

Minutes of the Annual General Meeting of Manchester Credit Union held on 28th. January 2020

- 1. Welcome and Attendance:** The chair of the credit union, Peter Mitchell, opened the meeting and welcomed the members.
- 2. Minutes of the last AGM.** The minutes of the AGM held on 26th. February 2019 were accepted as a correct record. There were no matters arising.
- 3. Annual Report.** Peter Mitchell summarised the annual report for the year from 1st October 2018 to 30th September 2019. The credit union remained in a healthy financial state and had grown steadily over the year. There had been an increase of 19% in both membership and loans and an increase of 39% in savings. The larger increase in savings was due to the introduction of the Gold Saver Account, which had raised £2m in a fairly short space of time, which had allowed the credit union to meet the demand for loans without having to borrow funds to meet the demand. Peter congratulated the staff team on their achievements in supporting this level of growth and explained that staff bonus scheme had been rolled out again at the end of the year in recognition of this. Peter also mentioned the ongoing work of the Greater Manchester Consortium of Credit Unions.

A question was asked about whether there was a risk to the credit union because of the large number of family loans made. Christine Moore explained that the credit union did do an affordability check, although not a credit check, before granting a family loans and that family loans made up about 40% of the loan book, so that this risk was spread over a large number of small loans. In addition, whereas around 4.7% of the total loan portfolio was ultimately written off due to loan default, this was the case with only around 1% of family loans. At the time of the meeting, around 8.7% of family loans were in arrears, compared with 14.95% for the loan book as a whole. Christine confirmed that we were holding £1m in the bad debt reserve for family loans.

Further questions asked what proportion of the credit union's surplus was due to family loans and whether the credit union was taking steps to diversify the loan portfolio. Christine explained that the family loan scheme currently produced 49% of the credit union's income, and described some of the other products being developed which would diversify the portfolio, such as payroll loans, products which would provide an alternative to payday loans, and an online loan portal being developed by Experian. Christine also mentioned that the PRA were supportive of the family loan product.

- 4. Finance Report.** The finance report was presented by the Treasurer, Barry James, who went through the headline figures in the accounts and thanked the staff and members for their support for the continued growth which had allowed the credit union to become sustainable.

Questions related to

- a. the benefits of membership as they could be explained by existing members to potential new members – these were summarised as good interest rates, access to small loans, additional free life insurance which doubles savings, and the fact that the credit union is a member-owned local and ethical organisation which seeks to benefit the local community;
- b. accessibility for members via phone, branches and the websites – the credit union is shortly to launch an app for members and members who can do so are encouraged to use the website or the app, to relieve pressure on the phones and branches;

- c. the significance of note 12 to the accounts – it was explained that the credit union is liable for corporation tax only on income from bank interest, not on its whole surplus;
- d. the eligible loan deduction scheme which was explained by Christine;
- e. the future of the Gold Saver Account – Peter explained that this had been a time-limited offer to the end of March only and the board had yet to decide on the position after that - a rate of 2% was suggested by members;
- f. the future of the credit union, given the recent growth – Peter explained that the plan is to continue to grow within Greater Manchester (we are currently reaching only approximately 1 or 2 % of the eligible population) and encouraged members to themselves encourage new members;
- g. the credit union's use of social media – it has a facebook and twitter account, but is not so far on instagram;
- h. the credit union's relationship with the CAB, which was explained by Christine.

It was proposed to pay a dividend to members of 1% and this proposal was passed unanimously.

- 5. Appointment of board members and officers.** Moira Suringar was unanimously re-elected to the board.
- 6. Any other business.** Peter explained the work of the Audit and Risk Committee and the internal auditors and thanked Paul Jones for his work in chairing the Audit and Risk Committee.