

# London Community Bank 33<sup>rd</sup> AGM

21<sup>st</sup> March 2024

## 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



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# 33<sup>rd</sup> AGM- AGENDA

## 1. Opening introduction

Chair – David Payling

## 2. Apologies

## 3. Minutes of last AGM

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

- Chair
- Treasurer/Audit report
- Credit Committee
- Directors' attendance 2023
- Compliance confirmation

## 5. Motions to the AGM

- Dividend - proposed 2.4%
- Approval of the audited account for the year 2022/2023
- Auditor – 'Reappointment of PWH Accountancy Limited as auditors for 2023/24

## 6. Election of Directors

## 7. Election of Supervisory Committee

## 8. Speakers

- The Mayor – Cllr Shehryar Amad-Wallana

## 9. Presentations

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

## 10. Close

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# Hillingdon Credit Union

## 32<sup>nd</sup> AGM Minutes 2023

### Present:

Debbie Allen	Credit Controller
Steve Allen	CEO
Suzanne Cave	Administrator
The Mayor	Cllr Becky Haggar
Emma Cawthorne	Office Manager
Janet Duncan	Administrator
Tracey Iles	Director
Lucidia Rodrigues	Member
Kathryn Willis	Director
David Payling	Director
Neil Jones	Director
Janice Long	Member
Mee Kuon Cheong	Member
John Gallagher	Member
Moji Macaulay	Director
Sheetal Balani	Director
Mark Austin	Director
Samantha Allen	Member
John Fletcher	Member
Steve Difuidi	Member
Nadia Thompson	Member
Terence Morrison	Member
Richard Juuko	Member

### Apologies:

Barbara Kalopsidiotis	Member
John Allum	Member
Chris Allum	Member
Nick Green	Member
Lee Moi Green	Member
Jacky Peacock	Member

### 1 OPEN MEETING

Neil Jones welcomed everybody to the 32nd AGM meeting for Hillingdon credit union and thanked members for attending. He explained it had been a good year and thanked the staff for their efforts and also thanked Richard Ashaye who after 9 years as a director was standing down.

### 2 APOLOGIES

Noted above.

### 3 MINUTES OF THE AGM 2022

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

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

**President-Neil Jones**

**Treasurer/Audited report**

**Credit Committee**

**Supervisory Committee**

**Directors Attendance 2022**

**Compliance confirmation**

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

##### **a) Dividend**

'We propose a 1.2% dividend be paid on shares for the year 2021/2022. Proposed by Moji Macauley, Motion carried vote 93% for and 7% against

##### **b) Audited Accounts**

"Approval of the audited accounts for the financial year October 2021 to September 2022" Proposed by Moji Macauley, Motion carried vote 93% for and 7% against

##### **c) Auditor Review**

"In line with our board policy, we will review the market for competitive offers from specialist Credit Union auditors, to ensure we have the best value for money and the appropriate service levels" Proposer – Moji Macaulay. The motion was objected to by John Fletcher, who wished to know who the new auditors were going to be albeit the motion was seeking permission to review the options available. The compromise was to replace this motion with the following, provided by David Payling, director:

**C1]** To Reappoint PWH Accountancy as the Credit Union auditors to hold office from the conclusion of the AGM

**C2]** To authorise the board of directors to determine the remuneration of the auditor of the Credit Union

Both these revised motions were voted on and passed by a majority of the members voting.

##### **d) Donation of 2% profits to local charities**

"The board is seeking members' agreement for donations up to 2% of our profits after tax, to local registered charities" Proposer Neil Jones.

Janice Long asked the question how is the 2% is going to be split. In reply it was confirmed that we are going to ask our members to nominate a charity in our monthly newsletter for organizations in our common bond area.

Then a nomination panel will decide on the split of the funds and there is no maximum to each charity. Proposed by Neil Jones Motion carried unanimously by all members who voted.

#### **6 SPEAKER**

**The Mayor - Cllr Becky Haggar**

The Mayor spoke about having another challenging year, with the cost of living crisis and the local councils looking at how they budget, improve and work better. This consists of cross sectors working together to be more efficient and to look outside the box to help and support others. She also spoke of her 2 charities that she was supporting

The Daniella Logun Foundation – set up to provide support for children with cancer and they are active in providing a service that enables families to have a positive palliative care journey and an improved experience for children sadly at end –of-life.

The Magical Marvellous Picture House – to help everyone across the borough learn and develop the art and skills of photography for greater self-expression and where clients are encouraged to take pictures on their camera and make photo albums. As it has been found that very few children use memory recall as most photos are digital and based on the cloud. They have also been working with Dementia and Alzheimer groups as well.

## **7 PRESENTATIONS**

Steve asked Becky to pick a number between 1 and 8 to see who won the £50.00 prize. Number 1 was chosen and the member John Gallagher was the luck recipient of the prize.

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

## **8 CLOSE**

Neil thanked everyone for attending and closed the meeting.

Meeting ended at 19:45 pm

**Debbie Allen**  
**Credit Union Office Manager**  
**30<sup>th</sup> March 2023**

**Signed**  
**Date**

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

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# 33<sup>rd</sup> AGM

## Presidents Report

### President's Foreword

We have navigated another year of significant upheaval internationally, nationally and locally – ongoing global conflict and cost of living pressures have impacted on every part of society, including all our members, and have continued to shine a light on the critically important work that we, and all credit unions, do in our communities.

The last 18 months have seen us place significant emphasis on ensuring the future resilience of the Credit Union to face these challenges from a position of strength. As Moji MaCaulay will detail in her Treasurer's Report, we have had a successful financial year allowing us to build reserves that we believe will act as a shield against any continued downturn but also allow us to take advantage of opportunities for investment and growth.

In addition to financial resilience, we are addressing resilience in our staffing structure. Midway through 2022, Steve Allen indicated that he would be stepping down from his position within LCB. Steve has served with distinction for over 17 years and we have been incredibly fortunate to have been the beneficiaries of his, and Debbie Allen's, passion and commitment to both LCB and the wider sector. We wish them well in their next adventures.

To mitigate this loss, we have made a number of hires (both part-time and full time). We have recruited a new Loan Officer, a Marketing Officer and very recently a CEO-designate who will be joining us later this month. We expect to have a 4month overlap with Steve to ensure an orderly transition. Once again, all our staff have played a key role in the success of the Credit Union this year and as a Board, we thank them all for their ongoing commitment.

We have also seen the retirement of Neil Jones as President of LCB. Neil joined LCB shortly before the pandemic and led the Credit Union through those uncertain times. We wish him well in his retirement. It was a privilege to be elected by my fellow Directors to succeed Neil last November and I hope I can continue Neil's work guiding LCB from strength to strength.

The next 12 months will see your Board undertake a strategic review and refresh the 3-5 year strategic and operational development plan for our Credit Union. We are excited about the opportunities that we believe will present themselves. As we perform this review we will continue with our ongoing strategy of organic growth – seeking to increase penetration within 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.

During the year we also made progress in our links with the wider Credit Union Community, predominantly through ABCUL and its London and South of England Forum. We look forward to continuing to build these relationships in 2024.

Finally, and reflective of the strong financial performance and position of LCB, we are proposing to pay a members' dividend of 2.4% for the year. This will be a resolution at our AGM.

**David Payling**

**President, March 2024**

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# 33<sup>rd</sup> AGM

## Treasurers Report

### Financial Review

As our members navigated the continued impact of the cost-of-living challenges, lending volumes have outperformed savings for the year on year. The loan book has increased by 18% to £2.7m (2022: £2.2m).

Member savings have decreased by 5% as we have seen an increase in share withdrawals in line with the industry trend. Cash deposits have also decreased slightly from last year now at £6.0m (2022: £6.3)

Core business income has been increased by 40% to £0.58M (2022 £0.42M) reflecting the larger loan book and high interest rate environment driving the high returns received from the cash deposit balances held with other financial institutions.

Our continual focus on credit control has ensured low levels of new bad debt provisions raised in the year. We recovered debt previously written off in previous years and also collaborated with Brent Council to further reduce the risk to our loan book. The actual provision was during the year was 0.7%, which is significantly below the industry average of 2.7%

Administrative expenses have increased by 17% mainly driven by higher salaries, as we have a policy of paying staff above the London living wage.

Profit before tax for the year is £363,756, (2021: £175,829). Our statutory reserves remain well above the recommended minimum level of more than 5% of our assets, at 20.8%. This helps us to maintain our status as one of the healthiest Credit Unions in the country.

It is the Auditor's opinion that the financial statements (attached) give a true and fair view of the financial performance and position for the year ended 30 September 2023

As Treasurer of London Community Bank, to reward members for continued loyalty, I am recommending a dividend of 2.4% (2022: 1.2%), which is double the 2022 pay out

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.

### Key Performance Indicators

Key Performance Indicators 2023	Definition	Regulatory minimum	London Community Bank
Capital Ratio	Retained Earnings divided by total assets (see audited accounts)	5%	20.8%
Liquidity	Cash available within 8 days divided by net shares (total shares deposits less attached shares)	10%	18.2%



## **Future Prospects**

Given the sustained financial strain on the member base, we are seeing increased levels of loan defaults, which will increase the level of bad debts in the current financial year.

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. We have made further investment in our people including new personnel dedicated to marketing and full-time senior management staff to focus on business development efforts to drive more members.

We are also upgrading our IT systems with a new mobile app to appeal to the younger demographic and to improve our member experiences.

In continuing to maintain a strong balance sheet and sound financial investment, we are confident of being able to continue to provide low-cost loans to members and those in the community to whom normal credit facilities may not be available elsewhere.

**Moji Macaulay FCA**  
**Treasurer**  
**March 2024**

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# 33<sup>rd</sup> AGM

## Credit Committee Report

2023 remained a challenging year for many of our members, with the ongoing impact of the war in Ukraine and the resulting high levels of inflation and especially high food prices, resulting in unprecedented financial strain for many members. On the upside, the inflation rate has fallen substantially and energy costs are forecast to fall some 16% in April 24. Also, unemployment levels remain at historic lows.

The demand for our services has never been higher, with over 3000 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 credit card lenders. With base rate having seen 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 standing 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
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%
2023	3042	16.6%	£783	0%
Q1 2024*	3528	16%	£754	3.5%

\*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 23 saw the largest amount lent in our history. This confirms that members value our affordable and straight forward loan terms. Whilst base rate has saw many increases in 2023, 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. 2023 saw a number of recoveries from old bad debts which resulted in no net bad debts for the year. This however masked an increase in a number of members that have entered into debt management plans, and the figures for Q1 2024 reflect this underlying trend. 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 the substantial growth of “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 2023. This strong financial position ensures member’s interests are fully protected but also allows us to pay a healthy dividend, which is double the rate paid in 2023.

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 2024.

**STEVE ALLEN**

**On behalf of the Credit Committee**

**March 2024**

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# Director attendance during 2023

DIRECTORS ATTENDANCE AT BOARD MEETINGS 2023													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Richard Ashaye	A/S	A	A	L	L	L	L	L	L	L	L	L	0%
Neil Jones	P	P	P	P	P	P	P	P	A/S	A/S	L	L	67%
Moji Macaulay	P	A/S	A/S	P	P	A/S	P	P	P	P	P	P	75%
David Dawson		G	G	G	A/S	A/S	G	G	P	P	P	A/S	73%
David Payling	P	A/S	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%
Tracey Iles	G	G	A/S	P	P	P	P	P	A/S	P	P	P	83%
Sheetal Balani	P	A/S	A/S	P	P	A/S	P	P	P	P	P	P	75%
Mark Austin	P	P	P	P	P	P	P	P	P	A/S	P	P	92%

**Meeting cancelled**

**P = Present**

**A = Absent**

**A/S = Absent / Apologies sent**

**N/A = Not applicable if volunteer not in attendance.**

**L = Left**

**G = Guest**

**Total = Percentage of eligible meetings**

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# 33<sup>rd</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 2024. 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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## 33<sup>rd</sup> AGM – MOTIONS

**DIVIDEND PERCENTAGE** - 'We propose a 2.4% dividend to be paid on shares for the year 2022/2023.' Proposer Moji Macaulay, Treasurer

**AUDITED ACCOUNTS** – Approval of the audited accounts for the financial year October 2022 to September 2023. Proposer Moji Macaulay, Treasurer

**AUDITOR** – 'We wish to reappoint PWH Accountancy Limited as auditors for next year'. Proposer Moji Macaulay, Treasurer

# London Community Bank

**33<sup>rd</sup> AGM**

**THURSDAY 21<sup>st</sup> March 2024**  
**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:

**Sheetal Balani**

**Mark Austin**

New Nominations received are:

**Tracey Iles**

**David Dawson**

For information: retiring directors to stand again are:

**Moji Macaulay**

**David Payling**

**Kathryn Willis**

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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