

# Minutes of the Leeds Credit Union Annual General Meeting 2025 held at 1730 on Wednesday 26 March 2025.

Paul Whitlock (PW), the Chair, declared the meeting open and welcomed all Members and Guests to the AGM via Zoom.

## **In attendance**

34 members and 3 panellists (PW, Mark Fleet (MF) and Raj Kambo (RK)), which made the meeting quorate.

## **Apologies**

Apologies had been received from Tina Turnbull and Katherine Bavage.

## **Minutes of the previous meeting**

PW explained the minutes of the 2024 AGM had been available on the Leeds Credit Union website for the last year and asked if anyone had any questions or objections - none were received.

Attendees were asked to vote on the approval of the Minutes of the 2024 AGM.

## **VOTE: To approve the Minutes of the 2024 Leeds Credit Union AGM**

**RESULT:** 30 votes in favour; 0 votes against.

The Minutes of the 2024 Leeds Credit Union AGM were approved.

PW asked that if any attendees had any questions during the AGM, to use the comments section but not to include any personal or account details.

## **Chair's address**

(PW) I'd like to thank you all for joining and welcome to the Leeds Credit Union 2025 AGM. My name's Paul. If you don't know, I joined LCU a year ago following a long career in financial services, far too long with banks and building societies big and small. But none, I guarantee you, have brought me as much pleasure and pride as the last year with working with LCU. So, as I address you at my first AGM as Chair, I want to acknowledge the dedication of the board members and the executive team, the tremendous work from everyone in the business whose commitment to serving our Members' interests continues to be exemplary.

I'm very pleased to welcome our new directors. Chris, Mark, Adrian, James, Simon and James, who are standing for election today and also to congratulate Raj Kambo on his appointment as chair of our Audit and Risk Committee. I know that their combined expertise will strengthen an already enviable board as we continue to serve our Members.

The past year has remained challenging for far, far too many people with persistent cost of living pressures and the elevated interest rates affecting our communities and those all around the country.

Throughout these challenges, we've maintained our focus on supporting our Members while building a stronger and more resilient credit union and our modernisation programmes delivered significant improvements. The implementation of our new automated decisioning and lending platform is already showing positive results through faster loan processing and improved credit quality. And we've also strengthened our cyber security infrastructure and enhanced our risk and compliance frameworks.

Regarding our financial position, which Raj will detail shortly, I must address two matters directly. Firstly, given our current position, we're unfortunately not in a position to pay a dividend this year. And secondly, we will have to continue charging the £5 admin fee on accounts.

Like many other credit unions, we faced challenges with our capital position, but we worked hard to address this through investment from our partners, including Leeds City Council and Fair 4 All Finance and as a result, we've now resolved the regulatory capital issue that had featured heavily in 2024 and I'm pleased to report that we continue to make good progress against our five year strategy to which the board remains fully committed. Our focus remains on four key priorities: sustainable growth that benefits all members; continued technological advancement to improve service delivery; strengthening our capital position while maintaining strong liquidity; and expanding our Community impact while managing the risks appropriately.

Despite the ongoing challenges in the broader economy, I am confident that the foundations we're laying today will enable us to better serve our Members tomorrow. And while the credit union ended the year in deficit, the investments we've made in our people, processes and technology are already showing positive results this year, through improved loan book performance and operational efficiency and it does pave the way for a stronger financial performance in future.

And so in closing for the opening address, I'd like to thank you all for your continued trust and support of Leeds Credit Union and I look forward to working with and for you all as we move forward together.

### **Audit & Risk Committee Report**

I will now hand over to Raj to present his report.

(RK) Thank you, Paul. I just want to say I fully echo all of the Chair's opening remarks about everyone involved at the credit union. For me, it's a complete privilege as well.

In terms of just a quick background, my background is in finance and risk. I've worked for large investment banks in the past, but in the last couple of years I've been more

involved with housing associations. I'm a committee member and a board member on a number of housing associations and represent Leeds Credit Union as a as a board member, but also as a Chair of the Audit & Risk committee.

The Chair of the Board has described the social purpose of the credit union to help members build a good life while supporting financial well-being and independence. I just want to add there is a clear focus on growing our loan book whilst we continue to modernise the services and deliver and improve Member service and in order to do this there are many initiatives that are being implemented including the automated decision and lending platforms. At the same time we are investing in the safety and security of our systems and data, which is absolutely key and this has resulted in faster loan processing and faster payments and also it's supported by our improved risk and compliance framework. Our relationship and partnership with Leeds City Council remains strong and we are continuing to increase activity in the additional common bond of the London Borough of Barking & Dagenham.

Paul alluded to some of the challenges that we have out there. We have got the challenging economic and market environment which remains and we're still seeing elevated levels of interest rates and mortgage rates. Although we've seen fall back in both of these measures over the last six months, we don't really expect a material reduction in interest rates, going back to what we had five or six years ago, and that's mainly because the Bank of England continues to grapple with inflation, which is still hovering around its 2% target. I know it's dropped recently, but it's still in the 2-3% range. We're getting impacted by energy import costs, wage increases across both the private and public sectors. Trump's trade wars -we're not sure what's going to happen, but that's likely to impact things further.

In terms of the credit union itself, it maintained its overall financial position, including an increase in its net loan book, thanks to higher numbers of applicants. But it also witnessed a reduction in Members' deposits and I think that's really as a result of the continued cost of living crisis; people have less excess cash that they looking to leave somewhere. As a result, there was a deterioration in our capital ratio with the capital ratio being 6.31 at year end, compared to our PRA minimum which was actually 6.7 at that time. However, I want to add that there are plans in place, via significant investments sourced from our partner organisations, which if successful, will help to return our ratios back to normal levels. But we want to be a percentage point above that minimum requirement. We weren't there at year end but we will get there. But I can confirm that since the results were published, that some of these capital actions have taken place, and we are above the minimum capital requirements, so that's good news. We will continue to build on that, but we are capital compliant as we speak.

In relation to our trading results, we'll talk about some of the results in general, the credit union generated a deficit of £335,000 before tax. Our loan book interest has

improved whilst other income has seen a small reduction. We can also see that bad debt has reduced year on year and I think that's really due to the improved lending and risk management process we have and we will continue to work and improve in this area.

However, offsetting this is an increase in overheads, largely due to staffing and computer software and that's really largely due to the IT transformation process. As the Chair mentioned, this investment in people and systems is absolutely key to the credit union, which will benefit in the long term. We want to get there and these initiatives will definitely help us.

However, just to add, this year's results were helped by a range of grants that support the credit union and they were lower than last year, but grants were included. And I must say, grants are never a guaranteed source of income. They can be either one off or they can be agreed for a certain number of years or certain actions. And so we must continue to grow the organisation whilst benefitting from those grants at the same time.

Moving on to the balance sheet, we've already mentioned that net loan balances have increased from £8.7m to £9m. The bad debt charge for the year has decreased, which is great. We've seen the value of deposits reduced which I mentioned earlier, but I think that's largely due to the cost of living pressures that we're under. But the credit union continues to have good and large levels of liquidity, which are well above our minimum thresholds. So, from a liquidity perspective we are very, very good.

In conclusion, the credit union continues to plan for further investment over the coming years to continue building infrastructure and deliver the long term efficiencies to support the steady and calculated growth that we're looking towards and deliver more value to our Members.

Our auditors, Alexander Sloan, unfortunately, cannot join us today. However, I can confirm on their behalf that the Leeds Credit Union financial statements give a true and fair view of its affairs, as at 30th September, and that these have been verified and prepared in accordance with the UK GAAP Practices.

They are therefore giving you, the Members, a clean audit report on the financial statements. However, they have included within their audit report, a statement of material uncertainty related to a growing concern that the continuation of our strategy requires an increase in capital and this is part of our business plan as I mentioned earlier. And I can confirm that we did get that capital and management are continuing to continue to focus on this aspect to ensure that we remain a strong, healthy and growing concern and we'll focus on the capital going forward. I think that's all I wanted to add.

We need to vote to approve the accounts at this stage.

**VOTE: To approve the Accounts of Leeds Credit Union**

**RESULT:** 35 votes in favour; 0 votes against.

The Accounts of Leeds Credit Union were approved

(RK) The Accounts have been approved and I'll now hand over to the CEO, Mark Fleet.

### **Chief Executive's Report**

(MF) Thank you, Paul. Thank you, Raj.

Interestingly, most of what is in the next few slides has broadly been covered by Raj and Paul. However, I think that demonstrates that the board and the team are very joined up on what we're trying to do. So, I'll just take you through what we've done, what we plan to do over the next year or so.

ADP, as we call it, was our first transformational IT project. Absolutely focused on saying "yes" more quickly to more people in need, and we have gone from taking five to seven days to review an application down to same day. And as you will know, for the communities we serve, it's vital that we say yes quickly. They get the money quickly and so we're delighted with that. It's a better experience all round. As Raj mentioned, we're managing risk as well more effectively.

We've also in this digital world, so we're also investing quite a lot still in our IT infrastructure, which we've spent quite a lot of money on over the last few years and that's just to make sure that when we are digital, we're safe and your data is safe.

We completed the Consumer Duty Project, which was an absolute requirement from our regulator, to a very high standard and we've managed to open some Outreach locations in various Leeds Council hubs, where we do surgeries one or two days a week to try and help members with understanding what benefits they're eligible for but might not claiming, which was a commitment we made to Leeds Council last year. It's early days but we are starting to get some traction.

So, things I'm proud of:

4,000 new members.

Nearly 10,000 loans to people that really need good quality loans from a good quality lender. If they don't use us, they go to somewhere that's going to charge them a lot more money - it's an estimate, but saving £11 million in interest is a massive benefit.

Money and Budgeting Service helps people with their benefits, with their planning, with their various council arrears issues or rent issues. That particular service is funded by Leeds Housing because they see the importance of it and we've grown our Food Saver Network to five more pantries in and around Leeds. Which again is a community-based initiative which was new over the last year.

This is why we do what we do. If you look at the demographic of our Member base, we are trying to help people that need help. A big part of the investment by Fair 4 All Finance was affordable lending - stop people going to loan sharks; look after the people that need it most and as you can see, we absolutely do that and that I think is what me and the team and the board are most proud of.

So where do we go next? Well, we spend a lot of time, effort and money on the ADP and we have to make it work. So this year is about refining it, improving it, making better and quicker credit decisions, making safe credit decisions. So that's where we'll focus our efforts.

As we've mentioned, we can't keep losing money. We've invested Members' money to get us into a good place. We've now got to make it work and we can't afford £400,000 a year in deficits. So our task is to manage that. We've got to manage cost. We've had good investment, but we've got to make sure our cost base is right.

One of the key things when I joined was getting our people development appropriate for what we do and we will continue to do that. As I think you know, we have signed up to the national living wage and we've been hit quite hard by the National Insurance changes which we have to finance and manage the cost of.

We've got to make sure that we're cost effective, cost efficient and everything we do will be about supporting Leeds, Wakefield, Barking and Dagenham because that's why we're here.

Finally, I would like to say thanks to Leeds Council's massive support and Fair 4 All Finance, again, for their massive support. They've invested in us because they believe in what we do but hugely appreciated.

I'd like to thank the board, because they give their time and support for free. It's tough, but it's very rewarding and I and my senior team are grateful for the experience and guidance we get from the board.

I'd also like to thank our people, and the Members, because you're why we're here.

I shall now hand back to my Chairman.

(PW) I think we now move to matters of formalities and the first thing we have to do is to recommend the reappointment of the auditors, Alexander Sloan.

Personally, I'd like to share that they've provided a good service last year. I have confidence that they will continue to do that this year. So, the Board recommends their reappointment and I'd like you to now vote on this.

**VOTE: To approve re-appoint the auditors, Alexander Sloan LLP**

**RESULT:** 35 votes in favour; 0 votes against.

The re-appointment of Alexander Sloan LLP was approved.

Another formality that we have to record at the AGM is around changes to rules that may be proposed. This is just a formality. We're not proposing any changes to rules this year, but we do need to make sure that it's recorded in the Minutes for completeness.

The Chair then reminded the meeting of the following:

- That Leeds Credit Union is a member of the Financial Services Compensation Scheme and the cover this provides for savers;
- That Leeds Credit Union, as required by the PRA, has fidelity insurance cover in place; and
- That Leeds Credit Union does not currently engage in any activities other than the provision of loans and savings to its Members.

(PW) We now move to the election and re-election of board members. So we turn to the composition of the board directors and I am going to have to ask you to vote on these proposals.

The following are the incoming new directors:

- Christopher Cahill
- Mark Foulsham
- Adrian Jackson
- James Brown
- James Greenwood
- Simon Kendall

**VOTE: To appoint the new directors.**

**RESULT:** 35 votes in favour; 0 votes against.

The new directors were all appointed.

(PW) And now I'd ask you to vote on the re-election of Tarun Mistry.

**VOTE: To re-appoint Tarun Mistry to the Board**

**RESULT:** 35 votes in favour; 0 votes against.

Tarun Mistry was re-appointed to the Board.

(PW) I would like to inform the meeting that Sameera and Chris have stepped down from the Board and I'd like to record in the Minutes, an enormous thanks from the Board for their sterling work and the huge efforts that they put in throughout their terms.

I think that takes us to questions from attendees.

**No questions were received.**

That, therefore, takes us to my closing comments and this really concludes the 2025 AGM.

I'd like to say thank you to everybody, for taking the time to attend, for engaging with your votes and for making the meeting a quick and successful one. Without you it couldn't have happened. And I thank you particularly for making the time to attend in the evening.

So, I'd like to formally close this meeting now and bid you all a good evening and thank you.

Meeting ended at 1759hrs.