Capital Credit Union's

ANNUAL REPORT 2025

capitalcreditunion.com

36 Years of Building Financial Futures

Welcome to our

36TH ANNUAL GENERAL MEETING

Each year, our Annual General Meeting brings Members together to celebrate achievements, review performance, and help shape the future of Capital Credit Union.

This report shares that story, highlighting our financial strength, community impact, and the progress we continue to make in improving Members' financial wellbeing.

The AGM is at the heart of our democratic structure. It gives Members a direct voice in how their Credit Union is run, from electing Board Directors and reviewing results, to approving dividends and sharing new ideas.

Capital Credit Union exists to help people build financial resilience and access fair, affordable financial services. We are owned by our Members, for our Members, and every decision we make puts people before profit.

Agenda

2024 AGM: APPROVAL OF MINUTES

Minutes of the 35th Annual General Meeting
held on Tuesday 17th December 2024 at 7.00pm
at Capital Credit Union 31 Dunedin Street, Edinburgh and by Zoom

Members IN ATTENDANCE

Tina Harrison Chair	**Andy Forrest** Vice Chair	**Yasemin Guven** Secretary
Andrew McKeever Treasurer	**Mark McAlpine**	**Grahame Walker**
Liam Boyle	**Farhaan Mirza**	**Kerra McKinnie**
Paul Collins	**John Stewart**	**Marlene Shiels** Chief Executive
Samantha Homer Director of Finance and Compliance	**Rory Gaffney** Director of Operations	**Catherine Davenport** Head of Member Services
Casper Gouws Finance Manager	**Colin Thomson** Head of Growth Marketing	**Gillian Gray** Business Support Manager
David Proudfoot	**Tomothy Adeyemi**	**Alex Spence**

OTHERS IN ATTENDANCE

Gary Copeland
Manager, Sharles, CA, External Auditor

a) Ascertainment of Quorum

The Chair welcomed everyone to the 35th AGM and she expressed a special welcome to Alex Spence and John Stewart who were longstanding Members of Capital Credit Union. The Chair confirmed that the meeting was quorate and that the External Auditor, Gary Copeland from Sharles would be attending online to present the financial accounts.

The Chair introduced herself, and the other people that would be presenting reports at the meeting were:

· Marlene Shiels Chief Executive Officer
· Andrew McKeever Treasurer
· Samantha Homer Director of Finance and Compliance

The Chair advised that the Director of Operations was in attendance and would be able to support with any questions that may arise.

b) Approval of Minutes of the Previous Annual General Meeting

The minutes of the previous Annual General Meeting held on 19th December 2023, were agreed as an accurate record. The minutes were approved by a majority vote.

There were no matters arising from the minutes.

c) Report from the Chair

The Chair presented her report which was included in the AGM pack and gave a few highlights:

· She reported that this year had been a record year for Membership growth with over 4000 new Members bringing the total Membership to over 31,000. Which was testament to the trust and confidence that the community places in Capital Credit Union as a financial partner.

Over £12million of loans had been paid out empowering Members to achieve their financial goals. These loans had been supported by the competitive rates on offer and the tailored loan solutions.

· The Chair advised that the Credit Union had continued to deepen and extend its relationships with partnerships with employer organisations and sports clubs, in particular the trailblazing “fair fan finance” with Hibernian Football Club which had been the first of its kind and had helped increase the Membership. The Chair added that this model had been expanded to other football clubs and more recently Scottish Golf.

· The Chair was pleased to report on the positive impact that the Credit Union has had on the local communities and further afield with Capital in the Community and Project Blossom, which is an international project led by Capital to raise funds to provide reusable period products to schoolgirls in Africa who frequently drop out of school due to period poverty, setting inequalities at a young age. The Chair explained that this fundraising project was originally set up by Capital and to date £8k has been raised through Capital alone, this project has now gone international and raised over $100k, which was a fantastic achievement.

· She noted that although this year had saw Capital Credit Union grow to record levels that they we are also very mindful that there are some Members who may still be struggling financially and that the Credit Union is working hard to support with the appropriate products. She encouraged any Member struggling to find any particular products to suit their needs to reach out the Credit Union.

· The Chair informed the Membership of a Board Effectiveness Review which had taken place earlier in the year with the main focus being on Board
Governance. She assured the Members that there were no concerns and that periodically Governance would be reviewed to ensure that the right skills are in place to take the Credit Union in the right direction. She added that currently they were recruiting for a Director with Accountancy expertise to enhance the finance knowledge of the Board.

The Chair concluded by thanking the Board for their continued support and dedicating their time throughout the year, the staff for all their hard work and the CEO and leadership Team who work hard throughout the year and that all the achievements for this year would not have been possible without them. She thanked the Members for their continued support as without whom the CCU would not exist.

d) Report from the Chief Executive

The Chief Executive extended a warm welcome to everyone especially long-standing Members Alex Spence and John Stewart. She echoed the sentiments shared by the Chair regarding the past year achievements and that she could not have imagined how far the Credit Union would have come in the past 35 years.

The CEO highlighted that in the 35 years of the Credit Union there were now 32k Members which was an extraordinary amount and that she is grateful to all the Members and businesses who put their financial trust in Capital. She added that the Credit Union work hard to ensure that they have a strong balance sheet which enables them to reinvest in the services and products offered to the Members.

The CEO reported that operationally the Credit Union continues to thrive with regular internal and external audits along with meeting all the required standards set by the regulators.

The CEO advised that there would be new tenants at Capital Credit Union House with SCVO a small local Credit Union renting a space. She added that she was delighted to support a small local Credit Union.

The CEO concluded by thanking the Membership for their continued support throughout the year. She thanked the four apprentices who were currently completing their apprenticeship with Capital, which enables them to learn in a safe environment. She also thanked the staff and Leadership Team for going above and beyond every day and for putting Members at the heart of all the decision making. She expressed a heartfelt thankyou to the Board of Directors and to the Chair for their great leadership and for their continued support throughout the year.

e) Report of Auditor

The Chair invited Gary Copeland, Manager, Sharles, CA, to present the Auditor's report.

Gary Copeland advised that Sharles had completed an audit of the financial statements for the year ended 30 September 2024 and that he was happy to report that the financial statements gave a true and fair view of the Credit Union's affairs and of its surplus. He confirmed that the Credit Union had received a good clean audit with strong accounts which bodes well for the future with no concerns to raise to the Members.

f) Report of the Treasurer and consideration of accounts

The Treasurer advised that along with the Treasurer Report he would be recommending a dividend rate and the appointment of the External Auditors for the following year. The Treasurer reflected on the journey that the Credit Union had been on following the pandemic and the continued trend of improving performance which is recognised in the financial reports.

The Treasurer highlighted a few of the key successes from his report:

· Capital Credit Union had returned a surplus of £300k after taxation which was a considerable increase from two years ago which saw a surplus of £76k.

· Capital Credit Union income was driven by the growth of the loan book by £3.8m and loans now being issued at a higher interest rate to reflect the higher interest rate environment to remain competitive.

· The total expenditure costs had increased by 18% with the primary drivers being the continued investment in the digital transformation and investing in the people in line with Capital Credit Union's strategic goals.

· Due to the ongoing investments in the systems and people there had been an improvement in the operational efficiency which had resulted in a reduction in the cost to income ratio from 94% two years ago to 78% for this year. He reported that Capital Credit Union would be continuing to make further efficiency improvements in the coming financial year with a mission to continue to a first-class service to the Members.

g) Declaration of Dividend

The Board proposed a dividend of 1%, an uplift from last year which was 0.5%. The Treasurer reiterated that this was double what was paid last year and ten times the 0.1% paid in the previous year. This would represent a cost to the Credit Union of £291k which is in line with the surplus for the financial year of £300k

Recommendation:

The Membership approved the Board's recommendation to pay a dividend of 1% by a majority vote.

h) Appointment of Auditor

The Treasurer advised that the Board of Directors was recommending that Capital Credit Union continues with the appointment of Sharles, CA as the External Auditors. He reported that the Credit Union will be tendering for the audit in the next 12 months. The Members agreed with the continued appointment of Sharles, CA as the External Auditors.

i) Election of Directors

The Chair advised the Membership that a third of the Board must retire by rotation and that this evening there were two directors standing for re-election and three Directors standing for election having been co-opted during the year.

She added that the bio's for all Directors who were standing for election were part of the Annual Report and she asked for the Director to introduce themselves to the Members.

The Directors standing for election are:

· Yasemin Guven, standing for a further 3 year term
· Andrew McKeever, standing for a 3 year term
· Grahame Walker, has been co-opted since May 2024
· Liam Boyle, has been co-opted since May 2024
· Farhaan Mirza, has been co-opted since June 2024

The Chair advised that there was no need for an election as there was the same number of vacancies as there was standing for election. The Chair was delighted to announce that all five directors were elected and that with the breadth of expertise and skills that they bring she hoped that this would add reassurance to the Members that Capital Credit Union is in safe hands.

The Chair highlighted how progressive an organisation Capital Credit Union is and that this year it had approved three Director sabbaticals which enables the Credit Union to support its directors yet still retain the talent.

j) Rule Changes

The Director of Finance and Compliance (DoFC) advised that the Board had taken the opportunity this year to review the Rulebook and ensure that this was fit for purpose and to introduce new rules that would aid in the running of the Credit Union.

The DoFC advised that the proposed changes had been uploaded to the website and she outlined the highlights:

· Extending the Common Bond to bring in new employers

· Changing the maximum the Board can charge as an annual subscription & fees. The DoFC stressed that they did not intend to charge anytime soon as the balance sheet and P&L was in a healthy position but that this change allowed for the flexibility.

· Rule change to allow for proxy voting in the future, this will remain as one Member one vote but will improve governance.

· The recommendation of Board term limits which was recommended as part of the Board Effectiveness review.

· Changes to allow two senior Members of staff who are approved by the Regulator under SMCR to sit on the Board as Executive Directors.

· The removal of the Treasurer and Secretary positions as duties are covered by senior staff

· All other proposed changes are a tidy up of the Rulebook.

The Chair added that the proposed changes were not unusual and they will keep the Capital in line with other Credit Unions.

Alex Spence asked how many Board Directors there currently were.

The Chair advised that presently there were nine however if the Rulebook change was approved to allow the CEO and the DoFC to join as Executive Directors this would increase.

The Chair asked the Members to vote on the proposed Rulebook changes and advised that any changes that are approved by the Membership then need to be approved by the FCA before they can be introduced.

The changes were approved by a majority vote.

k) Close of Formal Business

The Chair and the CEO thanked everyone for attending and informed the Members that this concluded the formal business of the AGM.
The meeting closed at 7:35pm.

END OF 2024 AGM MINUTES

INTERIM CHAIR'S REPORT

Liam Boyle

Interim Chair Person

On behalf of the Board of Directors of Capital Credit Union, I am pleased to present this report for the 2024/2025 financial year.

This has been a year of transition for Capital Credit Union, a time to honour our past, steady the present, and prepare for the next phase of our journey.

Leadership Changes

This year we marked the retirement of Marlene Shiels after 36 years of exceptional service to Capital Credit Union. On behalf of the Board and our Members, I want to record our sincere thanks to Marlene for her leadership, dedication, and many achievements over the decades. Her commitment to the movement and to our Members has left a lasting legacy that we are proud to build upon.

We also welcomed our new Chief Executive, Samantha Homer. Samantha served as our Chief Financial Officer for the past four years before being appointed CEO, bringing deep knowledge of Capital and a clear, values-led approach to the role. Her appointment represents both continuity and fresh momentum, and the Board looks forward to supporting her as she leads the next chapter.

Governance and Continuity

At Board level, this has been a period of renewal. We are delighted to have some vacancies on the Board, with formal recruitment for new Non-Executive Directors underway, and we are focused on attracting candidates who reflect our Membership and align with Capital's values of integrity, inclusion, and community. In the meantime, we asked experienced, long-standing Directors to provide continuity and steady stewardship through to the AGM. Their contribution has been invaluable in maintaining stability during this handover year.

Highlights and Member Impact

Amidst change, there have been many positives to celebrate. Our partnerships with football clubs continue to go from strength to strength, offering supporters fair and affordable finance options for their season tickets. This approach, built on trust and community, is helping fans spread the cost of what they love, responsibly and sustainably.

We have also continued to expand our collaboration with Scottish Golf, providing golf club Members with flexible finance for their annual memberships. These partnerships show the difference a Credit Union can make when it listens and innovates around real-life needs.

Another area of real progress has been our Green Loan offering, supporting Members who want to make environmentally conscious choices, from energy-efficient home improvements to electric vehicles. This strand of lending demonstrates our commitment to social and environmental responsibility alongside financial inclusion.

Refocusing our Priorities

As a Member-owned, community-based organisation, people are at the heart of everything we do. This year, the Board and Leadership Team have revisited our purpose and vision, to help Members build financial resilience by being the trusted partner of choice for ethical savings, loans, and mortgages.

Our priority is to strengthen that relationship: ensuring Members feel understood, supported, and confident that we act in their best interests. We are also reaffirming our role as a cooperative that listens, adapts, and leads responsibly within the communities we serve.

In the year ahead, we will continue to focus on building trust, enhancing Member experience, and ensuring that every decision we make reflects our values as one of the UK's leading Credit Unions.

Recognising our People

Thank you to our staff for their professionalism and care for Members throughout a period of change. My thanks also go to my fellow Directors for the time and responsibility they carry on behalf of our Members. Finally, once again, our gratitude to Marlene for her outstanding service, and our support to Samantha as she leads Capital Credit Union forward.

To our Members, thank you for your continued trust and loyalty. Your support keeps Capital Credit Union moving forward with purpose.

- **Liam Boyle** Interim Chair

CEO'S REPORT

Samantha Homer
CEO

It is a privilege to present my first report to you as the CEO of Capital Credit Union. Stepping into this role following the tenure of our incredible former CEO, Marlene Shiels, whose leadership and commitment to our Members set an inspirational standard, has been both an honour and a responsibility I take very seriously. I would like to begin by acknowledging Marlene's remarkable contribution to strengthening our Credit Union and championing the cooperative values that define us. Her legacy continues to guide our work each day. On a personal note, Marlene's mentoring over my 4 years at Capital Credit Union was an enormous help to prepare me for taking on this important role and for that I truly thank her.

This past year has been a challenging one, not only for our Credit Union, but for households across the UK. Rising living costs, sustained economic uncertainty, and pressure on disposable incomes have affected many of our Members directly. Unsurprisingly, these conditions have translated into higher levels of loan arrears and an increase in bad debt write-offs. We know that behind every statistic is a Member facing genuine financial strain, and we remain committed to supporting those who are struggling, through early engagement, responsible lending practices, and signposting to financial wellbeing resources. This has, however, meant that the Credit Union recorded a deficit for this financial year in its quest to support our Members when they needed it the most.

Despite these pressures, Capital Credit Union has shown resilience. We have strengthened our approach to credit risk, refined our collections processes, and invested in systems that help us identify and assist Members earlier in the cycle. At the same time, we have continued to deliver safe savings products and fair, ethical loans - demonstrating that even in difficult times, a not-for-profit financial cooperative has a vital role to play in our community.

Strong Growth and Member Engagement

Membership growth has been exceptional, with record-breaking new joiners throughout the year. February and March delivered our highest-ever monthly totals, contributing to more than 1,500 new Members in Q2 alone. Lending demand remained consistently strong, with particularly high volumes across our green lending programme, which surpassed £3 million this year. Alongside this, targeted ISA campaigns and enhanced digital functionality drove healthy savings inflows, supporting our overall liquidity position.

Improved Resilience and Robust Governance

This year saw a renewed focus on governance, risk, and organisational resilience. The Leadership Team worked closely with regulators and external advisers to strengthen our frameworks, enhance oversight, and ensure the Credit Union is well positioned for long-term sustainability. A major milestone was the approval of our revised Rulebook, enabling expansion of our Common Bond into four additional local authority areas and laying the foundations for further responsible growth.

Investing in Our People and Culture

The wellbeing and development of our staff remained a priority. Staff surveys conducted during the year showed marked improvements in culture, communication, and confidence in the Credit Union's direction. New policies, enhanced flexibility, and a refreshed approach to leadership and engagement have helped create a high-challenge, high-support environment, where colleagues can thrive. Strengthening our leadership capability was also key, with new senior appointments in Finance and Compliance adding further experience and resilience to the organisation.

Partnership-Led Growth and Community Impact

Our partnership strategy continued to deliver strong results. We expanded to seven football clubs and 38 golf clubs across Scotland, broadening our reach and introducing Capital Credit Union to new communities. Collaboration with legal, green energy, and community organisations deepened our social impact and supported our commitment to financial inclusion.

Shaping the Future of the Sector

Capital Credit Union played an active role in national discussions on the future of Credit Unions, contributing to work on financial inclusion, the Common Bond, and mutual sector reform. Engagement with HM Treasury, the PRA, ABCUL, and the BSA ensured that the voice of progressive, growth-orientated Credit Unions was represented at the highest levels.

A Clear Vision for the Years Ahead

At our Annual Planning Seminar, the Board established a refreshed Vision:

"To help our Members build financial resilience by being the trusted partner of choice for ethical savings, loans and mortgages."

Looking ahead, our priority will be supporting our Members and delivering sustainable growth through focussing on the following three priorities:

1. **Great Products** - Meeting Member need by consolidating our products and increasing their competitiveness.
2. **Great Services** - Reducing Member effort, increasing satisfaction and delivering real value for our Members.
3. **Great People** - Engaging our people and maximising their potential to deliver great services.

In summary, 2024/25 has been a year of significant progress for Capital Credit Union. We have expanded our reach, deepened our community impact, and continued to modernise to meet the needs of Members today, and in the future. We enter the coming year with confidence, clarity and a renewed commitment to delivering ethical, Member-led financial services that strengthen our communities.

I want to thank our staff and Board, whose dedication and compassion have been exceptional during an undeniably testing year. I would also like to thank you, our Members, for your unwavering support and trust. Your commitment to the cooperative model is what keeps this Credit Union strong. Together, we will continue to build a Credit Union that not only endures through challenging times, but grows stronger because of them.

- **Samantha Homer** CEO

FINANCE REPORT

Laura Flanagan
Director of Finance and Compliance

The Finance Report is presented below and outlines the Credit Union's financial performance for the financial year 2024/25. Membership numbers and lending activity experienced growth in the year, and our savings base remained resilient, demonstrating continued Member confidence. However, the challenging economic environment has increased pressure on household finances, leading to higher arrears and bad debt write off. This has directly impacted our financial performance resulting in a small deficit for the year.

We wish to reassure Members that the Credit Union remains financially stable. Capital and liquidity levels exceed regulatory requirements, and we continue to enhance our risk, governance, and compliance frameworks to support long-term sustainability.

Financial Headlines

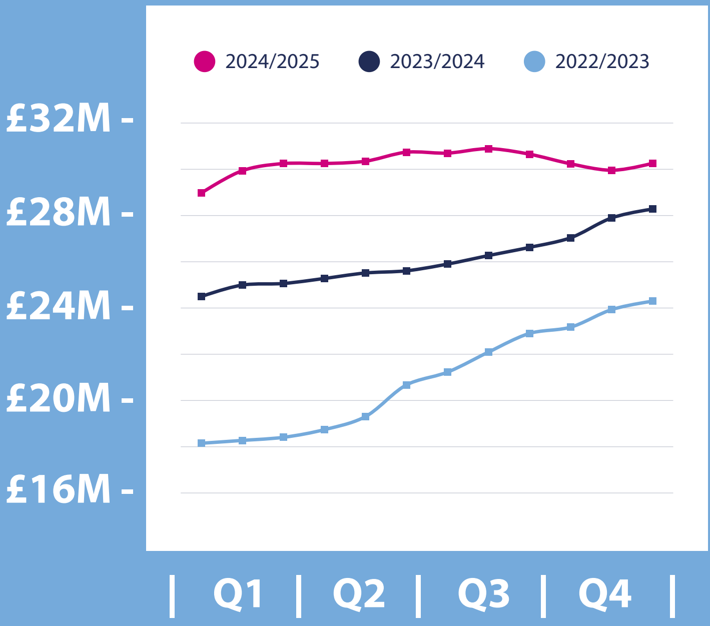
The Credit Union recorded a £25k deficit, driven primarily by higher loan arrears and write offs. This contrasts with last year's surplus of £300k, however, reflects our commitment to stand by our Members who experienced financial strain. We are continuously working hard to help Members with financial difficulties, restructuring loans where possible to get them back on track, to allow them to build financial resilience.

Reserves whilst minimally reduced due to the deficit, remain sufficient at £5m to support expected operations and future investment.

Savings and Lending

Our number of Members reached 33,000 with a record-breaking level of new Members joining in the year. Despite this strong growth, the value of Member Shares reduced by £750k to £35.5m, which reflects the challenging economic climate faced by households, with some Members reducing savings to manage rising living costs. To support our Members build financial resilience, we have continued to offer many flexible savings options including a 12-month fixed term deposit, Cash ISA, Junior Cash ISA, instant access Share 1 accounts and 90-day notice accounts. Although the financial year began with a Bank of England base rate of 4.75%, which has since fallen to 4%, we have maintained the same level of return for our Members and have not reduced our savings rates.

Growth in Loan Book (£)



We remain committed to our core values of providing access to fair and affordable credit as many households face hardship, with total lending reaching £30m during the year, a £2m increase from the prior financial year. Growth was particularly strong in our Green Loan portfolio, which exceeded £3m, helping Members make energy-efficient improvements whilst reflecting our approach to ethical and responsible lending.

Income

Total income for the year reached £3.2m, a modest increase of £116k from last year. Member loan interest remains our main income source and due to the increased volumes in lending reached £2.5m, up from £2.2m.

Expenditure

Expenditure increased by £461k to £3.1m, with over 70% of the rise attributable to higher loan impairments. In response, we have adjusted lending criteria and invested in systems to enhance future collections capability.

Savings product offerings were strengthened and interest rates kept competitive, resulting in increased balances in interest-bearing accounts. Interest paid to Members exceeded £200k, a 58% increase on 2023/24.

The cost-to-income ratio rose to 90% from 78% due to these additional costs. Looking ahead, the Leadership Team will continue to manage expenditure carefully, deliver savings where possible, and ensure resources are used efficiently to support sustainable operations.

Dividend Proposal

Given the deficit recorded in 2024/25, the Board is proposing that we do not pay a dividend this year. This decision has been taken with care and full consideration of our need to manage the Credit Union reserves responsibly for our Members and the importance of maintaining a strong financial base for long-term sustainability.

- **Laura Flanagan** Director of Finance and Compliance

DECLARATION OF DIVIDEND

The Board of Directors is recommending to the Members at the Annual General Meeting that we do not pay an ordinary dividend.

Laura Flanagan
Director of Finance and Compliance
On behalf of the Board of Directors

AUDITOR'S REPORT

Sharles Audit Ltd. will provide a verbal update on the audited accounts.

AUDITOR APPOINTMENT

The Board of Directors recommends the reappointment of Sharles Audit Ltd. as External Auditors.

Laura Flanagan
Director of Finance and Compliance
On behalf of the Board of Directors

ELECTION OF DIRECTORS

Andy Forrest

Non-Executive Board Director / Vice Chair

I have been a local councillor since 2003 representing the Musselburgh ward and I am currently the Convener of Housing and Property Maintenance and Depute Provost of East Lothian Council. I have also been a community activist for the last 30 years. I have a passion for serving my community and have served on many community groups and I also know the importance of listening to what they require. I have been actively involved with local groups for as long as I can remember such as Tenant and Resident Groups, Fun Days, Police Panels, Credit Unions, etc. Working with all of these groups has shown me the importance of being able to turn your hand to anything. When things are needing done you can't just sit about waiting for other people to do the job for you.

I have been a Trustee of Brunton Theatre Trust since 2018, a Trustee of Fisherrow Trust since 2024 and Vice Chair of Capital Credit Union since 2024.

Samantha Homer
CEO

I am a strategic, values-based Senior Executive and Chartered Accountant with more than a decade of Executive and Board-level experience, including four years in Senior Leadership roles at one of Scotland's largest Credit Unions. As CEO of Capital Credit Union, I lead the organisation's £42m asset base and 33,000-strong Membership, driving record growth, cultural transformation and strengthened governance.

In my previous role as CFO/Deputy CEO, I played a pivotal role in shaping strategy, enhancing risk and governance frameworks, and delivering major financial and operational improvements that positioned the organisation for sustainable future growth.

I draw on strong interpersonal intuition, exceptional communication skills and analytical rigour to develop high-performing teams and embed future-focused operational change. A passionate advocate for financial inclusion, I am committed to delivering services that make a meaningful difference in communities. I also serve on multiple Boards, contributing strategic insight, financial oversight and strong governance expertise across the Credit Union and Mutual Sectors.

Rory Gaffney

Chief Operating Officer / Deputy CEO

I am a positive, proactive Senior Leader with over 20 years' experience driving operational excellence and sustainable change across the not-for-profit sector. I am known for my energetic, authentic leadership style and my ability to build engaged, high-performing teams that deliver meaningful transformation.

I specialise in strategic planning, business improvement and digital transformation, with a proven track record of delivering multi-channel growth and embedding systems and cultural change to enhance organisational performance. My leadership has strengthened operational resilience, advanced digital capability, and supported organisations through major periods of transition.

Skilled in governance, risk, stakeholder engagement and programme delivery, I combine high emotional intelligence with a clear, solutions-focused approach. I am passionate about continuous improvement and enabling organisations to thrive through modern, efficient and people-centred ways of working.

BOARD DIRECTOR ATTENDANCE

Name of Director	Possible Attendance	Actual Attendance	%
Andy Forrest	21	19	90
Farhaan Mirza	13	11	85
Liam Boyle	14	14	100
Rory Gaffney	18	18	100
Samantha Homer	23	22	96
Yasemin Guven	14	7	50

Between October 2024 and September 2025, the Board held 12 Board Meetings, along with 3 Governance Committee Meetings, 4 Audit & Risk Committee Meetings, 2 Business Development Committee Meetings, 2 HR Committee Meetings, and 3 Nominations Committee Meetings.

Yasemin Guven commenced a six-month sabbatical from September 2024.

Farhaan Mirza joined the Business Development Committee in January 2025.

Rory Gaffney joined the Nominations Committee in May 2025.

RULE CHANGE SUMMARY

The Board is proposing a series of important updates to the Rulebook designed to strengthen our governance, modernise our operations, and expand the reach and inclusiveness of our Membership. These changes reflect best practice across the Credit Union sector and support the long-term sustainability of Capital Credit Union.

1. Transition to a Non-Geographic Common Bond (Rule 13) - Major Strategic Change

The most significant proposal is the move from a geographic Common Bond to a non-geographic, occupation-based Common Bond, using the UK Office for National Statistics (ONS) Standard Occupational Classifications.

Benefits for Members & the Credit Union:

- Expands Membership eligibility nationally, allowing us to welcome Members from across Scotland who work in occupations listed in the ONS classification.
- Supports long-term growth, enabling economies of scale and strengthening our financial resilience.
- Aligns with successful models used by other leading UK Credit Unions, supporting a modern, inclusive approach to Membership.
- Preserves existing Members' rights - no current Members are affected or required to re-qualify.

This change significantly broadens our potential Membership, aligns with the scope and demand of our strategic partners and supports our purpose of providing fair and accessible financial services to more people.

2. Governance, Structure & Membership

A wide-ranging review has modernised and clarified how we govern the Credit Union and support our Members.

Key Improvements:

- Clearer structure: The Rulebook is now organised into 7 themed sections with updated numbering and full internal links for ease of use.
- Rule 4 - Permissions: Adds clarity on our permissions and regulatory framework.
- Rule 6 - Social Goals: Updated to provide broader scope whilst maintaining our social purpose.
- Rule 12 - Membership: Clarifies ownership structure, deposit treatment, FSCS protection and surplus allocation.
- Rule 14 - Bona Fide Organisations: Moves “bona fide organisation” references here to its own section.
- Rule 15 - Limitations on Membership: Now covers Corporate Membership cessation.
- Rule 18 - Junior Savers: Adds clearer rights for younger Members.
- Rule 20 - Register of Members: Updated for GDPR alignment and Corporate Member address requirements.
- Rule 21 - Cessation of Membership: Adds new cessation grounds, including governance-related reasons and minimum shareholding rules.
- Rule 23 - Expulsion from Membership: Delegated authority moved to the CEO, introduces new removal reason for disruptive conduct, and clarifies there is no appeal for certain expulsions. Includes additional notes for Directors.

These updates strengthen Member protections, improve clarity, and ensure compliance with current legislation and best practice.

3. Appeals, Shares & Member Services

Modernisation of Member Rights and Services:

- Rule 25 - Appeal Against Expulsion: These are now handled by a Special Board Meeting rather than a full Special General Meeting.
- Rules 28, 39 & 40 - Shares, Dividend on Shares and Interest-Bearing Shares: Clarifies dividend-bearing vs interest-bearing shares and introduces a new rule specifically for interest-bearing products.
- Rule 41 - Inspection of Accounts: Ensures Members can view their own accounts but not those of others (previous wording implied broader access).
- Rule 42 - Record of Account: Printed statements removed as standard, but available on request.
- Rule 44 - Nominations: Updated for sequestration policy.
- Rule 46 - Internal Complaints Procedure: Updated legislative references.
- Rule 47 - Attendance at Members' Meetings: Confirms attendance can be in person or electronic.
- Rule 48 - AGM: Adds transparency around decision-making powers.
- Rule 53 - Voting: Explicitly states that resolutions pass by majority.
- Rule 55 - Quorum: Attendance can be in person or electronic.
- Rules 57 - 58 - Nomination for Election to the Board and Nominations Committee: Removes proposer/seconder requirement, includes regulatory approval requirements, and confirms the CCU Chair cannot sit on the Nominations Committee.

These improvements make our processes clearer, more accessible, and more digitally enabled.

4. Board Governance & Director Responsibilities

A significant emphasis has been placed on improved governance standards following sector-wide best practice.

Key Strengthening Measures:

- Rule 62 - Board of Directors: This has been updated to better reflect that the Board of Directors has the power to determine the minimum and maximum Board representation.
- Rule 64 - Election of the Chair Etc.: Ensures SMCR-related appointments meet regulatory standards and also that the Board has the power to elect other office bearing posts should they wish.
- Rule 65 - Casual Vacancies: Updated to note that if a Co-Opted Director chooses not to seek election, that their involvement with the Credit Union terminates.
- Rule 66 - Timing and Notification of Board Meetings: This now has additional language to note that all NEDs and Executive Directors must be made aware of any Special Meetings called.
- Rule 67 - Quorum: Allows electronic attendance.
- Rule 68 - Voting at Board Meetings: Confirms properly executed decisions are binding.
- Rule 71 - Failure to Attend Meetings: Directors missing 75%+ of meetings may be deemed to have failed their duties.
- Rule 74 - Responsibilities of Directors: Annual review and approval of key policies is now mandated.
- Rule 75 - Vacation of Office: Adds new removal grounds and allows removal of Members if conduct issues arise.
- Rule 76 - Suspension of a Director - Paragraph 1 is new to note that the Board or a Committee with delegated authority, can suspend a Director with sufficient reason. In paragraphs 2 and 3, there are additional reasons for suspension noted and the process to be followed.
- Rule 77 - Independent Investigation - This is a new rule, however, some of the language has been taken from the previous Suspension of a Director rule. It makes reference to a Volunteer Appeal Group, which may involve former, independent Directors. However, the investigation group provides a recommendation only and ultimately the final decision rests with the Board.
- Rule 78 - Removal From Office - This is a new rule entirely, detailing the decision process for Directors to remove a suspended Director and the requirement to notify the Membership at the next AGM.
- Rules 80 - 81 - Conflict of Interest & Confidentiality: Strengthened references to Conflict of Interest and Data Protection policies.

These rule changes create a more professional, accountable and transparent governance framework.

5. Accounts & Definitions

- Rule 84 - Availability of Accounts: This has been updated to include the paragraph removed from Rule 41 and to note that the annual accounts will be prepared in accordance with legislation.
- Rule 90 - Glossary: Expanded to include more terms for clarity.

Summary

These Rulebook updates collectively:

- Strengthen governance and accountability.
- Modernise operations with digital-first processes.
- Clarify Membership, rights and responsibilities for individuals and corporate entities.
- Enhance Board oversight and professional standards.
- Enable future growth through a new, flexible, non-geographic Common Bond based on ONS occupational categories.

The Board recommends that Members approve these changes to ensure Capital Credit Union continues to grow sustainably whilst supporting Members with robust governance and modern, flexible services.

2025

IMPACT

Total Lending

£13.5M

Green Lending

£3.5M

Mortgage Lending

£1.5M

New Sport Partnerships

3 FOOTBALL CLUBS

31 GOLF CLUBS

New Members

3.8K

Member Satisfaction

4.6

CONSUMER CREDIT AWARDS 2025

Consumer credit awards — Credit union of the year — Finalist 2025 — Smart money people

Consumer credit awards — Best credit union (North) — Finalist 2025 — Smart money people

Consumer credit awards — Best credit union loan provider — Finalist 2025 — Smart money people

CAPITAL IN THE COMMUNITY

Some of the organisations we have supported.

We're proud to back Turn2us in their mission to help people facing financial hardship. This year, we supported the disbursal of the Thriving Futures Fund, to provide targeted financial support that helps people thrive when provided alongside tailored support. It's an example of working with partners to improve the wellbeing of our community.

Since April, our partnership with Community Renewal Trust has helped 30 people move into paid employment. By providing interview space, guidance, and office facilities, we've supported jobseekers in building confidence and securing new opportunities. It's a practical way we're helping strengthen futures across our community.

We were proud to support the Broomhouse Community Pantry, with our staff donating essential groceries and our CEO and COO volunteering on-site. These efforts strengthened the food bank's ability to serve local families and reflects our commitment to standing with local communities when it matters most.

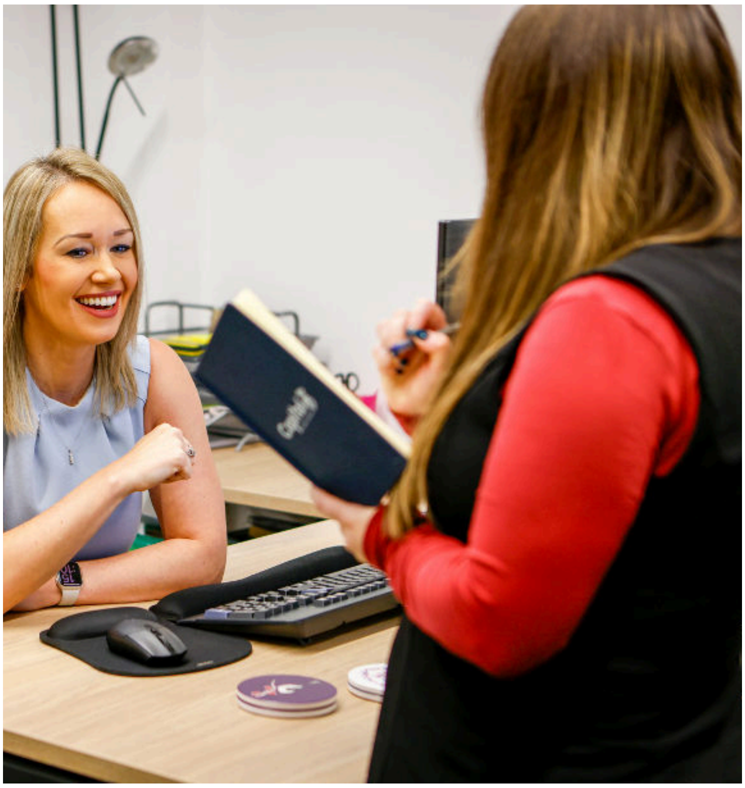
COMPLIANCE STATEMENT

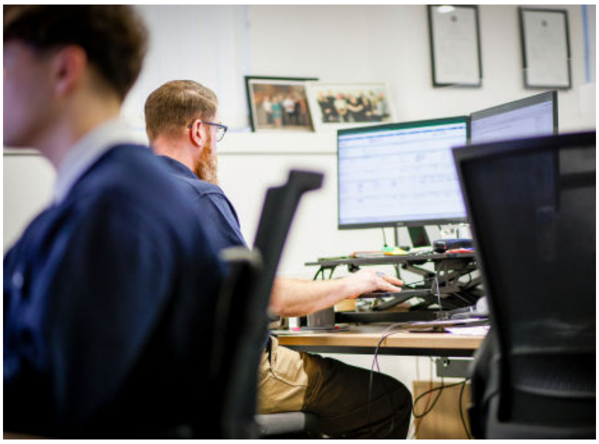
Under the Prudential Regulation Authority Rulebook, the Board of Directors must report to the Members at the Annual General Meeting on certain areas of compliance within the Credit Union. Capital Credit Union is therefore pleased to report that during the year, the Credit Union has been in full compliance with:

• Depositor Protection Rules 11, 12, 14 and the requirements of rule 15 that relate to rule 11; and

• PRA Credit Union Rule 2.10 (fidelity bond insurance requirements); and

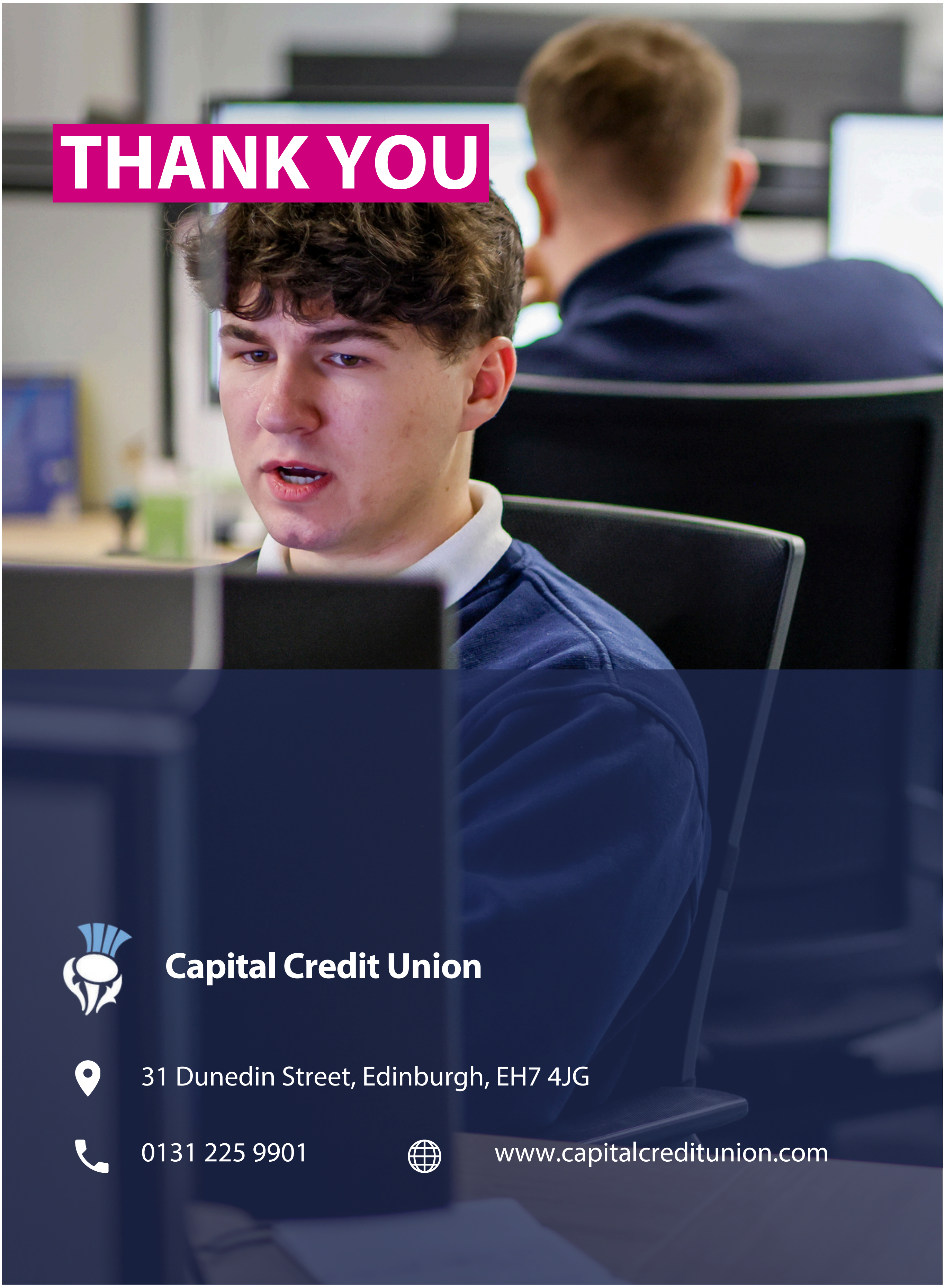
• The requirements of compliance under the PRA "additional activities" namely lending, mortgages and investments and the requirements for Credit Unions within the PRA Credit Union Rulebook for Credit Unions over 15,000 Members





FINANCIAL STATEMENTS

A full set of annual accounts is attached to this report.



THANK YOU

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