Caledonian Credit Union Ltd.

Treasurers Report for Financial Year End 30th September 2025

Before beginning, for those members attending in person, you will have received a pack with abbreviated accounts and reports as you enter. For those who are attending via Teams (we have moved on from Zoom), you would have had access to a pack either having registered for an e-AGM notification and sent 23rd January 2026 or via the member's area of our website. If, however, you were unable to view or obtain a copy, please contact the office and we will send a pack out to you for your information.

The financial year, up to the end of September 2025, showed another improvement in performance as the year progressed. Surprisingly, although we had another strong Christmas period (October 24 to December 24) as expected, our highest volume quarter in lending levels was April to June. We might be experiencing a slight change in member behaviour. For the full year, lending was up by 8% on the previous year's levels. Loan income received in 2024-25 was up 7% on last year bringing in £230,560 against last year's income of £215,119. Term deposit rates offered by banks, as expected, fell back slightly as Bank of England base rates dropped through the year. Our return on investments fell by 11% from £87,976 last year to £78,173 to September 2025. The trend of reduced base rates is expected to continue through 25-26 before stabilising somewhat – although the way our economy is going, I would say watch this space. Therefore, next year's investment yield is expected to fall slightly again. However, after good loan income figures, it is pleasing to note that overall income rose to £308,733 up from 303,095 in 2023-24. This figure once again was reduced by £14,116 due to 0.5% dividend payout approved by members at last year's AGM. Expenditure increased in the year from £217,739 to £242,478 – a rise of 11%, primarily down to administrative expenses including increased employment costs as we covered the salary of our Development Officer after having received funding in the previous year from Scottish Borders Council.

The Credit Union is once again pleased to announce another profitable year with a pre-tax surplus in the year of £87,006, an increase of 4%. Impairment losses rose in the year to £36,979 in part due to an increase in insolvency issues – protected trust deeds, bankruptcies, and DAS arrangements., although offset in part by an increase in our loan book which at end of September 2025 stood at £1.8m.

However, our Board are still very concerned with tight personal finances being experienced by our members. This is being highlighted by personal insolvency issues which are showing a tendency to increase, and thus greater scrutiny will be on lending in the coming year to ensure sequestrations and Trust Deeds, specifically, are managed to the best of our ability. The Board will continue to take robust action, where necessary, to ensure the sustainability of the credit union.

The capital to asset ratio has steadfastly increased month on month throughout the year from 12.01% last year to 14.06% which helps secure and maintain a robust and financially strong credit union.

Besides our general reserve increasing to £377,050, we have again allocated two specific reserves: Bereavement Benefit Grant Scheme with £98,842 and Development Fund of £25,500. This gives a grand total of £501,392 in reserves with a resulting surplus after tax of £70,040 – a 10% increase on last year.

Savings have decreased slightly from last year (1%) against an increase in savings in 2023-24 of the same percentage. Again, very few members who have large balances have shown an appetite to withdraw funds to chase higher savings rates. As such, our share to loan ratio has risen to over 64.52% compared to 57 % last year.

The Board have worked hard on the liquidity ratio in order to be able to invest more in term deposits to earn more marginal income rates although the Board would prefer our savings being issued as borrowing which would provide a rather higher return than investments. We are required by the regulators to hold liquidity of at least 10% of assets. Our Board have set our minimum liquidity holding to 15% of assets. This has been maintained and with higher easy access savings rates our rate at year end is 17.48%.

Our membership has decreased very slightly over the course of the year by 0.6% as we continue to remove members who have become inactive i.e. values under £5 which is the minimum amount that can be held to remain a member under the credit union rulebook. The number of members now holding a loan stands at 854, a 10% increase on last year.

Finally, our trading surplus for the year, as indicated earlier was £70,040 up from £63,916 in September 2024. As a result of a strong performance, the surplus for the year end 30th September 2025 has been allocated as follows:

General Reserve Fund	£55,905
Bereavement Benefit Scheme	£14,135
Development Fund	£ 0

The Board present these accounts for your perusal.

Ross Campbell (Treasurer)