wave community bank

Local. Ethical. Together.

Wave Community Bank – Virtual Annual General Meeting 26th September 2024 at 6.15pm

1. The CEO – Ann Hickey - welcomed those in attendance and explained the meeting was being recorded.

2. It was confirmed that the meeting was quorate.

3. It was confirmed that the minutes of the 2023 meeting were approved.

4. The President - Richard Priestman - thanked members for attending & shared highlights from 2023, including:

   a. Merger with Kent Savers CU – Welcome to those members & thank you for their patience. It was a big piece of work and has stabilized both CU's to huge effect. The business we are writing now is significantly ahead of where each CU were & we are expecting great things.
   b. Last year the surplus was £6k which is ahead of where we thought we would be given the market and merger.
   c. Rachel Reeves visited the Hove office, & along with local MP's, they learned about the work that Wave CB & local authorities are doing. As a result, it's felt that a relationship has been built where we will be listened to at the highest level in government about what improvements need to be made for the credit union movement.
   d. High levels of member satisfaction – this continues but as always we could always do better. WCB are also now on some price comparison loan websites.
   e. Growing Employer Partners – these schemes are good for both employees & employers as well as helping the business, as it gives a level of assurance. Payroll has grown significantly and WCB look forward to growing this in the Kent area.
   f. Financial Wellbeing Support Officer – big success with this post being in University Hospitals Sussex. This is a joint venture with University Hospital Sussex & is producing huge amount of business based on a person being at the hospitals, helping staff with their financial wellbeing. This model is something WCB hope to roll out in other places

   Thanks was given to:

   - Local authorities who have supported WCB throughout the year.
   - New support from Fair4All who helped with the merger.
   - Board members who are volunteers and work tirelessly. James Turner who was the WCB Secretary & has stepped down – WCB are currently looking to fulfill this role and call out was made if anyone had contacts or would be interested in the role.
   - Staff and Management team who work hard to achieve what WCB has achieved.
   - Volunteers in addition to the board who work part-time in the office.

5. Questions – RP responded to some questions that were submitted online in advance of the meeting:

   Q. Why are WCB not paying a dividend, what's the plan for growth, are we sustainable & are we giving small marginal loans for people who need them?

   A. WCB is a very ambitious credit Union & has exceeded budgeted plans every year. The merger with Kent has made WCB much better than the single parts. Business levels are nearly twice that of the single CU's. Before the merger in Q3 Kent had a volume of 180 applications for £280K value & wrote £43k of loans. Q4 WCB (pre-merger) had 877 applications with value of £1.18m & wrote 258 of them with £241k value. That was 6 times the numbers of Kent premerger. WCB have ambitious plans and will do well & already significantly ahead.

Policy is always to pay dividends out of a surplus, next year might not see enough to pay a dividend; however we are expecting to make a profit and be profitable.

Q. Will Wave Bank be opening any High Street banks in Kent and Surrey to counter the main banks which are choosing to close theirs?

A. Recent member survey showed that over 90% of members prefer to do their banking online. We have offices in Hove & Kent. Opening branches is an expensive proposition & banks are closing branches because they can't afford to run them. WCB prefer to use the money to promote help for our vulnerable members with partners, and promote what we do. There was no loss of business when WCB moved premises to Hove town Hall from a main street office where footfall was greater.

Q. We need more women and diversity in the banking system. This should be the focus of Wave for the next 5 years.

A. AH responded to this question and agreed with the comment. ABCUL (the trade body) carried out some research and found that CU's are much more diverse in comparison to other financial originations. There are lots of female leaders in CU's. WCB team are made up of 60% female and have representation of different people for race, sexuality & disability. WCB management team are ¾ female. Board & supervisory – 40% are female. WCB always try to do more & diversity audits of the board are done, monitor equal opportunities with the staff & targeted recruitment. Member of Women in Finance Charter. AH is on a steering group with ABCUL to encourage women in CU's to get into leadership.

6. The Treasurer – Jim Taylor - summarised the credit union's financial performance. His key points included:
    a. Income
        i. Overall £6k profit
        ii. Income was £771k which was an increase of over £200k from the previous year.
        iii. Increase in interest on loan income on an expanded loan book
        iv. Other income made up of Bank deposits (good rates), Financial Wellbeing Support Officer (FWSO), DGS, membership fees.
        v. Grant income fell flat at £45k
    b. Expenditure
        i. Salaries £60k increase due to extra staff from Kent, FWSO, staff growth
        ii. Bad & doubtful debts remained the same on an expanded loan book which is due to good performance.
        iii. Other non-pay costs increased by £45k due to:
            - additional corporation tax on interest on bank deposits
            - IT upgrades in part due to the merger
            - One- off accountancy & audit fees (KSCU & WCB audit in same year.
        iv. One-off adjustment for Kent of £67k- WCB board accepted a one off loss was an acceptable price to pay for the merger and the growth it would bring.

    c. Sustainability
        i. Loan Interest £70k
        ii. Grants £45k – reduced on previous year
        iii. Other Income from bank interest, DG, FWSO – increased substantially to double previous year
        iv. Overall 94% of income is earned income with only 6% coming from grants which bodes well for sustainability.

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    d. Balance Sheet
        i. Members savings increase of £1.5m which fundamentally was driven by the merger.
        ii. Loans increased by £800k on net loan book. Most of this increase was pre-merger and due to the work of Business Development Team.
        iii. Net effect of both changes is an increase in cash of approx. £700k
        iv. Reserves increased by £6k which is the profit for the year.

e. Questions

   Q. Why are pay cost £352k for the year when many of the posts are or could be volunteer roles?
   A. Volunteers are used for high level knowledge & expertise that WCB could never afford to buy. This is evidenced with the board, internal audit team & legal advisor. WCB has previously used volunteers for member facing roles; however they require significant management & standards were variable due to the inconstancy of frequency ion the office. Member prefer to manage their accounts online which allows WCB to cover a wider area to the same standards.

   Q. Please explain note 15 to the accounts, what are "loans and advances to banks" of £3,412,203 which is a large proportion of the bank's balance sheet?
   A. This relates to money in WCB bank account & is the difference between member savings and loan out to members. Some of this is required by the regulators so that members savings can be repaid on demand; however more it is money waiting to be lent out to members.

   Q. Why do we pay auditors so big a fee ?
   A. There was 2 audit fees accounted for in the last financial year, Kent audit was paid after the merger & then the WCB audit. It was necessarily more than usual.

7. Approval for Delegated Authority & offering Interest Bearing Accounts was given by the membership in advanced voting.

8. The accounts were approved by the membership in advanced voting.

9. No dividend due to the small surplus.

10. Approval for appointing the external auditors UHY Hacker Young was given by the membership in advanced voting.

11. Changes to Rule Book accepted.

    a. London Borough of Bexley added back into the common bond after the regulators stipulated that it had to be removed prior to the merger. As Bexley was already in the old KSCU common bond, it was right to add it back in post merger.
    b. Remove the organisation Places for People as the work that WCB hoped to do with them hasn't happened.
    c. Ability to offer additional services such as conditional payment offerings & insurance products. There are no plans currently to offer these additional services but whilst we are making changes to the rule book, it made sense to have these agreed now to make these offering possible in the future without having to come back to the membership.

12. Supervisory Committee - the chair – Jill Forsyth - outlined the responsibility of the internal audit function. Jill thanked Victoria & Muhitur for their support, valuable time & expertise to support the audit & compliance work that is done. Over the year, broadly the internal audit has observed a really good control frame work & strong governance process. There has been no cause to issue any critical recommendations. All of the given recommendations have been taken in the spirit of continuous improvement. The areas looked at across the year have included risk processes, governance & risk registers, assurance mapping, cyber risk management, data security as well as the due diligence of the KSCU merger including policies and compliance. Jill thanked the senior management team at WCB for their support, despite it being a very busy period and said she is looking forward to supporting the board & the organization.
    No questions were asked during the meeting.

13. The directors up for election were re-elected via advanced voting online:
    a. John Stokes

b. Samantha Bagnall
c. Roz Sutton
d. Wesley Eason
e. Susie Crawley

14. The CEO confirmed that there was one question asked during the meeting and passed this to RP to give a response:

    Q. What went wrong in the past with Kent Savers & Wave which made them unprofitable? And so how will your actions, policy, approach going to change so as to become reliably profitable?

    A. Kent can only be spoken about since WCB have known them. East Sussex was profitable in the past, business was growing & very well supported. COVID hit and there was a reliance on grants to keep WCB solvent which was achieved. Immediately after COVID the business started to grow. There wasn't so much business going through Kent & the board were fighting hard to get business levels on small levels of business. By putting the two organisations together, the combined CU's are more than each individual. WCB is an optimistic orgnisation and progressive – looking at system changes that will give better management information, running the loan book & saving time. By merging the two credit unions there has been savings as well; whilst there are still 2 offices there are savings in joint areas – audit being one. There are 'aggressive' business development plans in Kent & East Sussex – forecasting a surplus for next year.

15. The President thanks the attendees for their support & reiterated that WCB. It was confirmed to the membership that the AGM recording would be available to watch via the WCB website for a period of 30 days.

16. There being no further business, the AGM was closed at 18:48pm