

MINUTES OF ANNUAL GENERAL MEETING

Monday 21st June 2021, 4.00pm – 5.00pm

Live Web Conference

Attending:

| | |
|---------------------|-------------------|
| Mark l'Anson | Jackie Littlewood |
| Lauren Langton | William Dalton |
| Kath Nisbet | Peter Rand |
| Simon Merchant | Jonathan Hill |
| Sir Mike Darrington | Dorothy Chambers |
| Peter Cockerill | Yvonne Carter |
| Margaret Richardson | Lewis Davison |
| Harriet Wallace | Cameron Douglas |
| Sarah Armes-Reardon | Lesley Grieve |
| Carmen Ward | Charles Langton |
| Adam Lewis | Julie Mills |
| Nicola Locke | Mollie Self |
| Elizabeth McCoull | |

Jackie Littlewood from ABCUL welcomed all to the meeting and showed the users how to ask questions and electronic polling. She then tested the polling.

1. Chair's Welcome, Opening Remarks and Confirmation of Quorum

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

2. Apologies:

Sandra Green, Madeleine Storey, Shirley Stuchfield, Constance Hovsepian

3. Minutes from the last AGM

The Chairman informed the meeting that there were two actions from the last meeting. The first was to record the attendees of the meeting which we hadn't previously. The attendees were recorded in the minutes last year and will continue to be recorded. The second was to make sure the information was made available on the website which it was, subsequent to the last meeting, and has been prior to this meeting.

The Chairman asked the meeting if the minutes were an accurate record of the meeting last year?

Jackie Littlewood confirmed using polling that 93% of attendees voted and 67% accepted the minutes and 43% abstained as they didn't attend last year's meeting. Therefore, the minutes were accepted as an accurate record of the AGM 2020.

4. Presentation of Annual accounts

The Chairman informed the meeting that the CEO would be making a presentation about the highlights of last year later then continued:

We began 2020 with a global pandemic. This affected saving and borrowing habits. Our automated systems meant we were well placed to provide a full service for our members. We increased our earned income by over £10,000 in the year and this was done by growing the number of loans made. Bad debt was much improved being £30,000 less than the year before. 2019 was an exceptional year for bad debt where we wrote off a lot of historical debt and forecast only 8-10% for this year, in fact NCB have done much better than this.

The above should have made NCB £40,000 better off but unfortunately grants were down £40,000 so the net result was a net deficit of approx. £28,000 compared to £26,000 the year before.

The other key number, as NCB is regulated by the FSA, is the capital to asset ratio. A minimum of 3% is required and at the end of 2020 we were at 9.1% which means that NCB is in good shape and in no danger of breaching statutory requirements.

The Chairman asked for any questions?

William Dalton asked firstly about why wages and salaries have gone up by £30,000.

The Chairman responded that in 2019 NCB had a number of people employed on short term consultancy contracts who we subsequently employed as members of staff if you add this cost to wages and salaries you will see that the increase in costs was only 2-3%.

William then asked about bad debt written off? £21,000 is a lot to write off. Why is this still high?

The Chairman explained that the bad debt being high is a matter of opinion. NCB lend to people in difficult circumstances, often in distress, and therefore sometimes people don't pay it back. It is always a judgement call. NCB could get the bad debt down to nothing by not lending but that is not what we are here to do. We aim to keep bad debt down to 8% and we are keeping to this target.

Jonathan Hill asked about the discrepancy between grants received through the year and then grants drawn down?

The Chairman explained that NCB do not necessarily draw down all the grants we receive in the year that we receive them. He referred to page 5 of the information provided which gives more detail. NCB have had a member of staff employed using the Mercer grant which is also accounted for in a different way and this makes it not immediately obvious how the grant is spent when you look at it.

The Chairman asked the meeting if the annual accounts for this year are accepted?
Jackie Littlewood informed the meeting that 87% voted with a unanimous yes

5. Reappointment of the Auditors?

The Chairman reminded the meeting that Baldwins have completed NCB audits for a number of years and have done a good job. They also complete accounts for a number of other credit unions. They have changed their name to Azets this year.

The Chairman proposed reappointment of Azets as NCBs auditors.

Jackie Littlewood informed the meeting that 87% voted with a unanimous yes.

6. Presentation of the Annual Review

The Chairman introduced CEO Lauren Langton, to present the annual review.

- The CEO reminded the meeting that as a financial cooperative NCB exists primarily to provide a safe home for savings and access to affordable loan. It has strived throughout 2020 to best play it's part in serving it's member's financial needs, in particular over 1000 members who needed a loan below £1000. Offering these small loans is really important. They are often a financial lifeline for many of our members. Our loans help prevent people resorting to very high interest loans or loan sharks.
- NCB continued to grow it's membership through employers who offer our payroll deduction scheme to their staff. This element of NCB's business strategy remains very important as it helps us to achieve our ultimate goal of being self-sustainable without the need for grant support.

- The pandemic caused major changes to savings and borrowings and NCB has been affected by this. We estimate that NCB lost £50,000 in income due to the pandemic. NCB had originally budgeted for a small surplus so after diligent cost savings the loss was limited to just under £29,000.
- It has been a very difficult year. Despite considerable challenges NCB survived and, in some aspects, thrived. NCB's customer base has grown since launching in April 2017. Active membership has grown from 500 to 3,006 at the end of 2020. Last year, saw 967 new members alone which was a 40% increase. Additional Payroll Partnerships were formed. NCB now have nine partners including Northumbrian Water. More details about our partners are on the website.
- NCB Doesn't have a large marketing budget and have had no ability to be out and about to promote the community bank services during the last 18 months. We still need to raise awareness of who we are and what we do throughout our communities. NCB has continued to be active on social media and building working relationships with people who will raise our profile in communities where they live and work.
- We encourage all member to save. Certainly, this resulted in our deposits reaching a record £783,000 by the end 2020. NCB granted 1184 loans; lending just over £780,000. In November and December alone, the team issued 465 loans and continued to work through the traditional Christmas and New Year break to make sure NCB members had the funds they needed. For members that found themselves in difficult or changed circumstances NCB remained approachable and flexible in terms of their loan repayments. This is business as usual for NCB not just during the pandemic.
- NCB are seeking to improve our customer experience and there are always online improvements that make dealing with us easier. Our customer service was greatly enhanced last year by Open Banking which almost eliminated the need for us to see bank statements to prove income and expenditure when they apply for a loan. This has been welcomed by all. Members can now access their accounts digitally whether they use the mobile app or our member area on the website. NCB App usage increased activity by 280 %. Faster payments has also been introduced which means when a withdrawal is requested by a member it is actioned in real time. Once again this is a vast improvement for our members and our efficiency.
- NCB loan products have been improved. The original family loan was £400 and repaid by paying child benefit directly to us. We have launched an £800 family loan that can be repaid over a longer period of time. Feedback from members is very positive. All loans require an element of savings which builds in a bit of financial resilience for our members. Further expansion of products will be aimed at a wider group of people so we can help as many people as possible. We are aiming to provide a financial dashboard to help our members to make the most of their finances and put them in an informed position.
- NCB still operate with a very small team of staff and volunteers. I'd like to publicly thank them for their efforts, including Adam who has recently joined and is getting involved in all aspects of the business and is already a very valued member of the team.

Whilst 2020 was not the year we planned and was not easy in any respect we are extremely proud of what we achieved together with our membership, for our membership. NCB will continue to try to achieve our key objectives in the coming year; operational resilience, helping more people and to be self-funding.

The Chair asked for questions

Peter Rand Firstly, asked about current volunteer opportunities as he had volunteered in the past?

The CEO responded that all volunteers are very welcome and asked Peter to get in touch after the meeting to discuss the opportunities.

He then asked whether NCB could cooperate with the foodbanks to promote the services as foodbank customers may well be interested in using NCB?

The CEO responded that food banks are a very interesting opportunity. NCB would welcome the opportunity to put a leaflet in foodbank parcels. We have done this previously but had been advised that often people who are using foodbanks are not in the right place to take advantage of a loan. However, any ideas around opportunities with foodbanks would be welcomed.

Jonathan Hill commented that he thought the team had done an amazing job keeping the bank going.

William Dalton reiterated Jonathan's sentiment. He also feels that NCB definitely need promoting. He suggested pamphlets are made and put in libraries, doctor's surgeries etc.

The CEO responded that NCB tried to do a lot of leafleting before lockdown need to get going with this again.

He also asked if NCB is going to award another dividend this year.

The Chairman responded that NCB would love to pay a dividend and intended to do so but the impact of Covid has made this impossible as a small loss was made. Dividends can only be paid out of a surplus and NCB does plan to get into profit and pay a dividend as soon as possible.

7. Election of Directors

The Chairman informed the meeting that no one is retiring from the Board this year but a new board member has been co-opted; Simon Merchant. Simon has lots of process and management skills and has already had a significant effect on improving the organisation and the operation of the credit union. The Chairman asked the meeting to approve confirmation of the co-option of Simon Merchant onto the Board of NCB.

Jackie Littlewood informed the meeting that 94% of the members that voted, voted unanimously yes.

8. Supervisory Committee Update

The Chairman reminded the meeting that the Supervisory Committee is a body that NCB is required to have by law. The members of the Supervisory Committee are members of NCB but are not allowed to be members of staff or Board members as they must remain independent. They produce an annual report. In 2020 they performed 6 audit reports covering reporting and regulatory requirements, governance, financial, lending and credit control, operational, member services.

The reports found overall NCB is well run and adhering to regulatory requirements. The report gave some suggestions to improve performance. None of the areas to be improved are seen as a serious risk to the bank. This is a good report.

The Chairman personally thanked the Committee, Tony Kirsopp, Liz McCoull and Shirley Stuchfield for their support. He gave particular thanks to Shirley, who is stepping down as Chair after three years. This means NCB will be looking for a new chair in the coming months.

William Dalton referred back to his suggestion re leafleting: He asked to be given some leaflets so that he could circulate them in the relevant places.

The Chairman also commented that he thought that one of the biggest weaknesses of the organisation is that it is not well enough known and one of the biggest objectives for the coming year is to make sure that NCB gets better known.

9. Chairman's Closing Remarks

The Chairman concluded:

This year started well despite the lock down. Looking at the figures at the end of May 2020 NCB had issued £160,000 in 244 loans. This year, at the end of May, we had issued £210,000 in 322 loans. That's 30-40% more lending to our members this year compared to last year without increasing staff members which is in a large part a result of increased automation.

A Couple of years ago the money lending business Wonga went bust having charged it's customers interest rates of typically 2000%. NCB in contrast charge 6-40%. Brighthouse has also gone out of business, typically lending at 100% APR. The Provident have withdrawn from their door-to-door business, they were charging anywhere from 100% to 1000%. Our communities have been exploited by these companies for years and years and it is wonderful that they are disappearing. The need, however, for the loans has not disappeared and the danger is that, with those companies gone, some people will turn to loan sharks. NCB need to make sure that doesn't happen. We need to get out there and make sure people understand that there is an alternative. We will continue to use social media and leaflets, but we don't have the money for advertising so if anyone knows anyone in this situation, please let them know we can help them.



It is a changing landscape with many opportunities to do good. I am very optimistic about the future of NCB. We have got off to a good start in 2021 and under the CEO's leadership, I'm sure the team are going to continue to do great work.

The Chairman drew the meeting to a close.

NCB is committed to protecting our members' privacy. Our Privacy Notice is now published in full on our website www.northumberlandcommunitybank.co.uk or is available by contacting us on 01670 522779 or enquiries@ncbank.co.uk