplus, before declaration of dividends is set aside in this fund. The accumulated amount within this fund will be used for purposes such as training of members and staff, promotion campaigns and any other educational purposes as may be deemed by the Administrator.

SAINT FRANCIS XAVIER CREDIT UNION LIMITED

Notes to financial statements (continued)

For the years ended March 31, 2026 and 2025 (in Belize Dollars)

2. Summary of significant accounting policies (continued)

u. Loan protection (life) fund

On August 1, 2005 SFXCUL also initiated the Loan Protection & Life Savings Scheme. The costs of this scheme are borne by SFXCUL. The loan protection (life) fund is an internal insurance fund set aside by SFXCUL to be used for write-off of loans and payment of other benefits related to the natural death of a member. Premiums are determined using a flat rate of \$0.32 per \$1,000 for savings and \$0.52 for qualifying loans and savings up to the coverage maximum. Coverage becomes effective immediately upon the member joining SFXCUL. The scheme offers protection of savings up to a maximum of \$20,000 with set percentages tiered by age and loan protection up to a maximum of \$40,000. The maximum age for the loan protection coverage is 70 years.

v. Statutory reserve fund

Each year, in accordance with the Credit Unions Act, SFXCUL transfers at least 10% of its net surplus, before the declaration of dividends, to the statutory reserve fund. If the reserve equals or is more than 10% of the total assets of the Credit Union, SFXCUL need not set aside all of any portion of the net surplus to the reserve. In addition, all entrance fees and fines collected from members each year are transferred to this fund. This fund cannot be distributed to members.

w. Other reserve

Other reserve is amounts set aside by the Administrator to be used for any purpose that the Credit Union may utilize it for. Allocation of surplus to this reserve is recommended by the Administrator and to be confirmed at annual meetings as permitted by the Credit Unions Act.

x. Dividends and rebates

Dividends not exceeding 8% are declared and paid annually on member shares balance. Dividends are calculated based on the average of the lowest share balance during each quarter of the financial year.

Rebates are declared and paid annually to each member in proportion to the volume of loan business done with the Credit Union during the year.

Dividends are credited to the members' shares accounts along with interest rebates given to members who qualify. Dividends and rebates are recommended by the Administrator and approved at SFXCUL's Annual General Meeting.

y. Income and expense recognition

Interest income on loans, dividends and other income are recognized when collected. Interest income on fixed deposits is recognized when earned. 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 Administrator.

SAINT FRANCIS XAVIER CREDIT UNION LIMITED

Notes to financial statements (continued)

For the years ended March 31, 2026 and 2025 (in Belize Dollars)

2. Summary of significant accounting policies (continued)

z. Segment reporting

SFXCUL currently has, in addition to its main branch in Corozal Town, 3 branch offices located in Sarteneja, Caye Caulker and San Pedro Town. Management has considered it necessary to report the operation of these branches independently in supplementary information in an effort to give further detail about the operations of these units. It should be duly noted however, that these units have been reported in the combined totals presented in these financial statements.

3. Cash and cash equivalents - unrestricted

	<u>2026</u>	<u>2025</u>
Cash on hand	\$ 2,358,131	\$ 2,767,591
Current and checking accounts	<u>25,401,170</u>	<u>22,209,362</u>
	<u><u>\$ 27,759,301</u></u>	<u><u>\$ 24,976,953</u></u>

The Credit Union is required to maintain total liquid assets of at least 10% of shares, deposits and current borrowings in accordance with the Credit Unions Act Chapter 314 of the Substantive Laws of Belize, Revised Edition 2020. As of March 31, 2026 and 2025, the Credit Union has fully complied with these requirements.

Total liquid assets	\$ 28,793,254	\$ 28,275,702
Liabilities	<u>97,838,766</u>	<u>92,881,592</u>
	<u><u>29.43%</u></u>	<u><u>30.44%</u></u>

4. Cash and cash equivalents - restricted

Restricted funds for sending and receiving payments directly to and from participating credit unions, and other financial institutions held at the Shared Service Network (SSN). The SSN is licensed as a payment system operator for credit unions with direct participation in the Central Bank of Belize's Automated Payment and Securities Settlement System (APS3).

5. Fixed deposits - restricted

Institution	Maturity	Rate	<u>2026</u>	<u>2025</u>
Heritage Bank Limited	September 17, 2026	2.50%	\$ 2,029,136	\$ -
Heritage Bank Limited	September 17, 2025	2.50%	-	1,979,645
Belize Bank Ltd.	April 8, 2027	1.50%	844,281	-
Belize Bank Ltd.	April 8, 2025	1.50%	-	819,657
			<u><u>\$ 2,873,417</u></u>	<u><u>\$ 2,799,302</u></u>

See Note 16 for further details.

SAINT FRANCIS XAVIER CREDIT UNION LIMITED

Notes to financial statements (continued)

For the years ended March 31, 2026 and 2025 (in Belize Dollars)

6. Fixed deposits - unrestricted

Institution	Maturity	Rate	<u>2026</u>	<u>2025</u>
Belize Bank Ltd.	June 13, 2027	1.50%	\$ 871,125	\$ -
Belize Bank Ltd.	June 13, 2025	1.50%	-	845,719
Belize Bank Ltd.	June 13, 2027	1.50%	825,608	-
Belize Bank Ltd.	June 13, 2025	1.50%	-	801,529
Belize Bank Ltd.	April 8, 2027	1.50%	262,882	-
Belize Bank Ltd.	April 8, 2025	1.50%	-	255,215
Belize Bank Ltd.	April 8, 2027	1.50%	384,344	-
Belize Bank Ltd.	April 8, 2025	1.50%	-	373,136
Belize Bank Ltd.	June 17, 2026	1.05%	1,033,953	-
Belize Bank Ltd.	June 16, 2025	1.05%	-	1,023,150
			\$ 3,377,912	\$ 3,298,749

7. Loans receivable

	<u>2026</u>	<u>2025</u>
Agriculture loans	\$ 4,537,248	\$ 4,507,870
Business loans	9,415,176	10,249,024
Consumer loans	23,907,113	23,910,472
Debt refinancing loans	1,251,889	1,369,322
Educational loans	3,444,233	4,361,089
Housing and home improvement loans	32,812,350	26,831,532
Real estate loans	1,701,084	1,819,739
Medical	4,641,429	5,348,949
Staff and related party loans	3,281,998	6,821,225
Gross loans receivable	84,992,520	85,219,222
Less: allowance for loan losses	(2,359,925)	(3,951,786)
Net loans receivable	\$ 82,632,595	\$ 81,267,436

Allowance for doubtful accounts comprises of:

Balance, April 1	\$ 3,951,786	\$ 4,016,878
Additional provision for the year	50,557	171,274
Write-offs	(1,642,418)	(236,366)
Balance, March 31	\$ 2,359,925	\$ 3,951,786

SAINT FRANCIS XAVIER CREDIT UNION LIMITED

Notes to financial statements (continued)

For the years ended March 31, 2026 and 2025 (in Belize Dollars)

7. Loans receivable (continued)

The maturity distribution of loans receivable is as follows:

	<u>2026</u>	<u>2025</u>
Less than 1 year	\$ 533,880	\$ 495,549
1-3 years	6,991,611	6,999,764
More than 3 years	77,467,029	77,723,909
	<u>\$ 84,992,520</u>	<u>\$ 85,219,222</u>

8. Other receivables

	<u>2026</u>	<u>2025</u>
Mortgage fees receivable	\$ -	\$ 165
Other receivables	65,080	33,090
	<u>\$ 65,080</u>	<u>\$ 33,255</u>

9. Investments

	<u>2026</u>	<u>2025</u>
109,152 ordinary shares at par value \$2.00 each in Belize Electricity Limited.	\$ 259,236	\$ 259,236
7.00% National Gas Company (Belize) Ltd. Senior Secured Bonds 2019 maturing May 15, 2029, with interest payable in May and November of each year.	2,000,000	2,000,000
6.25% Belize Water Services Debenture maturing December 31, 2030, with interest payable semi-annually.	350,000	350,000
6% Belize Electricity Limited Debenture maturing June 30, 2032, with interest payable annually.	500,000	500,000
24,070 ordinary shares at par value \$10 each in Shared Services Network Limited.	240,695	240,695
	<u>\$ 3,349,931</u>	<u>\$ 3,349,931</u>

SAINT FRANCIS XAVIER CREDIT UNION LIMITED

Notes to financial statements (continued)

For the years ended March 31, 2026 and 2025 (in Belize Dollars)

10. Property, plant and equipment

	Land	Building	Computer hardware & software	Furniture & fixtures	Generator	Office equipment	Vehicles	Work in progress	Total
Cost (c), Valuation (v)	(v)	(c)	(c)	(c)	(c)	(c)	(c)	(c)	
Balance, April 1, 2025	\$ 1,619,455	\$ 3,298,595	\$ 1,254,872	\$ 633,852	\$ 264,118	\$ 898,020	\$ 667,804	\$ 599,824	\$ 9,236,540
Additions	-	-	180,597	112,259	-	34,084	248,202	18,391	593,533
Transfer	-	618,215	-	-	-	-	-	(618,215)	-
Disposals	-	-	(55,492)	(2,413)	-	(27,656)	(75,050)	-	(160,611)
Balance, March 31, 2026	1,619,455	3,916,810	1,379,977	743,698	264,118	904,448	840,956	-	9,669,462
Accumulated Depreciation									
Balance, April 1, 2025	-	1,118,258	879,383	342,639	140,350	637,213	252,760	-	3,370,603
Additions	-	92,780	135,465	40,935	11,340	59,275	102,857	-	442,652
Disposals	-	-	(52,820)	(2,413)	-	(24,618)	(70,438)	-	(150,289)
Balance, March 31, 2026	-	1,211,038	962,028	381,161	151,690	671,870	285,179	-	3,662,966
Net Book Value									
March 31, 2026	\$ 1,619,455	\$ 2,705,772	\$ 417,949	\$ 362,537	\$ 112,428	\$ 232,578	\$ 555,777	\$ -	\$ 6,006,496

During the financial year ended March 31, 2020 SFXCUL had an independent qualified appraiser value all land held. Revaluation surpluses and losses were incurred. See also Note 2o.

SAINT FRANCIS XAVIER CREDIT UNION LIMITED

Notes to financial statements (continued)

For the years ended March 31, 2026 and 2025 (in Belize Dollars)

10. Property, plant and equipment (continued)

	Land	Building	Computer hardware & software	Furniture & fixtures	Generator	Office equipment	Vehicles	Work in progress	Total
Cost (c), Valuation (v)	(v)	(c)	(c)	(c)	(c)	(c)	(c)	(c)	
Balance, April 1, 2024	\$ 1,619,455	\$ 3,387,093	\$ 1,185,123	\$ 609,482	\$ 264,118	\$ 908,106	\$ 593,649	\$ -	\$ 8,567,026
Additions	-	17,278	89,533	68,458	-	26,707	322,155	599,824	1,123,955
Disposals	-	(105,776)	(19,784)	(44,088)	-	(36,793)	(248,000)	-	(454,441)
Balance, March 31, 2025	1,619,455	3,298,595	1,254,872	633,852	264,118	898,020	667,804	599,824	9,236,540
Accumulated Depreciation									
Balance, April 1, 2024	-	1,064,940	772,449	330,526	129,010	608,705	440,645	-	3,346,275
Additions	-	83,813	124,325	39,889	11,340	61,122	60,115	-	380,604
Disposals	-	(30,495)	(17,391)	(27,776)	-	(32,614)	(248,000)	-	(356,276)
Balance, March 31, 2025	-	1,118,258	879,383	342,639	140,350	637,213	252,760	-	3,370,603
Net Book Value									
March 31, 2025	\$ 1,619,455	\$ 2,180,337	\$ 375,489	\$ 291,213	\$ 123,768	\$ 260,807	\$ 415,044	\$ 599,824	\$ 5,865,937

During the financial year ended March 31, 2020 SFXCUL had an independent qualified appraiser value all land held. Revaluation surpluses and losses were incurred. See also Note 2o.

SAINT FRANCIS XAVIER CREDIT UNION LIMITED

Notes to financial statements (continued)

For the years ended March 31, 2026 and 2025 (in Belize Dollars)

11. Members' deposits

	<u>2026</u>	<u>2025</u>
Savings and demand deposits	\$ 90,858,158	\$ 85,883,348
Term deposits	<u>4,661,260</u>	<u>4,734,984</u>
	<u><u>\$ 95,519,418</u></u>	<u><u>\$ 90,618,332</u></u>

The maturity distribution of member deposits is as follows:

	<u>2026</u>	<u>2025</u>
Less than 1 year	\$ 95,519,418	\$ 86,189,756
1-3 years	<u>-</u>	<u>4,428,576</u>
	<u><u>\$ 95,519,418</u></u>	<u><u>\$ 90,618,332</u></u>

12. Severance payable

	<u>2026</u>	<u>2025</u>
Balance, April 1	\$ 1,364,037	\$ 1,341,689
Additional provision for the year	181,796	133,739
Severance paid	<u>(448,714)</u>	<u>(111,391)</u>
Balance, March 31	1,097,119	1,364,037
Less: current portion	<u>(54,856)</u>	<u>(110,000)</u>
Long term portion	<u><u>\$ 1,042,263</u></u>	<u><u>\$ 1,254,037</u></u>

13. Burial scheme fund

The Burial Scheme Program – Womb to the Tomb was approved in the 2003 Annual General Meeting. The program was initiated effective July 1, 2003 through the Burial Scheme Fund whereby members make an annual contribution of \$24.00 deducted from their shares account on July 1 of each year once they meet the eligibility criteria. In order for a member to qualify under the scheme, the member must maintain \$100.00 in their shares account at all times before and after fees are paid and must have a minimum of \$124.00 in their shares account to be able to pay the annual premium of \$24.00 at July 1 of each year. Once proof of death of a member who qualifies under the scheme is presented, a cash settlement of \$4,000.00 or \$2,000.00 (for members who joined after March 31, 2003 and were 50 years or more and meet the requirement) is paid to the beneficiary. The SFXCUL reserves the right to terminate this burial scheme giving 31 days' notice.

14. Distribution of surplus

	<u>2026</u>	<u>2025</u>
Education fund 0% (2025 - 5%)	\$ -	\$ 217,620
Statutory reserve fund 0% (2025 - 17.41%)	-	757,753
Undistributed surplus 100% (2025 - 77.59%)	<u>3,643,197</u>	<u>3,377,028</u>
	<u><u>\$ 3,643,197</u></u>	<u><u>\$ 4,352,401</u></u>

SAINT FRANCIS XAVIER CREDIT UNION LIMITED

Notes to financial statements (continued)

For the years ended March 31, 2026 and 2025 (in Belize Dollars)

15. Taxation

As a registered credit union in Belize, SFXCUL is exempt from taxes on income and receipts assessed under the Income and Business Tax Act.

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. SFXCUL pays General Sales Tax as a regular consumer.

16. Commitments

Heritage Bank Limited overdraft facility in the amount of \$1,500,000 which carries an interest rate of 6.5% and secured by a fixed term deposit. As of March 31, 2026 and 2025 the balance on the account was not in an overdraft position. See Note 5 for details of security. The next overdraft review is schedule for October 31, 2026.

Belize Bank Limited credit card facility in the amount of \$43,000 which carries an interest rate of 22% per annum and secured by a fixed term deposit. As of March 31, 2026 the balance on the account was not in a credit position (2025: nil). See Note 5 for details of security.

As at March 31, 2026, member loans totaling \$38,589 (2025: \$275,400) had been approved but were not yet disbursed.

17. Events after the reporting period

There were no adjusting or significant non-adjusting events that occurred between the March 31, 2026, reporting date and the date of authorization for issuance.

Supplementals

SAINT FRANCIS XAVIER CREDIT UNION LIMITED

Supplemental schedules of income and expenses by branch For the years ended March 31, 2026 and 2025 (in Belize Dollars)

Corozal Operations

	<u>2026</u>	<u>2025</u>
Income		
Interest income on loans	\$ 6,329,954	\$ 6,418,019
Interest income on debentures	51,875	51,875
Investment income	240,918	235,522
Gain on disposal of assets	11,604	26,853
Other income	315,969	655,709
Passbook sale income	17,604	18,726
Service fees income	494,528	554,119
Total income	<u>7,462,452</u>	<u>7,960,823</u>
Expenses		
Administrator expenses	451,435	427,493
Advertising	14,918	47,304
Annual general meeting	-	62,100 *
Bad debt	-	150,712
Bank charges and overdraft interest	32,533	31,921
Belize Credit Union League dues	34,230	28,969
Central Bank returns and compliance cost	-	5,000
Computer upgrades	138,857	152,355
Delinquency cost	1,705	3,027
Depreciation	342,888	282,056
Donation	9,578	14,943
Insurance	153,467	96,572
Interest expense - members' term deposits	78,994	79,325
Legal fees	17,916	56,144
Loan protection (life) fund expense	404,171	417,092
Loss on disposal of assets	1,107	85,724
Membership special events expense	60,432	31,069 *
Office supplies	124,708	107,162
Other expense	87,213	79,113
Professional fees	137,338	220,994
Property taxes	2,668	2,668
Rent	15,863	1,000
Repairs and maintenance	211,077	127,546
Security	159,178	152,455
Severance	181,796	133,739
Social security	74,088	71,430
Staff allowance	35,964	109,842
Staff social	25,639	21,398
Travelling and subsistence	48,686	25,522
Uniform allowance	67,678	55,970
Utilities	102,944	104,677
Vehicle running	49,115	35,972
Wages and salaries	2,147,647	1,834,982
Total expenses	<u>5,213,833</u>	<u>5,056,276</u>
Surplus for the year	<u>\$ 2,248,619</u>	<u>\$ 2,904,547</u>

*Reclassified for comparative purposes

SAINT FRANCIS XAVIER CREDIT UNION LIMITED

Supplemental schedules of income and expenses by branch For the years ended March 31, 2026 and 2025 (in Belize Dollars)

Sarteneja Operations

	<u>2026</u>	<u>2025</u>
Income		
Interest income on loans	\$ 559,866	\$ 575,264
Investment income	5,000	4,901
Other income	57,677	52,942
Passbook sale income	1,596	1,914
Service fees income	45,574	57,169
Total income	<u>669,713</u>	<u>692,190</u>
Expenses		
Advertising	1,130	-
Annual general meeting	-	- *
Bad debt	6,269	12,767
Bank charges and overdraft interest	148	179
Depreciation	36,307	37,701
Donation	1,175	300
Insurance	5,769	8,838
Interest expense - members' term deposits	445	437
Legal fees	562	524
Loan protection (life) fund expense	34,354	35,992
Loss on disposal of assets	-	3,990
Membership special events expense	3,836	2,822 *
Office supplies	11,711	21,600
Other expense	4,208	6,335
Rent	10,500	10,744
Repairs and maintenance	28,932	26,049
Security	4,454	4,419
Social security	7,823	7,982
Staff allowance	2,976	9,018
Staff social	35	138
Travelling and subsistence	1,909	959
Uniform allowance	6,600	6,600
Utilities	20,139	20,168
Vehicle running	6,994	8,312
Wages and salaries	187,403	177,555
Total expenses	<u>383,679</u>	<u>403,429</u>
Surplus for the year	<u>\$ 286,034</u>	<u>\$ 288,761</u>

*Reclassified for comparative purposes

SAINT FRANCIS XAVIER CREDIT UNION LIMITED

Supplemental schedules of income and expenses by branch For the years ended March 31, 2026 and 2025 (in Belize Dollars)

San Pedro Operations

	<u>2026</u>	<u>2025</u>
Income		
Interest income on loans	\$ 1,441,813	\$ 1,344,652
Investment income	5,762	5,597
Gain on disposal of assets	5,000	27
Other income	32,485	38,728
Passbook sale income	4,050	4,104
Service fees income	131,798	132,014
Total income	<u>1,620,908</u>	<u>1,525,122</u>
Expenses		
Advertising	1,841	3,043
Annual general meeting	-	- *
Bad debt	44,288	-
Bank charges and overdraft interest	3,921	186
Delinquency cost	522	344
Depreciation	41,529	39,615
Donation	1,663	1,173
Insurance	8,322	16,160
Interest expense - members' term deposits	5,309	5,228
Legal fees	2,335	379
Loan protection (life) fund expense	76,498	77,302
Loss on disposal of assets	1,988	2,191
Membership special events expense	6,804	4,366 *
Office supplies	20,006	17,057
Other expense	12,688	7,739
Professional fees	-	226
Property taxes	625	625
Repairs and maintenance	36,497	54,473
Security	72,487	64,438
Social security	12,699	11,186
Staff allowance	60,206	56,175
Staff social	1,483	2,717
Travelling and subsistence	15,630	4,642
Uniform allowance	10,038	9,700
Utilities	42,178	44,576
Vehicle running	1,832	1,547
Wages and salaries	285,100	191,591
Total expenses	<u>766,489</u>	<u>616,679</u>
Surplus for the year	<u>\$ 854,419</u>	<u>\$ 908,443</u>

*Reclassified for comparative purposes

SAINT FRANCIS XAVIER CREDIT UNION LIMITED

Supplemental schedules of income and expenses by branch For the years ended March 31, 2026 and 2025 (in Belize Dollars)

Caye Caulker Operations

	<u>2026</u>	<u>2025</u>
Income		
Interest income on loans	\$ 530,261	\$ 520,235
Other income	20,591	23,973
Passbook sale income	1,080	978
Service fees income	38,577	45,998
Total income	<u>590,509</u>	<u>591,184</u>
Expenses		
Advertising	1,090	1,147
Annual general meeting	-	- *
Bad debt	-	7,795
Bank charges and overdraft interest	1,708	206
Delinquency cost	-	558
Depreciation	21,928	21,232
Donation	1,050	1,901
Insurance	654	2,559
Legal fees	429	205
Loan protection (life) fund expense	27,252	27,175
Loss on disposal of assets	-	2,226
Membership special events expense	3,742	5,554 *
Office supplies	7,586	6,123
Other expense	4,501	3,688
Rent	18,000	18,000
Repairs and maintenance	7,949	19,658
Security	37,560	35,575
Social security	5,440	5,229
Staff allowance	24,700	26,750
Staff social	55	169
Travelling and subsistence	12,426	8,288
Uniform allowance	3,438	4,200
Utilities	23,162	24,347
Vehicle running	740	698
Wages and salaries	132,974	117,251
Total expenses	<u>336,384</u>	<u>340,534</u>
Surplus for the year	<u>\$ 254,125</u>	<u>\$ 250,650</u>

*Reclassified for comparative purposes



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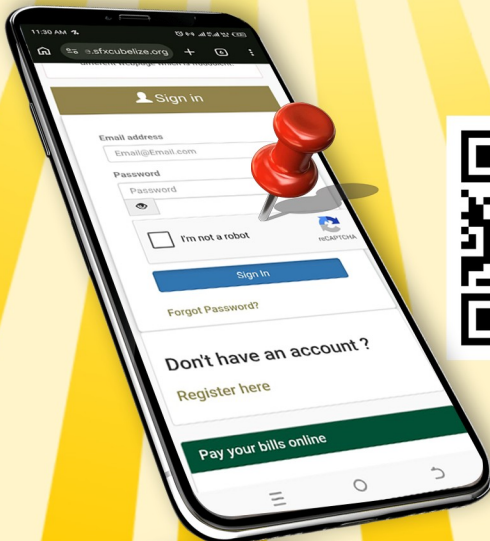
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