

MINUTES OF ANNUAL GENERAL MEETING

Tuesday, 30th June 2020, 4.00pm – 5.00pm

Live Web Conference

Attending:

Cameron Douglas	Yvonne Carter
Harriet Wallace	Shirley Stuchfield
Jackie Littlewood	Mike Darrington
Jonathan Hill	Tony Kirsop
Kath Nisbet	Julie Mills
Keith Dalton	Lisa Robinson
Lauren Langton	Liz Chadwick
Mark l'Anson	Paul Smith
Nicola Locke	Peter Cockerill
Sarah Armes-Reardon	Sally Milner

1. Chair's Welcome, Opening Remarks and confirmation of quorum

The Chairman welcomed everyone to the third NCB AGM.
The Chairman confirmed that we do have a quorum.

The Chairman informed the meeting that the CEO would be making a presentation about what has happened with the bank over the last year and what is planned for the future.

2. Apologies: Warren Snowden, Liz McCoull, Charlie Langton

3. Minutes from last AGM

The Chairman asked the meeting if they were happy to approve the minutes of the last meeting.
There were no matters arising from the last minutes and no objections and therefore approved.

4. Presentation of Annual Accounts - 2018 and 2019 Financial Highlights:

All attendees should have received a copy of the accounts

The Chairman made two points about 2018-19 annual accounts for all attendees' clarity:

1. During the year NCB significantly increased earned income by £30,000, (interest from loans), which approximately matched the reduction in grant income. This is very important because NCB need to create a sustainable credit union that does not rely on grants. However, he acknowledged the very generous support from Blyth and Ashington town councils who have given grants. He also thanked private individuals who have supported NCB because they believe in what we are trying to do.
Overall NCB made a £26,000 loss for the year. Finances, however, remain in good shape with twice the capital to asset ratio of reserves the FCA requires. The balance sheet remains strong.
2. The 2019 loss was disappointing after a large profit the year before. Because of this loss, NCB have been unable to recommend a dividend. He pointed out that he and the team were very disappointed about this and hoped to do better next year.

The Chairman asked the attendees if they had any questions it would be best to leave them until the end of the meeting unless there were any questions which would prevent acceptance of the accounts.

Keith Dalton had a question about bad debt:

NCB has an astounding amount of bad debt written off, £57,000. He is rather concerned about that because income from loans to members raised £87,500

The Chairman responded:

The reason bad debt is exceptionally large is because we have been going through a cleaning process of old bad debt in the three years since merging the old credit unions. This has produced an anomalously low figure in 2018 and an exceptionally high figure in 2019. It would be better to take the 2 years together and average them but of course that is not what we do in the annual accounts. We budget for 8-10% bad debt which is lower than most credit unions in the North East but we are trying to improve.

The CEO added, this is a legacy issue but hopefully we have seen the worst of it. We now have a good robust credit control policy in place.

Jonathan Hill asked about depreciation:

NCB seem to be writing off the value of the fixed assets, is that correct?

The Chairman responded that this is correct, but they were written off several years ago. We haven't spent anything on fixed assets in the last several years and the accumulated depreciation over several years has now matched the value of purchases so there is no depreciation for this year or anticipated for next year.

5. Accept Accounts and Propose reappointment of Auditors

Accounts were accepted as all raised hands to accept.

The Chairman thanked the auditors. He stated that he thinks that they do a very thorough job at a very reasonable cost. Although NCB will be trying to negotiate a lower fee, as always.

The Chairman formerly proposed the reappointment of Baldwins. Peter Cockerill seconded the proposal.

There was no objection to the proposal, and it was therefore approved.

6. Presentation of Annual Review

The CEO made a presentation to the meeting.

She drew attention to the bar charts on page 5 of her presentation.

- NCB membership growth from 2016-2019.
In 2016 membership was about 700. Not all of the members were active and not all of the members were using their account on a regular basis.
NCB was launched in April 2017 and we now have some good data to compare from year to year. The first set of figures shows new members. This has steadily grown with a marked jump in 2019. This has resulted in well over 2000 members being in place. The majority of whom have been active in 2019
- Second section looks at total shares. This indicates the monies that are on deposit. They grew as well. By the end of 2019, NCB deposits had jumped to £648,000.
- NCB granted 806 loans in 2019 which was a substantial increase and amounted to £603,000. This meant that the loan book was over half a million at the end of the year which, in turn, meant that NCB's earned income has grown as a consequence, as we hoped it would. This was achieved with the same number of staff but with the improved automation.

The CEO said that she views 2019 as the year that NCB has been able to put into action it's plans for growth. The figures show the impact that has been made. The key to NCB's long-term success is to get membership and loan income up while keeping the costs down. So it was particularly pleasing to see these figures. However, we are under no illusion that NCB is still on a challenging journey to be able to cover its costs and be self-sustaining.

How do we meet our members needs with products and services?

- **Improved Accessibility** –for existing *and* new members
NCB continuously tries to make itself more accessible for members to join us. This is mostly through digital services and automation. Joining has been made much easier through 2019. Wherever you live in the region, NCB is now much easier to deal with.
- **Loan Applications New "Family Loan" - £400**
NCB has been promoting its family loan in 2019. This is small loan and is given to anyone who has joined as a member and has their child benefit paid directly into their account. Historically, summertime and Christmas seem to be the peak of this kind of lower level lending. This has continued. This often a

lifeline to an individual's financial wellbeing. Currently 60 family loans are on the loan book.

- **New 2% Saver Account – successful pilot**
NCB had to respond, in 2019, to an increasing loan book by ensuring we had sufficient deposits in place. That was the main driver in launching our 2% saver account. £100,000 was the first issue and the offer and was only made to our members. More issues are planned for 2020.
- **Social Media Platforms – don't forget to follow, share and like!**
These mediums have turned out to be successful in promoting NCB outside our membership. It has been very successful for our family loan, for example. Social Media is a great way of spreading our message wider than our existing membership.
- **Issue of 2018 Dividend 0.5%**
Last year we paid the half percent dividend that was allocated 2018. Importantly NCB has continued to offer free life cover linked to savings and loans. The security and safety it gives our members and their families is worth the cost to us as an organization. The CEO really hopes we can continue to offer this benefit.
- **Payroll Deduction Scheme – 5 partners – substantial contribution**
In 2019 NCB's payroll deduction schemes stepped up with local employers. By the end of the year NCB had five payroll partners. We have worked hard to improve our relationships with our payroll partners which improved the usage of the scheme and half of the payroll members have taken a loan. This is often the 'Instant500' which is very much like the family loan. This has helped us increase our deposits to higher levels than we have ever seen.

The CEO continued:

Technology and figures only tell some of the story, our members our staff and volunteers and the wider community tell the wider story. She wanted to make a special mention of all the team. There are many examples where members of the team have gone that extra mile to make a difference. There are also many stories where we have helped people in need and treated them as an individual. She is very proud of all the team.

- Team member Julie won both the regional and national heats to become The National Apprentice of the Year.
- NCB also supports the Life Savers education programme. We hope to do more with them in 2020.
- NCB is part of Northumberland Money Website which is a website portal with the aim of being a one stop shop for anyone in the county.
- NCB is pleased to be working with the illegal money lending team at Trading Standards who enable NCB to offer saving incentives to those who are often the most vulnerable to high cost lenders. NCB has more planned with this for 2020

Challenges.... There are always challenges. Last years challenges have remained this year.

- **Keeping on top of the regulatory requirements**
As a small organisation with a small team, meeting all the regulatory requirements is very hard. We do that

with the help of our trade body Association of British Credit Unions (ABCUL).

- **Growing our loan book**
NCB has to grow it's loan book to try and plug the gap between earned income and what it costs to run.
- **Keeping Bad Debts to a minimum** with a proactive but empathetic credit control. Keeping bad debt to a minimum is key.
- **Constant need to evolve and adapt to our members requirements**
This is a constant challenge. We know only too well the stresses and strain caused when people can't meet financial obligations. For some of our members it is a daily struggle making ends meet. Whatever the circumstances NCB is here to help its members. If a loan is needed, as a responsible lender, we want to offer repayments members can afford with a structured start and end date.

2020

Jan and Feb started well then Covid-19 hit and things suddenly were very different.

NCB was well prepared for a disaster and ready to adapt. We followed our disaster contingency plan and even managed to extend our opening hours. NCB continues to welcome new members, but things have slowed down.

Because NCB can operate and process new members and loans online it has been able to cope with the increased number of members. NCB is always looking for new developments and is often an early adopter. Examples include;

- **Open Banking** which allows us to speed up the loan application and compete with pay day lenders
- **The Post Offices PayoutNow! scheme** which will allow our members to collect cash from any Post Office. As this is a rural county this will be especially welcome for some members.

By actively marketing our products such as the family loan and the payroll deduction scheme NCB is reaching a far wider demographic than before. Indeed, during Covid-19 NCB took on a new payroll partner and there is a very large employer in the area in our payroll pipeline.

The CEO said she feels confident about the future despite the obvious challenges ahead.

NCB did implement a new debit card last year, but it was felt that it had limited service, so it was not launched to members. This year we plan to offer a more comprehensive account package that will be fit for purpose.

NCB is launching its new website next week. It is brighter and more welcoming helping NCB to widen its appeal and make it even easier to business with.

NCB is introducing Faster Payments which allows members to withdraw, instantly, 24 hours a day. This will relieve pressure on NCB staff because there will be less manual processing of withdrawals so they can concentrate on supporting our members in other ways.

The Chairman picked up on one of the comments made:

The substantial increase in the number of loans being granted. He made the point that it would be very easy to increase the loan book by giving bigger loans. NCB hasn't done this. The loan book has been increased by providing small loans quickly to people who really need them. NCB has doubled the size of the loan book

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without increasing the average size of its loans. It is providing small loans to people when they need them, quickly, to address real issues in their life. We are turning what could be a crisis for our members into a bump in the road.

He pointed out that, If NCB loans an individual £400, it is almost impossible to do that and actually make any money. This is the reason that we concentrate on automation so much because this is the only thing that enables us to continue to do this sustainably. We are fighting a very difficult battle and it is a credit to the CEO and the team that we find a way of doing it.

7. Election of Directors

The Chairman stated that no directors are required to retire and therefore no directors need to be elected.

8. Supervisory Committee

The Chairman stated that the Supervisory Committee is very important. It is a statutory committee that NCB has to have. It is doing a great job of holding management to account. Happy to say we have a very constructive relationship. The Chairman wanted to thank all the members of the supervisory committee.

The Chairman confirmed the reelection of that committee.

Questions:

Keith Dalton

KD said, this is a question I raised 2 years ago at the AGM: Can those who are present at the AGM be recorded on the minutes? It was going to be investigated but it hasn't occurred so far. Salaries have gone up so it would be nice to see who they are and what they do.

The Chairman responded that there is no reason why we cannot do that. It is public information and we can publish it.

KD said NCB is a not for profit organisation and therefore I think interest on the loans should be looked at again with regards to this. NCB interest on the loans is high, about 20%. There are banks and credit cards that charge a lower interest rate.

The Chairman asked if the CEO wanted to comment. The CEO confirmed she had commented before on this issue. Our sector is heavily regulated. We are allowed to charge 3% per month but if we give money at 5-6% APR we would not be able to function. We would love to have interest free loans for some, but someone is going to have to pay for that. NCB's average interest rate is 1.5% per month which is 20% per year. But a lot of our members could not get near to this interest rate with other lenders.

The Chairman said NCB does mostly small loans and there is a fixed amount of administrative cost so the interest looks high because you need to cover that fixed admin cost. NCB loans are typical or lower than the industry average and much cheaper than pay day lenders.

KD responded that he took on board what the Chairman and the CEO are saying but felt the poorest are coming to credit unions for a loan so surely the interest could be lower than 20%. This is astronomical.

The Chairman said emotionally we all agree with you but practically we charge the minimum we can to be viable.

9. Chair's closing remarks

The Chairman concluded that we live in uncertain times and we don't know how this year is going to pan out. We have not had a flood of requests for loans as expected at the beginning of the COVID crisis and in actual fact savings have increased and the number of loans have dropped.

Thanks for everyone for attending the meeting. We are available to our members all year around.

Peter Cockerill thanked the Chairman and the CEO and the rest of the board and staff for their excellent work this year. Kath Nisbet reiterated the thanks.

The Chairman called the meeting to a close.

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