

Kent Savers Credit Union
Minutes of the First Special General Meeting
held at 5.30pm Monday 8th January 2024 via Webinar

Meeting Panel: Perry Inglis – Chair of Board
Samantha Bagnall - Secretary
Kathy Cox – Deputy Chair of Board
John Stokes – Treasurer
Jackie Littlewood of ABCUL – invigilator

Meeting attendance:

In addition to the Meeting Panel, 70 KSCU Members registered to attend the virtual meeting by Webinar and a further 13 KSCU Members provided votes mail (which Board had agreed to accept).

Purpose of the meeting:

- 1) to Inform Members of the proposed merger, address any questions and hear feedback
- 2) to pass the following Special Resolution ¹:

This meeting of members of the Kent Saver Credit Union (“KSCU”) hereby resolve to transfer the whole of the stock, property, and other assets and all engagements of the KSCU to the East Sussex Credit Union (“ESCU”, also trading as ‘Wave Community Bank) in consideration of the ESCU issuing to each member of the KSCU paid up shares equal to the amount standing to the credit of each member in the share ledgers of the KSCU on the date when the transfer of engagements becomes effective.

If the above Special Resolution is passed a Second General Meeting will be held between 29th January and 5th February, the Purpose being to confirm that the above Special Resolution was passed at the First Special General Meeting. ²

¹ *For which two-thirds of Kent Savers members who are present and voting at the meeting must pass the Special Resolution*

² *For which a simple majority of those attending this meeting is required*

Mr Inglis opened the meeting and introduced the members of the Board. He thanked all for attending and advised all of the purpose of the meeting.

Noting we signposted the conditions at the last AGM and noted that with the current economic situation, we find ourselves in need of additional capital in order to continue to operate and serve the people of Kent with good products. This is a situation that a number of small credit unions (CU) are finding themselves in at this time.

We have held discussions with a number of other CU’s with a view to pursuing a merger. The Board are recommending unanimously that we proceed with the merger with Wave Community Bank. We believe that KS would be unable to continue to function as a standalone entity given our current situation.

Ms Cox noted that KS is a geographic CU covering Kent, Medway and Bexley, we looked at all CU’s that were located in an area that made geographic sense and that any potential partner would create a beneficial, stronger CU for the future. Wave has always been a CU that we have links

with, we share the same back-office system, share some of our common bond edited and are generally like-minded. Wave Community Bank is a trading style of East Sussex Credit Union.

Wave has a more expansive set of products including prize saver and broader loan offering with larger sums and purposes on offer.

Mr Inglis reaffirmed that all member deposits are protected under the FSCS. The meeting then addressed questions that had been raised by attendees of the virtual meeting:

Question	Answer
Do we know how long the process will take if we go ahead	There are a number of items that we have to complete during the next 2- 3 months including regulatory approval. We anticipate that the next special meeting to confirm resolution for the merger to go ahead will be at the end of January
Do you expect the name of KSCU to disappear	Yes, we expect to become one unified CU under the name Wave subject to confirmation
How many member need to vote or is it just a majority?	For the resolution to pass, it needs the majority of members in attendance at this meeting and those who chose to register an email vote in advance to vote For it
Will existing KSCU members have the benefit of the Wave App as you merge	Yes we will move all KSCU members onto the Wave platforms, taking advantage of the economies of scale by the merged CU utilising Wave's systems
Is the bad debt profile of the Wave better than KSCU	Wave's bad debt rate is better than KSCU (as they do not have underwritten housing loans schemes that KSCU has), Wave also have a better capital ratio at the current time.
If it is a merger why do all of the assets merge to Wave	When any CU merge there has to be a transferring and a receiving CU. Given Wave is larger, stronger and a broader range of products, it makes more sense for Wave to be the receiving CU, to give us one common platform.
Where is our money stored at the minute	Members money is either lent out to other members who have taken loans, and all un-lent balances are held at various banks in treasury accounts. This is appropriately spread over a number of banks to maximise interest received and liquidity of funds, and conforming with PRA requirements re credit risk spread.
Which banks is the money stored in	Main clearing bank is Unity Bank, we also use Nationwide, Charity Bank amongst others; we have 8 banks at which those deposits are placed to ensure that we are protected as far as possible. We go through a robust process to ensure that we are lodging our money with appropriate banks.
Will the APR on loans be any different	The T&CS for all current member loans will remain the same post merger. However each member will be able to apply for Wave

Question	Answer
	products once the merger is completed, including to replace a current loan.
Will we start earning interest on savings	Credit unions may paid a dividend (not interest) if a surplus is achieved and members vote in favour of the dividend. KSCU board believes, but to be confirmed, that Wave has paid 1% interest on savings to Junior. We cannot comment on what will happen in future
For sometime we have not had a dividend will the merger enable us to get a dividend	We cannot guarantee at this time. Through the merger it is planned to create a stronger CU and allow access to wider products and offerings that KSCU does not provide at this time.
What role will the excellent Board members play in the future	Wave have completed an assessment of their ongoing skills needs and have provided us sight of this. Two KSCU directors are to be co-opted and other Board members may apply for roles where there is a skills match.
Will the relationship with Maidstone and Bexley Councils continue	We have been doing a lot of work on this in the past year and we intend to continue this. One of the benefits for Wave of the merger is that it allows them to grow within Kent and Medway which was one of their aims.
How will the bad debt of KSCU and Wave be retrieved	This is an operational process, both CUs have robust processes in place to maximise debt recovery, working closely with the relevant members on setting up repayment plans that are realistic and sustainable
What is the impact on staff	We cannot discuss this due to confidentiality, but will of course follow all appropriate employment good practice and law
Did you consider merging with a national CU or employer based CU like Commsave or merging with a mutual	We considered a number of options, it is difficult to find a national CU that can accommodate the scale of Kent, Bexley and Medway within their common bond upper limit set by the regulator. Wave already have Kent and Medway in their common bond and were therefore the best contender and choice, especially given systems commonality too.

Mr Inglis read the resolution and asked all members to vote on the poll. **The result of the poll was unanimous with 98% of members in attendance voting. KSCU will therefore continue with the merger process.**

Mr Inglis closed stating we will continue with the process and at the correct time will hold the second of the special meetings to confirm the merger, at this session (anticipated at the end Jan) we will also once again accept email votes should members be unable to attend. He thanked all for attending and noted the thanks that attending members sent to the Board members.