

ANNUAL REPORT 2025



INTRODUCTION

Our Vision

To provide financial services to members in the Eastern region, improving their resilience and wellbeing.

Our Mission

To provide modern financial services that enable us to effectively serve a larger proportion of the population, with a focus on individuals at risk of using high cost or illegal lenders.

To be accessible to anyone in the community, but with a core low-income membership otherwise at risk of using high cost or illegal lenders.

To work, where we can, to help our members build financial resilience, awareness and less dependence on credit.

Financial Services Compensation Scheme

The money you deposit into your credit union account, up to £85,000, is protected under the Financial Services Compensation Scheme (FSCS). The credit union is compliant with the requirements of the scheme and undertook a successful test this year.

Fidelity Bond Protection

Your money is further protected by the credit union buying Fidelity Bond Insurance. This insurance protects your money against staff dishonesty or theft.

Regulated and Authorised

Eastern Savings and Loans Credit Union Limited is Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulatory Authority, FRN 213756.

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CHAIR'S REPORT

Welcome to our annual report for the year ending in March 2025.

We have again helped more borrows than in the previous year and our focus on small loans, along with an effective lending strategy has enabled us to increase income from lending.

The board continue to consider how we can help more people both saving and borrowing. To this extent, the board approved substantial capital investment in a new website, which went live in March 2025. Early monitoring shows this investment is starting to have a positive impact.

The board continued to meet monthly to review progress and provide strategic guidance to the credit union. We have discharged our responsibility to keep proper accounting records, maintain a satisfactory system of controls, safeguard the credit union's assets and take steps for the prevention and detection of fraud and other irregularities.

The board reviewed the expectations of the Prudential Regulation Authority (PRA) for high Standards of Governance in Credit Unions and are pleased to report we had robust approach to all aspects to which they had drawn our attention.

We refreshed our vision for the credit union and confirmed this is:

"To provide financial services to members in the Eastern region, improving their resilience and wellbeing. To grow our membership as the credit union of choice of more people in the community, with a focus on individuals at risk of using high cost or illegal lenders".

The board completed the move from the Supervisory Committee to the Audit Committee in accordance with the recent rule change. The three members of the Supervisory Committee, Sally Chicken, Nika Watts and Glen Chisolm were co-opted to the board of directors and appointed to the Audit Committee. Two directors left during the year, and we thank Robert Finch and Michael Kitching for their contributions.

I am delighted to report that Eastern Savings and Loans Credit Union, is an accredited living wage employer.

We thank our staff, volunteer directors and all our members for helping us to remain a sustainable and successful credit union.

We hope you can join us at our AGM on the 11th of August.

Graham Evans
Chair of the board



TREASURER'S REPORT

I have pleasure in presenting the accounts for the year ended 31st March 2025. Please be aware when reading them that the comparison period (2024) is for 18 months as we extended our year-end last year. In this report I have compared two-thirds of 2024's reported values against 2025's results, so that we can draw meaningful conclusions about our financial progress.

The reported 18 month profit in 2024 was just under £109,000, which translates to £72,650 for a 12 month period, compared to 2025's result of just under £26,000. Whilst this looks like a marked decline, it is a result of several carefully considered decisions by the Board, which I believe have strengthened the Credit Union's position for the long-term.

- Our core business grew during the year.
 - Interest from members loans increased over £31,000 compared to 2024 (15% increase).
 - The net loan book (loans due from members, less provision for slow payments) increased by over £68,000.
 - We issued £1,023,000 in loans in 2025, compared to £950,000 in 2024 (up 7.7%).
 - We had over 1,000 new members during the year, but a similar number also left during that period, giving a net drop in membership of 10. We are working on ways to reduce the number of leavers in future years.
- Interest payable (note 5) is the dividend paid to members and the interest paid to junior members. The AGM in 2024 approved the payment of £19,980 dividend, and the Board had proposed this rate (1.0%) as we had made a good surplus for the year, and we wanted to reward our loyal savers with another dividend, after their having had many years with no return on their savings. The proposed dividend payable on the 2025 results is 0.7% which will cost around £8,800 for adult members and the estimated interest for junior members (1.5%) is £2,500. One of the quirks of the accounting rules is that we can't show the dividend as a deduction against the surplus made in the year that it relates to, so sometimes the payment will look high or low compared to the results for the year it is paid in.
- Other income (note 7) dropped from around £62,000 to £36,500.
 - £25,000 of this drop was due to the ending of the service level agreement we had with Suffolk County Council to support vulnerable adults with financial services. We had known for some time that this agreement was ending, and whilst it has had an impact on the Credit Union's income, one consequence has been staff gaining time for other tasks, as the members of the scheme made frequent contact with the office team.
 - We have also seen a reduction in grant income from other sources. The Board has had a long-term goal to reduce the Credit Union's reliance on grants.
- Most expenses are in line across the last two sets of accounts with the exception of heat and lighting due to electricity and gas price increases which impacted everyone during the year, and an increase in computer costs. We switched to new banking platform software in January 2024. There are additional, ongoing software fees of around £11,000 per year, compared to our previous system, but we have seen the benefit of the changeover with transaction processing being more streamlined and quicker loan decision making. We are also able to extract wide range of reports from our data, so the staff and Board are better informed for making decisions regarding the running of the Credit Union.



TREASURER'S REPORT

- During the year we had a new website, which cost £26,520 (this appears as a fixed asset addition in the Balance Sheet, note 11). The old website was technologically outdated, slow to load on people's devices, and was causing difficulties with the search engines, which meant we were dropping down the rankings on Google or other sites.
- The new site, alongside the new back office system implemented last year, keeps our branding consistent. The much improved "Members' Area" allows existing members to check their account balances and make transfers/payments themselves, as well as getting updates on the progress of loan applications. This increase in "self-service" has meant the staff team are able to spend time speaking to members who have more complex queries.
- Another decision was to increase the salaries of our team members. This process had started in 2022 where above inflation rises had been implemented each year, and the Board decided to award pay increases this year which would result in all staff being clear of the minimum wage; we have now received accreditation as a "Living Wage Employer" which was a long term goal of the Board, to show our appreciation of all the team members and recognition of the importance of our staff in our business.

All these changes have strengthened the Credit Union, and will enable us to serve the population of the East of England with a professional service over the coming years.

As always, I thank the office team and in particular Mark the finance officer for all his help, advice and input over the last year. The role of treasurer would be much more difficult without his knowledge and expertise, and I am hugely grateful to have him as a valued colleague.

Ruth Wailes
Treasurer



AUDITOR'S REPORT

The summary information presented within this annual report does not constitute the full financial statements of Eastern Savings and Loans Credit Union for the years ended 31st March 2024 and 31st March 2025 but represent extracts from them. These extracts do not provide as full an understanding of the the financial performance and position as the full financial statements, which are available on our website or by contacting the office.

The external auditors, Lindley Adams Limited, Chartered Accountants, has issued an unqualified audit opinion on the full financial statements for the years ended 31st March 2024 and 31st March 2025.

Their opinion on the full financial statements for the year ended 31st March 2025 issued on 06 August 2025 was as follows:

Opinion

In our opinion, the financial statements:

- Give a true and fair view of the state of the credit union's affairs as at 31st March 2025 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014 and the Credit Unions Act 1979.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the credit union's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of directors are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.



Lindley Adams
External Auditors

REVENUE ACCOUNT

	2025	18 month period 2024
	£	£
Loan interest and similar receivable income	275,650	358,838
Interest payable	(19,980)	(7,066)
Net interest income	255,670	351,772
Fees and commissions receivable	42,580	65,646
Fees and commissions payable	(13,740)	(18,852)
Net fees and commissions receivable	28,840	46,794
Other income	36,528	93,303
Administrative expenses	(206,291)	(287,164)
Depreciation and amortisation	(5,845)	(4,377)
Other operating expenses	(52,466)	(74,530)
Impairment losses on loans to members	(23,059)	(7,102)
Surplus before taxation	33,377	118,696
Taxation	(7,430)	(9,720)
Surplus for the Financial Year	25,947	108,976

BALANCE SHEET

	2025	18 month period 2024
Assets	£	£
Loans and advances to banks	1,132,238	1,394,990
Loans and advances to members	782,856	714,414
Tangible fixed assets	46,930	21,269
Prepayments and accrued income	14,761	22,424
Total assets	1,976,785	2,153,097
Liabilities		
Member accounts	1,477,446	1,575,947
Other payables	207,068	297,826
	1,684,514	1,873,773
Subordinated Loan	0	13,000
Retained Earnings	292,271	266,324
Total liabilities and reserves	1,976,785	2,153,097



AUDIT COMMITTEE REPORT

This Committee became a sub-committee of the Board of Directors following membership approval at last year's Annual General Meeting to change the credit union's rules and subsequent approval by the regulator. All 3 members of the Supervisory Committee transferred to be Board Directors at that time. The Members of the Committee were Sally Chicken, Glen Chisolm and Nika Watt.

The Audit Committee is responsible for ensuring that the credit union meets the required financial and regulatory expectations, reviewing and establishing policies and procedures sufficient to safeguard member assets.

At the first meeting following the Annual Meeting, the Audit Committee is elected by the board and works to prescribed terms of reference previously agreed by the Board as part of its regular review of policies and procedures.

The committee discusses and reviews a wide array of policies and procedures, some of which are listed to the right. I am pleased to report that no areas of concern were found.

The credit union continues to make improvements, and looks to comply or exceed regulatory requirements in areas which apply to larger credit unions. This means that when we become larger, we will not need to change our procedures and will give confidence to the regulator that we are ready to be a "large" credit union.

New improvements continue to be made to our back office system, helping to increase the quality of reporting to the committee from the management and the internal auditor.

The Internal Audit function is discharged by David Norman. The Internal Auditor undertakes regular randomised checks of activity as set out by the Audit Committee each year, reviewing transactional compliance with legislation, regulation, policies and procedures. David attends meetings of the Audit Committee so the checks can be discussed.

No issues of concern were highlighted by David as part of his checks.

Additional checks have been added throughout the year as improvements have been added to the back office IT system. The improvements continue to allow a larger number of items to be checked without adding to the workload or time.

The Committee is pleased to report the office team gave and continue to provide every possible co-operation in answering questions from the Audit Committee.

I would like to thank all members of the committee for their contributions this year.

Fundamental Controls

- ✓ Anti-Money Laundering
- ✓ Bad Debt Provision
- ✓ Business Plan
- ✓ Capital to Asset Ratio
- ✓ Compliance
- ✓ Consumer Duty
- ✓ Data Protection
- ✓ External Audit
- ✓ Fidelity Bond
- ✓ Financial Controls
- ✓ FSCS Single Customer View
- ✓ Governance
- ✓ Internal Audit
- ✓ Liquidity
- ✓ Policies and Procedures
- ✓ Regulatory Returns
- ✓ Reserves
- ✓ Solvency
- ✓ Treating Customers Fairly



Sally Chicken

Audit Committee Chair

MLRO REPORT

This report covers the anti-money laundering activities of the Eastern Savings and Loan Credit Union (ESLCU) for the year 2024-2025, covering the period 1st April 2024 – 31st March. This report is a summary of the information contained in the monthly Money Laundering Prevention (MLP) reports submitted by the ESLCU Finance Officer during this period. The monthly reports have also been summarised in the four quarterly MLRO reports submitted to the ESLCU Board at the end of each quarter during the year.

As MLRO I can confirm that MLP reports covering the 12 months April 2024 - March 2025 inclusive were submitted in a timely fashion by the ESLCU Finance Officer and these reports confirmed that all the operational activities required to implement ESLCU anti-money laundering policies were implemented.

There have been no money laundering incidents during the last 12 months. However, vigilance against potential money laundering continues to be required because the scale of money laundering remains significant and we must operate therefore on the basis that money laundering is a live threat to the credit union.

Proof of new members' identity is a key variable closely monitored by the credit union to limit the risks of money laundering activity. Following installation of a new IT system, the ability of the credit union to monitor and control member transactions has improved and the statistics show a fall in proportion of new members failing to provide adequate ID. Other key anti-money laundering checks were as follows:

- Over the year, no suspicious activity was observed.
- Each month there were a few large transactions (£5,000 or more) but explanations were provided, and none gave rise to any concern
- No politically exposed persons joined the credit union during the year.
- The membership of the credit union was checked each month against the Bank of England sanctions list and yielded negative results.

Les Abbie
MLRO



CEO'S REPORT

The credit union has improved its workflow and processes to ensure better service to members. Applications for membership and loans are now completed in hours rather than days. The feedback from members show increasing satisfaction with our simple and practical approach to helping members.

We have almost entirely removed paper from the workplace but still provide an alternative to digital access for those who prefer this. We use the latest tools, such as open banking to assess the affordability of any loan for a member, but we take a human approach to underwriting and use assisted not automated decision making.

Our communication with members is designed to give people the information they need at their fingertips and use of text and email messaging has been enhanced with a major investment in our new website.

We continue to work with partners, and we delivered:

- Solar / Green loans with Broadland District Council.
- Business start-up bursaries in Norfolk and Suffolk with MENTA.
- Anti-Poverty credit union awareness and financial wellbeing with Suffolk County Council.

These partnerships support our communities and generate additional income for ESLCU.

We are fortunate to have strong skills in the team and these, including digital marketing and accountancy skills, that would be envied in other credit unions. These have enabled the team to respond to recent challenges and have helped the credit union succeed.

Subsequent to the year end the credit union confirmed it intends to take on the assets and liabilities of Holdfast Credit Union in September 2025. The Holdfast Credit Union membership has approved a resolution at two Special General Meetings and the ESLCU board of directors agreed by resolution to accept the transfer. This is currently subject to final regulatory approval. The board has undertaken due diligence and sees a merger with Holdfast CU working in the interests of both our members and those of Holdfast.

The team and members were deeply saddened by the death of Sylvia Ellis during the year. She made a difference to many of our members' lives through her compassion and understanding. She will be remembered for her brilliant sense of humour and kindness to everyone who has worked with her over the years.

I would also like to thank the team at Austin Street and the Board of Directors for their individual and collective contributions to the performance of the business in 2024/2025.

Chris Mole
CEO

KEY PERFORMANCE INDICATORS

The credit union board holds an annual strategy day to discuss and review the credit union's strategy and plans for the years ahead. These discussions inform the budget and refreshed business plan. As part of this, Key Performance Indicators (KPIs) are agreed to monitor progress. These KPIs are reviewed against the previous 12 months. Each KPI below is shown with its target, and a brief explanation to provide insight. Four out of five KPIs were met.



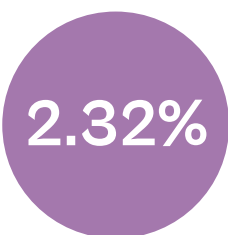
Growth in the number of loans issued per year (Target 8%)

The KPI is used to monitor progress against our mission statement, of helping as many people as we are able to, whilst also ensuring we are lending to increase the look book and income earned.



Growth in loan interest (Target £10,000)

Two thirds of the credit union's income is from loan interest on members loans. The target figure is used to monitor growth, and considers potential increases needed to meet inflationary and other cost pressures.



Bad debt cost as a percentage of loans outstanding (Target <2%)

This KPI is to ensure bad debt costs are managed and any sudden increases are investigated for any identifiable explanations which may require policy changes. Whilst this KPI was not met, the board of directors were content with this slight increase with the other metrics exceeding their targets.



Expenses as a percentage of income (excluding bad debt) (Target <100%)

This KPI excludes expenditure the credit union must set aside for under performing or non performing loans. This KPI monitors the general expenses of the credit union which can be largely controlled. Bad debt costs are excluded as these can be heavily impacted by small economic shocks and other factors.

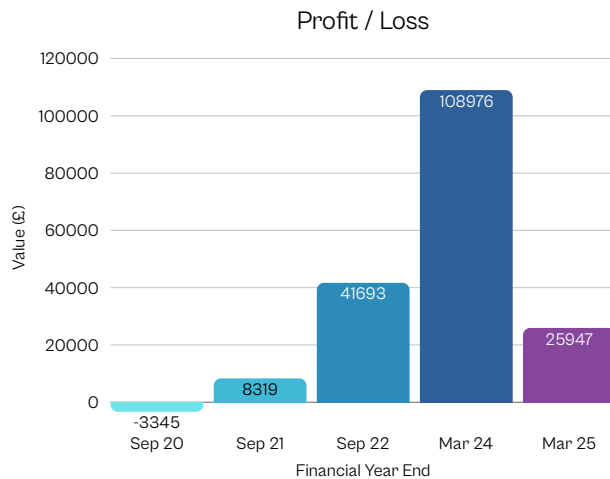


Capital to Asset Ratio (Target 8%)

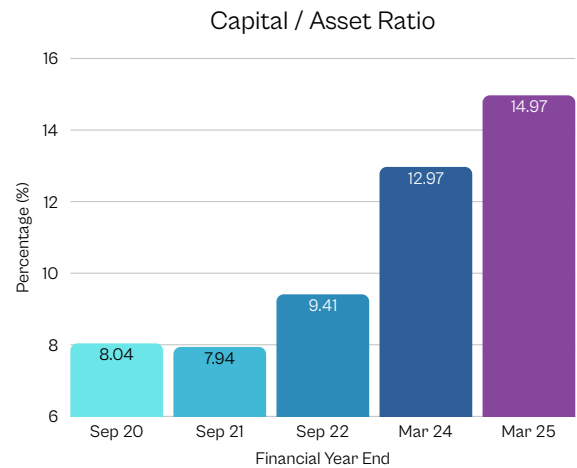
This KPI provides an indicator of the credit union's financial health, ability to withstand financial distress and absorb potential losses. The regulatory minimum is 3%.

PERFORMANCE REVIEW

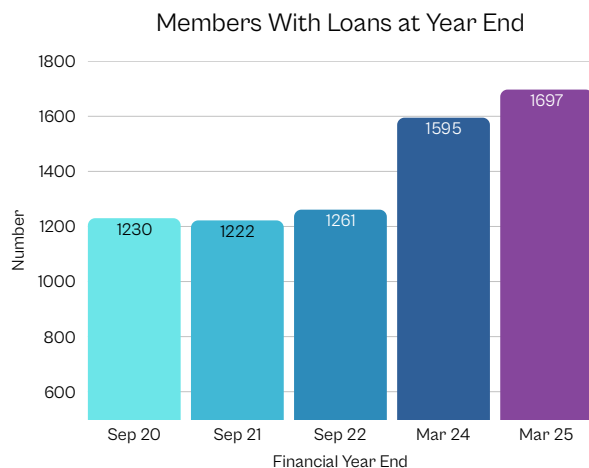
These four graphs provide a snapshot of the progress of the credit union against the previous 4 financial periods. Please note March 2024 was an extended financial accounting period of 18 months, as the credit union moved from a September year end to a March year end.



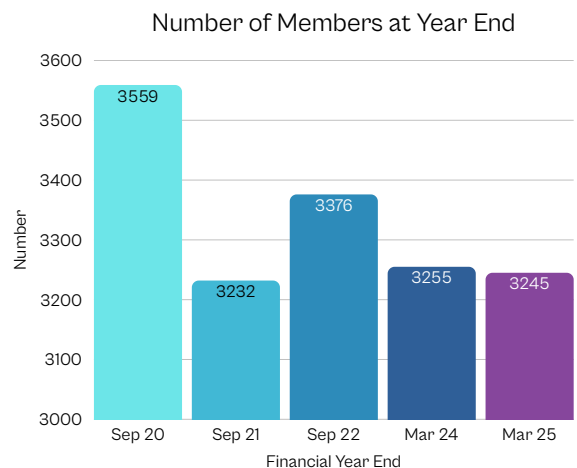
A reflection of the credit union's performance, showing profit or loss.



An indicator of the credit union's financial health, ability to withstand financial distress and absorb potential losses. The regulatory minimum is 3%.



The growth in members with a loan can be attributed to improved systems, brand awareness and member retention.



The reduction in membership post Covid occurred as members withdrew savings and did not apply for loans. The drop to 2024/25 was due to a partnership scheme coming to an end.



Effortless Account Management for Members

The ESLCU Members' Area provides easy and secure online access to manage your Credit Union account. You can apply for a loan, transfer funds, view account updates, and access a range of services – all with the convenience of 24/7 online access. Fast processing times ensure quick and easy transactions, making it simple to stay in control of your finances. You can download the Members Area directly onto your smart phone, so you can manage your Credit Union account from anywhere.

We continue to offer a variety of helpful articles and expert resources designed to support your financial wellbeing and guide you toward a secure future which you can access via our website or through the Members' Area.



STAY IN TOUCH

If you would like to speak to us, or have any questions, please feel free to contact us.

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