Eastern Savings & Loans

ANNUAL REPORT 2026

We are a Living Wage Employer

Money & Pensions Service
Cwrs Sylfaen Arweiniad Arian
Money Guidance Foundation Course
City & Guilds ASSURED

FSCS PROTECTED

All Together Money

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.

In this report

CHAIR'S REPORT

Welcome to our Annual Report for the year ending March 2026.

I am pleased to present the Chairman's Report for the year and to reflect on another important period in the development and growth of the Credit Union. Alongside the annual report, we have launched our Social Impact Report looking back at the last two years, and I would encourage you to have a read.

The year has again demonstrated the continuing importance of accessible, ethical and community focused financial services, against a backdrop in which many households continue to face pressure on their finances. The Credit Union remains committed to helping members save securely, borrow affordably, and manage their money with better confidence. We continue to see good growth across all areas of the business.

At the end of the previous financial year, we launched our new website, and throughout this year we have seen firsthand the benefit and continued support this has provided to our members, ensuring they can access the information they are searching for, presented in a clear and concise manner. Another step in demonstrating the board's commitment to investing in better services for our members.

Midway through the year we welcomed the former Holdfast Credit Union members to ESLCU through the process of a merger, helping to ensure those members retain access to credit union services, whilst also strengthening our reserves, and adding to the share deposits we can then lend to members. We also welcome Bob Palmer who joined as a director as part of the merger.

The Board has continued to meet regularly throughout the year, providing oversight, strategic direction and challenge. As a board, we have discharged our responsibility to keep proper accounting records, maintain a satisfactory system of controls, safeguard the credit unions assets, ensure continued viability, and take steps for the prevention and detection of fraud and other irregularities, ensuring we continue to meet our regulatory requirements.

On behalf of myself and the Board, I would like to thank our staff, volunteers and directors for their dedication and hard work throughout the year, who without their continued hard work, the credit union would not be in the position it is today.

Looking ahead, we will continue to focus on responsible growth, improving access to services and supporting the financial wellbeing of our members.

Graham Evans
Chair of the board

TREASURER’S REPORT

I am pleased to present the Treasurer’s Report and accounts for the year ended 31st March 2026.

The results show another positive year, with continued growth in our balance sheet, an increase in lending to members, and a further strengthening of reserves.

The reported surplus for this year was £26,732, compared with £25,947 last year.

During the year, we undertook a merger with Holdfast Credit Union, and this resulted in a gain on acquisition of £21,606, giving Total Comprehensive Income for the year of £48,338.

The merger increased our membership, added just over £28,000 additional surplus to our reserves, increased our loan book by over £83,000 and our shareholding went up by £545,000.

Our core business grew during the year.

- Interest from members loan increased by £39,313, an increase of 14.3%.
- Net loan book (loans due from members, less provision for slow payments) increased by £123,711, an increase of 15.8%.
- 1,462 new members joined during the year, and the work we have been undertaking to keep these members has resulted in a net gain 200, an increase of 6.2%.

Interest payable (note 5*) shows the dividend paid to members and the interest paid to junior members. One of the quirks of the accounting standards is we have to show the dividend paid during the year, rather than setting against the year it relates to. This year’s accounts show we paid £10,936 in 2025/26, which was based on the surplus from 2025; the £21,915 paid in 2025 was based on the results from 2024, which was for an 18 month period.

The Board will be proposing payment of a 0.70% dividend this year (same rate as last year), based on the results of the 31st March 2026 accounts. This will cost approximately £13,715 , and junior interest will be paid at 1.50% with an approximate cost of £2,479.

(The members who joined from Holdfast would receive a dividend at 0.36%, near half the annual rate, to reflect the length of time since the merger as members of ESLCU, on their average shareholding since the merger. Junior member interest will be paid at 0.76%).

Other income (note 7*) saw a reduction from £36,528 in 2025 to £10,330 this year. The reduction was expected and factored into the credit union’s growth model and future plans. The reductions are mainly due to lower income from partnership working with local councils as they face increased pressures on their own budgets, and they have not been renewing partnership projects with us. However, this has meant that we have focused on our own organic growth and have reduced our reliance on third parties.

The level of spend on most expenses is comparable across the last two years’ accounts, with increases in costs either being due to inflation or increased business activities/number of transactions, and as a result of the merger.

TREASURER'S REPORT

There were £7,903 of administrative expenses directly due to the merger - IT migration costs, postage to notify members of the merger and travel expenses to visit Holdfast's offices in Witham. In addition, loan protection and life insurance premiums increased to cover the shares and loans of the former Holdfast members, plus additional audit expenses.

The credit union's capital to asset ratio dropped from 14.79% to 13.77%, again a consequence of the merger as the value of the assets (i.e. members' shareholdings) increased. There is no concern caused by this relatively small decrease, as we remain considerably above the minimum requirement of 3% for a credit union of our size.

As always, I thank the office team and in particular Mark Rattle, our finance officer, for all his help, advice and input over the last eleven years since I became treasurer. My role would have been much more difficult without his knowledge and experience, and I am hugely grateful to have him as a valued colleague. I have decided that the time is right for me to stand down from this role, but I will continue as a director on the Board. I am confident that I am leaving the finances in very safe hands as I am replaced by Bob Palmer, who comes to us with a great deal of accountancy experience and was previously a director and the Money Laundering Reporting Officer at Holdfast Credit Union, prior to the merger.

Ruth Wailes
Treasurer

*The notes (5 and 7) referred to in the Treasurer's Report can be found in the full version of our Financial Statements which is available on the ESLCU website.

AUDITOR’S REPORT

The summary information presented within this audit report and overall annual report does not constitute the full audit report or full financial statements of Eastern Savings and Loans Credit Union Limited for the years ended 31st March 2025 and 31st March 2026 but represent extracts from them. These extracts do not provide as full an understanding of 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 year ended 31st March 2026.

Their opinion on the full financial statements for the year ended 31st March 2026 issued on 20th July 2026 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 2026 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

Revenue Account for the year ended 31 March 2026

	2026	2025
	£	£
Loan interest and similar receivable income	314,963	275,650
Interest payable	(8,924)	(19,980)
Net interest income	**306,039**	**255,670**
Fees and commissions receivable	44,321	42,580
Fees and commissions payable	(16,292)	(13,740)
Net fees and commissions receivable	**28,029**	**28,840**
Other income	10,330	36,528
Administrative expenses	(211,317)	(206,291)
Depreciation and amortisation	(12,481)	(5,845)
Other operating expenses	(60,060)	(52,466)
Impairment losses on loans to members	(26,416)	(23,059)
Surplus before taxation	**34,124**	**33.377**
Taxation	(7,392)	(7,430)
Surplus for the Financial Year	**26,732**	**25,947**
Gain on acquisition	21,606	0
Total Comprehensive Income	**48,338**	**25,947**

Note: There is no comprehensive income other than those included on the Revenue Account

BALANCE SHEET

Balance Sheet for the year ended 31 March 2026

	2026	2025
Assets	**£**	**£**
Loans and advances to banks	1,513,595	1,132,238
Loans and advances to members	906,567	782,856
Tangible fixed assets	40,833	46,930
Prepayments and accrued income	13,173	14,761
Total assets	**2,474,168**	**1,976,785**
Liabilities		
Member accounts	1,972,873	1,477,446
Other payables	160,686	207,068
	2,133,559	1,684,514
Retained Earnings	340,609	292,271
Total liabilities and reserves	**2,474,168**	**1,976,785**

AUDIT COMMITTEE REPORT

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

The Members of the Committee are Sally Chicken, Glen Chisolm and Nika Watt. Les Abbie joined the committee following a visit to see how it functions. Ben Lown is a member of the committee without being a director, as is permitted by the rules.

At the first meeting following the Annual Members' 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 range of experience of the committee members includes previous volunteering at four other credit unions, professional accountancy experience, and corporate policy governance.
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.

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

The credit union continues to comply or exceed regulatory requirements in areas which otherwise would only apply to larger credit unions. This means that as we grow, 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.

Improvements continue to be made to our back office systems, 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.

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 2025-2026, covering the period 1st April 2025 – 31st March 2026. 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 2025 - March 2026 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 were no money laundering incidents during the last financial year. 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. The ability of the credit union to monitor and control member transactions has continued to improve as a result of the investment in new systems and the statistics show a steady fall in the 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

This year has been another year of strong growth. The previous investment in our back-office system has enabled us to make further improvements in member services and our own efficiency. We are seeing additional benefits from that investment in our website over the last 12 months. The improved online presence has made it easier for members and prospective members to find clear information, understand our products and to contact us. Our communications with members have been strengthened and helped us provide a more modern and accessible service, while still retaining the community-based approach that is central to who we are. Better communication is an important part of offering a more modern and accessible service, while still retaining the community-based approach that sits at the heart of who we are. ESLCU remains accessible through our online app and our helpful telephone team, who are always here to support you.

Throughout the year, our focus has remained on delivering practical support to members, helping people save regularly, access affordable borrowing and build greater financial confidence.

During the year we welcomed former Holdfast Credit Union members after the transfer of engagements (merger). This was a significant undertaking across many months, requiring careful planning, communication, and support. I would like to thank colleagues from both credit unions for their commitment to the members throughout that process.

We have engaged with the national credit union movement and two of the management team and one director attended the ABCUL Conference in Leeds. I was elected to the board of directors of ABCUL, which has subsequently rebranded as All Together Money – The Credit Union Movement. We have monitored the government support for the mutuals and credit union sectors and the proposals from Fair4All Finance to fund growth in the sector.

We are fortunate to have strong skills in the team, including the digital marketing skills provided by Becca Cotton, the Accountancy and General Management capabilities provided by Mark Rattle and the front-line support provided by Britney Coe and Tony Cooper-Squirrell. These have enabled the team to respond to recent challenges and have helped the credit union succeed.

I would 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 2025/26.

Chris Mole
Chief Executive

KEY PERFORMANCE

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. All KPIs were met.

13.14%

Growth in the number of loans issued per year (Target 8.5%)

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 loan book and income earned.

£39,511

Growth in loan interest (Target £10,000)

Three quarters 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.

2.36%

Bad debt cost as a percentage of loans outstanding (Target <2.5%)

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.

83.21%

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

This KPI excludes expenditure the credit union must set aside for underperforming or non-performing loans, and the dividend paid in the year. This KPI monitors the general expenses of the credit union which can be controlled. Bad debt costs are excluded as these can be heavily impacted by small economic shocks and other factors. Income gained on acquisition is not included for this calculation.

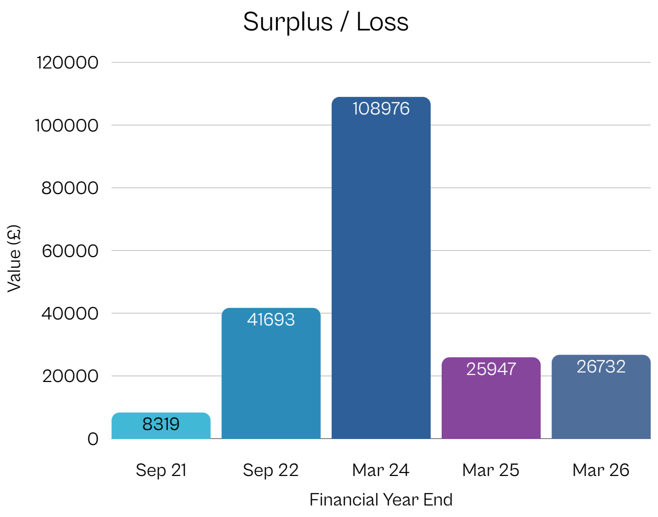
12.70%

Number of members holding savings greater than £100 (Target to increase)

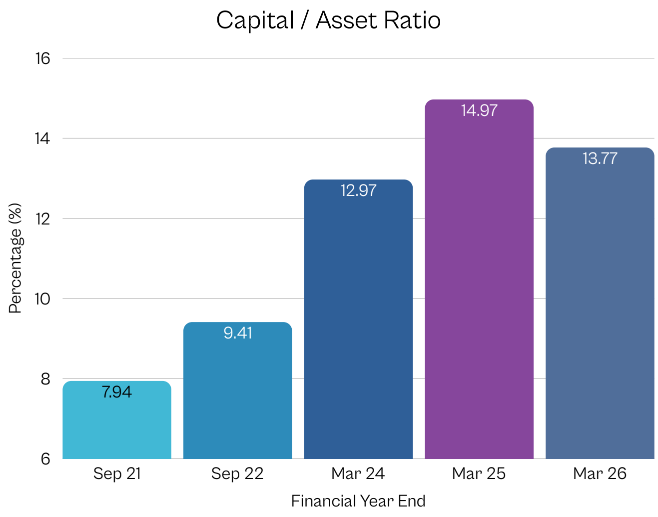
This KPI is used to monitor progress against our mission statement, and to monitor the progress being made in helping members to save.

PERFORMANCE REVIEW

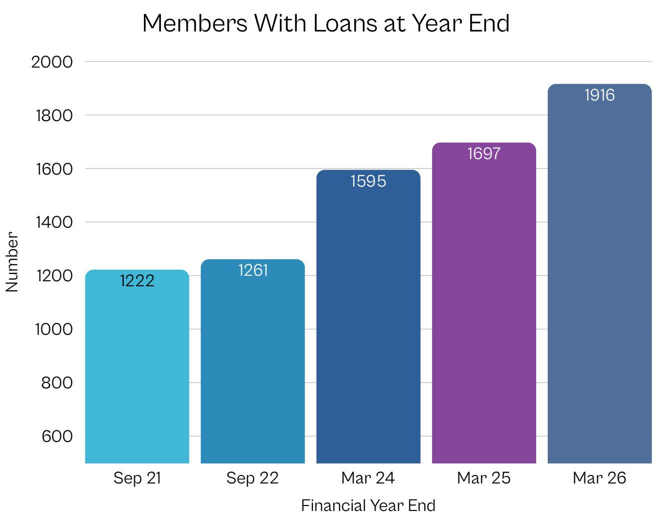
These fours graphs provide a snapshot of the progress of the credit union against the previous 4 financial periods. Please note March 2024 was an extended financial accounting period of 18 months, as the credit union moved from a September year end to a March year end.



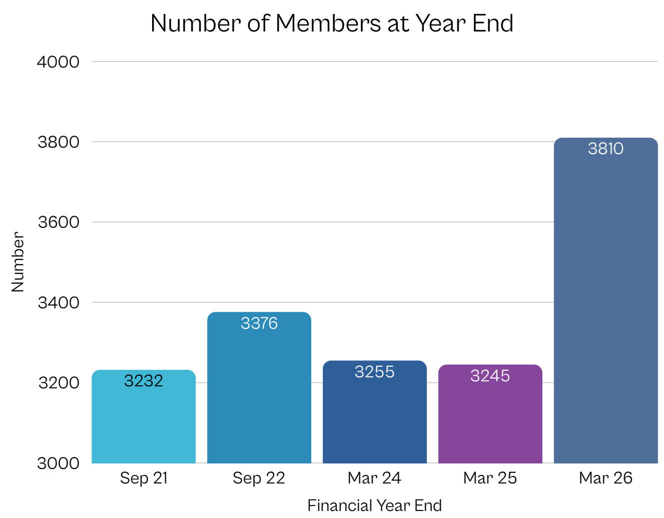
A reflection of the credit union's performance, showing profit or loss. Mar 26 figures exclude the £21,606 gain on acquisition.



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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