

# **London Community Bank 32<sup>nd</sup> AGM**

## **30th March 2023**

### **DIRECTORS' MISSION STATEMENT**

London Community Bank exists to empower everyone within our Common Bond (Hillingdon, Harrow, Hounslow, Ealing, Brent, Richmond, Kingston, Hammersmith, Wandsworth, Merton, Slough and South Bucks) to take control of their finances, so that money supports them to achieve their goals and to live well and safely within a fair, equal and supportive society.

### **PEOPLE HELPING PEOPLE**

- Enhance people's knowledge of the values of the Credit Union
- Encourage members to save regularly
- Enable members to take 'not for profit low cost loans'
- Help members manage their money wisely
- Empower all members to make full and profitable use of their accounts



**London Community Bank is the trading name of Hillingdon Credit Union which is owned by its members for the benefit of its members and the local community**

# 32<sup>nd</sup> AGM- AGENDA

## 1. Opening introduction

Chair – Neil Jones

## 2. Apologies

## 3. Minutes of last AGM

## 4. Reports *(to be read prior to meeting)*

- President
- Treasurer/Audit report
- Credit Committee
- Directors attendance 2022
- Compliance confirmation

## 5. Motions to the AGM

- Dividend - proposed 1.2%
- Approval of the audited account for the year 2021/2022
- Auditor – Review of auditor going forward
- Donation of profits to local charities

## 6. Election of Directors

## 7. Election of Supervisory Committee

## 8. Speakers

- The Mayor – Cllr Becky Haggard

## 9. Presentations

- Winner of the AGM prize draw
- Chair to the Mayor

## 10. Close

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# Hillingdon Credit Union

## 31<sup>st</sup> AGM Minutes 2022

Present:

Debbie Allen	Credit Controller
Steve Allen	Business Development Manager
Richard Ashaye	Director
The Mayor	Cllr Roy Chamdal
Lauren Chamberlain	Administrator
Kathryn Willis	Director
Neil Jones	Director
Joke Verhayden	Director
Sheetal Balani	Director
Mark Austin	Director
Moji Macauley	Director
Janice Long	Member
John Gallagher	Member
Nick Green	Member
Petrona Jackson	Member
Colette Adekoya	Member
Alexia Bailey	Member
Jacky Peacock	Member
Matthew Jeffrey	Member
Razan Veer	Member
Chigozie Ogbonna	Member
Apologies:	
Andrew Smith	Supervisory
Chris Allum	Member
John Allum	Member
Garry Burgess	Director
David Payling	Director
Peter James	Member

### 1 OPEN MEETING

Neil Jones welcomed everybody to the AGM meeting for Hillingdon Credit Union thanked members for attending and welcomed the Mayor Roy Chamdal. He explained it had been another tough year with Covid. He thanked members of staff for keeping the credit union running through this time. He said that following a director's away day, the credit union was looking at new IT systems which would be cloud based – these would further improve service levels to members and would assist with planned organic growth. 2 New directors had been co-opted, one in marketing and the other in HR which would help improve the credit union going forward.

### 2 APOLOGIES

Noted above.

### **3 MINUTES OF THE AGM 2021**

The minutes were signed and adopted as a true record. Agreed unanimously by 13 members

### **4 REPORTS - circulated and read prior to meeting**

- **President-Neil Jones**
- **Treasurer/Audited accounts**
- **Credit Committee**
- **Supervisory Committee**
- **Directors Attendance 2021**
- **Compliance confirmation**

### **5 MOTIONS TO THE AGM**

#### **a) Dividend**

We propose a 0.6% dividend be paid on shares for the year 2020/2021. Proposed by Moji Macauley, Motion carried unanimously by 15 members.

Matthew Jeffrey asked about our investments and Steve clarified that our deposits were held with many UK banks and building societies only.

#### **b) Auditor**

We propose to continue with PWH Chartered accountants who have just finished their first year audits. Proposed by Moji MaCauley. Motion carried unanimously by 17 members.

#### **c) Change of Rules**

##### **Trading name Change**

Motion carried – to change our trading name to “London Community Bank”. This would improve recognition of our trading activities and would be more relevant within the new London boroughs we now cover. Research has shown that there can be a negative association with the term “credit union” but changing the name to a community bank has proved to be successful for a number of other credit unions. Steve added that we have had formal sign off from the FCA and also the Secretary of State. Motion carried unanimously by 17 votes.

### **6 ELECTION OF DIRECTORS**

New nominations received, following being co-opted during the year are:  
Sheetal Balani and Mark Austin - 16 members agreed unanimously.

Neil Jones advised they would like people to stand for supervisory committee as the current chair Andrew Smith was standing down. Matthew Jeffrey expressed interest and Andrew Smith will make contact to discuss the role and what is involved.

### **7 SPEAKER**

#### **The Mayor - Cllr Roy Chamdal**

He spoke about having another tough year where we have all had challenging times, especially with the pandemic, cost of living increase and latterly with the war in Ukraine. He praised the board who are all volunteers for their expertise and help to the community at this time.

He spoke of his charities which he was supporting this year – Domestic Abuse Survivors – who were formed due to the rise in incidents throughout the pandemic and was impressed by how they cared for those who turned to them for support and Navratri Garba who provide free food to those in need.

## **8 PRESENTATIONS**

Steve asked The Mayor to pick a number between 1 and 9 to see who won the £50.00 prize. Number 7 was chosen and the member will receive the prize.

Steve also said that the HCU would give a donation for £150 to the Mayor for his nominated charities, which was gladly accepted.

## **9 CLOSE**

Neil thanked everyone for attending and closed the meeting.

Meeting ended at 19:40 pm

**Debbie Allen**  
**Credit Union Credit Controller**  
**25<sup>th</sup> March 2022**

**Signed**  
**Date**

**Neil Jones**  
**President**  
**Hillingdon Credit Union**

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# **32<sup>nd</sup> AGM**

## **Presidents Report**

Another year which has seen some major changes - we are moving out of the pandemic and things are starting to return to normal – but let us not pretend that it has not been, yet again, a difficult year. I would once more like to thank the staff for their dedication and perseverance in facilitating the 'normal' running enabling us to continue to offer our services to members across the year - albeit in a hybrid mode. In addition, our Monarch, Queen Elizabeth II, passed away. For almost all of us we have never known anybody else as our Sovereign so it is truly the end of an era. We wish the new King well in his role.

As many of you will have noticed, we have changed our trading name to London Community Bank (LCB). This was approved at last year's AGM and we have been progressively rebranding during the year. This reflects the general trend towards the use of 'Community Bank' in the sector: and a number of other Credit Unions have also adopted this form of name, and others are actively considering it.

We continue to see hybrid working as the increasing norm, as well as remote banking and your board is looking at how we can best offer services to members on an increasingly remote and electronic/digital basis. As part of this we are seeking to move our IT to 'The Cloud' during the next 12 months or so as well as updating our systems. We are awaiting the new release of software from our providers to facilitate this. This will bring several benefits, including better systems support, enhanced security and stronger, more reliable remote support for members' transactions.

For Credit Unions the future is still looking uncertain as the twin pressures of increasingly severe regulation and changing demographics require alterations to the way they operate. This requires investment in both people and systems and is continuing to place pressure on many Credit Unions due to their diseconomies of scale. This has already led to an increase in Mergers and Acquisitions – more properly referred to as a 'Transfer of Engagements' - between different Credit Unions and this trend will continue as we move forward. The Government seeks to see a stronger Credit Union movement: and this is likely to be with fewer, but more financially viable, members. The current forecast is that there will probably be far fewer but larger CUs in London and the South East in the next few years – possibly only a handful.

Whilst LCB remains financially sound, being both profitable and well-capitalised: we are not immune from these pressures. The Board is continuing with its strategy of organic growth – by seeking to increase penetration in our Common Bond area, and thus spreading any costs across a greater number of deposits and loans – but that does not preclude us from considering a merger where it would be in the members' interests. We are actively exploring new systems that will support our objective of organic growth. Our Common Bond is quite unique in London as very few other CUs operate within it and thus, we have great potential for further penetration.

There is legislation regarding the future of the CU movement currently wending its way through the corridors of power and - whilst we do not know exactly what is in it – there is likely to be a broader range of products which CUs can offer to its membership. The board will analyse these changes and assess whether or not to adopt them and how they can benefit our members. Our trade body, ABCUL, is seeking to lobby on behalf of the CU movement and I also had a meeting with Treasury staff to discuss this topic.

Richard Ashaye is standing down after this AGM. He was a founder member of Hillingdon CU, as it then was, and has been on the board for many years. We thank him for his efforts and wish him well in his future endeavours.

Finally, we are proposing to pay a members' dividend of 1.2% for the year which will be a resolution at our AGM.

**Neil Jones**

**President Hillingdon Credit Union**

**March 2023**

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# **32<sup>nd</sup> AGM**

## **Treasurers Report**

### **Financial Review**

As our members navigated the impact of the cost-of-living crisis, lending volumes have outperformed savings for the year. Member savings remain in excess of £6.6m, an increase of 2% from last year. Cash and deposits remain consistent with last year at £6.3m, and the loan book has increased by 11% to £2.2m.

Core business income has been increased by 9% reflecting the larger loan book and the increased returns we continue to receive from the cash deposit balances held with other financial institutions. Our continual focus on credit control has ensured that the new bad debt provisions raised in the year were in line with the industry average at 2.27% totalling £49,685 (2021: £4,044), reflecting the current economic climate. Administrative expenses have decreased by 9% as a result of diligent cost controls. Profit before tax for the year is £179,829, (2021: £211,678). Our statutory reserves remain well above the recommended minimum level of more than 5% of our assets, at 17.7%. This helps us to maintain our status as one of the healthiest Credit Unions in the country and provides even more stability for our members and their savings.

As Treasurer of London Community Bank, I am recommending a dividend of 1.2% this year. It is the Auditor's opinion that the financial statements (attached) give a true and fair view of the Credit Union's affairs as at 30 September 2022, and of its income and expenditure and cash flow for the year ended on that date. London Community Bank has complied with the set of rules as laid down by the Prudential Regulation Authority and the Financial Conduct Authority, the Regulators of all financial institutions in the UK.

### **Future Prospects**

The Credit Union is taking active steps to grow and increase its member base within our common bond area. We continue to explore organic growth opportunities through investment in proactive marketing on both traditional and digital platforms including the launch of social media handles. Further investment in our people, upgrading our IT systems and operating processes remain key priorities in the coming years as we look to improve our member experiences.

With these proposed changes, we are looking forward to these new opportunities in the coming years. In continuing to maintain a strong balance sheet, sound financial investment as well as providing low-cost loans to members and those in the community to whom normal credit facilities are not available.

**Moji Macaulay FCA**  
**Treasurer**  
**March 2023**

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# 32<sup>nd</sup> AGM

## Credit Committee Report

2022 remained a challenging year for many of our members, with the impact of the war in Ukraine resulting in the high increase in energy costs and the high food inflation resulting in unprecedented financial strain for many members. On the upside, the impact of Covid has reduced and unemployment levels remain at historic lows.

The demand for our services has never been higher, with over 2,600 loans provided last year and record-breaking months in our new financial year. We continue to ensure we provide access to affordable credit where loan requests meet our prudent loan policy; and we continue to provide substantial savings to our members via the interest rates charged on our loans, compared to the high street banks and payday lenders. With base rate seeing a number of increases, several of the main credit card companies have further increased their interest rates and mainstream lenders such as high street banks, continue to have very high interest rates on overdraft borrowing, with Lloyds/Halifax standard agreed rate now 49.9% APR. As such it is no surprise that we continue to see a high level of consolidation loan requests from members, to reduce their monthly outgoings and save interest costs.

Financial year	Number of loans	Growth	Average loan	Net bad loans
2017	1992	2%	£716	2.1%
2018	1926	-3.3%	£693	2.5%
2019	1952	1.4%	£771	0%
2020	2049	5%	£792	2.6%
2021	2210	7.9%	£832	0.2%
2022	2608	18%	£782	2.2%
Q1 2023*	3112	19.3%	£692	2.6%

\*Pro rata growth rate albeit Q1 tends to be our busiest quarter.

As can be seen from the above chart, in the first quarter of our new financial year we have seen a substantial increase in loan applications granted and December 22 saw the largest amount lent in our history. This confirms that members value our affordable and straight forward loan terms. And whilst inflation is running at very high levels, and base rate has seen many increases, all our loans remain at a fixed rate so members have peace of mind that their loan costs will not be impacted by changes in the wider economy.

I have also set out the level of loans where payments are in arrears/default. The increase seen in the last financial year was expected and reflects the issues faced by many members with the current cost of living crisis. Our performance remains better than many of our peers and shows the suitability of our policies and the substantial work carried out by our Credit Controller in agreeing manageable repayment plans for members who face financial difficulty.

The financial landscape continues to evolve with many of the traditional payday lenders no longer operating. They have however been replaced by the fast expanding, "buy now pay later" lenders who target members at the point of sale. We have seen increasing levels of short-term debt building for some members and it is pleasing to see that the regulators are now expanding their brief to ensure that responsible lending practices are enforced, to avoid uncontrolled debt build up.

Our provision reserves exceed the minimum standard required by the regulator, thus ensuring we hold a good buffer against future defaults, which places us in a better position than the vast majority of other Credit Unions. In addition our capital reserves remain in the top quartile position in our industry and we are one of the top performing Credit Unions in the South East of England as of 30<sup>th</sup> September 2022. This strong financial position ensures member's interests are fully protected and allows us to pay a healthy dividend, which stands in the top quartile of all instant access accounts available across the UK.

Finally I would confirm all members' deposits are covered by the Government FSCS scheme, guaranteeing all qualifying deposits up to the limit of £85,000.

The Credit Committee would like to thank all of our staff for their support during this very busy year and our members for their continued support and co-operation during the year and we wish you all a happy, healthy and prosperous 2023.

**STEVE ALLEN**

**On behalf of the Credit Committee**

**March 2023**

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# Director attendance during 2022

DIRECTORS ATTENDANCE AT BOARD MEETINGS 2022														
														Total
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Richard Ashaye		P	P	P	P	A/S	P	P	P	P	A/S	A/S	A/S	67%
Garry Burgess		P	P	L	L	L	L	L	L	L	L	L	L	17%
Neil Jones		P	P	P	P	P	P	P	P	P	A/S	P	A/S	83%
Moji Macaulay		P	P	P	P	P	A/S	P	P	P	P	P	P	92%
Joke Verheyden		P	A/S	A/S	A/S	L	L	L	L	L	L	L	L	8%
David Payling		A/S	P	P	P	P	A/S	P	P	P	P	P	P	83%
Kathryn Willis		P	P	P	P	P	P	P	P	P	P	P	P	100%
Andrew Smith		P	P	L	L	L	L	L	L	L	L	L	L	17%
Sheetal Balani		P	P	P	P	A/S	A/S	P	P	P	P	A/S	P	75%
Mark Austin		P	P	A/S	A/S	P	P	P	P	P	P	P	P	83%
<b>Meeting cancelled</b> <b>P = Present</b> <b>A = Absent</b> <b>A/S = Absent / Apologies sent</b> <b>N/A = Not applicable if volunteer not in attendance.</b> <b>L = Left</b> <b>G = Guest</b> <b>Total = Percentage of eligible meetings</b>														

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# 32<sup>nd</sup> AGM

## Compliance confirmation

In line with Rule 10 of the PRA Rule Book, the Board confirms compliance with the following governance issues:

1] The Board confirms compliance with the Depositor Protection Scheme and specifically the following items:

- Identification of eligible deposits
- Production of the report to the PRA within 24 hours of a request, in an electronic form with the data sent in a secure form

2] The Board confirms compliance with the insurance requirements with the following cover in place until 30<sup>th</sup> September 2022. Cover is maintained at all times.

The Credit Union is covered in respect of loss suffered or liability incurred by reason of the fraud or other dishonesty of any of its officers or employees;

The Credit Union is covered up to the following limits

Aggregate limit of liability	£2,400,000
Single loss limit of liability	£450,000
Premises and contents	£100,000
Transit one employee	£1,000
Transit two or more employees	£10,000
Audit expenses	£1,000
Contents of employees or members	£6,400
Retention – 1% of limit available up to £2,500	£2,500
Employers liability	£5,000,000

3] The board confirms that we participate with “additional activities” in respect of Investments. As such we confirm:

We maintain an up to date financial risk management policy that covers the following key areas:

- Both interest rate and funding risk
- Aggregate limits are in place on individual investments
- Limits are in place to ensure there is not excessive funding concentration risk for both source and time band concentrations
- Systems and controls are in place in respect of these matters
- The governing body monitors and assesses risks associated with carry on investment activities on at least a monthly basis.

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## **32<sup>nd</sup> AGM – MOTIONS**

**DIVIDEND PERCENTAGE** - 'We propose a 1.20% dividend to be paid on shares for the year 2021/2022.' Proposer Moji Macaulay, Treasurer

**AUDITED ACCOUNTS** – Approval of the audited accounts for the financial year October 2021 to September 2022

**AUDITOR** – In line with our board policy, we will review the market for competitive offers from specialist Credit Union audits, to ensure we have the best value for money and the appropriate service levels. Proposer Moji Macaulay, Treasurer

**DONATION OF 2% OF PROFITS TO LOCAL CHARITIES** – The board is seeking members' agreement for donations up to 2% of our profits after tax, to local registered charities

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# London Community Bank

**32<sup>nd</sup> AGM**

**THURSDAY 30<sup>th</sup> March 2023**  
**Virtual AGM, 7pm – 7.45 pm**

Agenda Items 6 and 7

**6) Election for Membership of the Board of Directors**

Motion: In accordance with rule 50 (3) the Board moves election to the Board of Directors be subject to election by a single block vote. An election shall proceed.

For information: serving directors to serve for a further 1 year are:

**Neil Jones**

**Moji Macaulay**

**David Payling**

**Kathryn Willis**

For information: retiring directors to stand again are:

**None**

For information: new nominations received, following being co-opted during the year, are:

**7) Election for Membership of the Supervisory Committee**

For information: new nominations received are:

**None received**

Motion: In accordance with rule 50 (3) the Board moves election to the Supervisory Committee be subject to election by a single block vote. An election shall proceed.

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