Annual Report & Accounts

2024

Castle Community Bank admin@castlecommunitybank.co.uk

Contents

About Us

Castle Community Bank is a credit union, a member driven financial co-operative.

We offer great interest rates to all our members, both savers and borrowers, and we do social good by supporting those who are often unable to access mainstream banking.

Established in 2015 following the merger of two long established credit unions - being Castle Credit Union and North Edinburgh Credit Union, along with members of the Water of Leith Credit Union Study Group. Today Castle Community Bank serves over 76,000 members across Great Britain. We are dedicated to bringing people an ethical alternative for their savings and for sourcing loans.

We are a credit union authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Our depositors also benefit from their deposits being protected up to £85,000 under the Financial Services Compensation Scheme (FSCS).

Our Vision

To grow the credit union movement by giving greater access to fair savings and loans products to people struggling to access mainstream finance

Our Purpose

Offering fair priced loans and savings products, encouraging a strong savings culture for our members.

A summary of the year

Over £375m interest saved by borrowing members

Nearly half of lending to members under age 35

Total assets over £400m

Over 76,000 members, driving forward the mutuals sector

Around 40% of borrowers via a major aggregator had no alternative offer

More than £1m a month paid to savers

Loan purpose
47% debt consolidation
19% home improvement
6% car
3% holiday

Member comments

Castle Community Bank

Reviews 1,931 • Excellent

4.8

VERIFIED COMPANY

CHRISTIAN
6 reviews GB

Verified — 18 Nov 2024

The openness to the their customers.

The openness to the their customers.
Professional work ethic.
Easy to understand, and very happy with them .

Date of experience: 20 August 2024

Hazel
4 reviews GB

Verified — 15 Dec 2024

Utterly amazing experience

Utterly amazing experience. No hassle and very quick. I highly recommend.

Date of experience: 09 September 2024

Mr Philip Foster
9 reviews GB

Verified — 17 Sept 2024

Simple and easy to apply

Simple and easy to apply, within a few minutes the funds were in my account

Date of experience: 12 June 2024

TINDERBOX

Tinderbox Collective is an award-winning Scottish charity that aims to ignite a spark in young people – one which fills them with confidence, imagination and sense of possibility, and which enables them to achieve things they never thought possible.

Tinderbox Trustee, Mark Casson, heard about Castle Community Bank's savings accounts and was keen to place some of the charity's reserve funds with the credit union.

"We liked the competitive interest rates offered by Castle as well as its strong sense of social purpose and not-for-profit status. For us, that's a better place for our reserves than a large bank with low interest rates and motivated by generating returns for its shareholders. We're delighted to be members of Castle Community Bank."

Company Information

Legal Entity Name	**North Edinburgh and Castle Credit Union Ltd**
Trading Name	**Castle Community Bank**
Directors	W S Pearson D Reid M J Brouwers K Mountford A P Sargent S Gush
Company Secretary	M J Brouwers
Registered Office	49 Great Junction Street Edinburgh EH6 5HX
FCA & PRA FRN	213877
FCA Mutuals Registration Number	19CUS
Independent Auditors	Sharles Audit Limited Statutory Auditor 29 Brandon Street Hamilton ML3 6DA
Solicitors	Morton Fraser MacRobert 9 Haymarket Square Edinburgh EH3 8RY

Chairman’s Report

Dear Members

The financial year to September 2024 has been a mixed one for Castle Community Bank. On one hand, the number of new members has grown very substantially, across savings and loans. But on the other this strong growth has been tempered with higher-than-expected credit losses.

Many people think the *"cost of living crisis"* is over. The truth is that the financial squeeze people have suffered is still causing financial hardship and money worries for many.

According to the Financial Inclusion experts *Fair4All Finance*, there is a large and growing gap in lending services to people in financially vulnerable circumstances; that gap is estimated to rise to £3bn in 2025 [1]. That is a shocking figure that demands coordinated action across the financial services sector. With that in mind, never has Castle Community Bank’s purpose of providing fair savings and affordable loans been more relevant.

Credit Unions and Community Lenders can play a key part in helping people to smooth their incomes and meet unexpected costs so that they can start to build or rebuild their financial resilience. By providing access to loans at fair and affordable interest rates, credit unions like Castle Community Bank, are able to support those who may find it difficult to obtain a loan elsewhere.

Savings

At Castle Community Bank we encourage savings by paying competitive interest rates. Our strategy has been to grow our deposit base and loan book to a sustainable size that will help all our existing members and potentially new ones in the future. In some respects, we have made very good progress in 2023/24 with over 11,000 members now trusting Castle Community Bank to look after their savings. And our deposit members received nearly £16m in interest payments, whilst collectively providing more than £355m to fund lending to those who may not be able to access it elsewhere.

As with all other deposit taking institutions in the UK all our depositors are covered by the Financial Services Compensation Scheme up to the maximum limit of £85,000.

Loans

Our affordable loans are currently provided to more than 65,000 members. Coupled with our savings book, this means that Castle Community Bank is now one of the largest credit unions in Great Britain. We are determined to help more people and drive growth of the credit union sector and broader mutual movement.

Chairman's Report (cont.)

For around 40% of borrowers who accessed us via a major aggregator, we were the only loan offer they received. Also, for a similar proportion of members, our loan offer was the best price they received.

To give a sense of Castle Community Bank's achievement over the last 3 years, our borrowing members have accessed more than half a billion pounds all underpinned by fair and reasonable rates of interest as we have set out in our key objectives. Our conservative estimates indicate that by borrowing from us and not pay day or high-cost lenders, our members have saved more than £375m[2] in interest over the same period.

Overall, we have been managing the business in the face of a poorer UK credit environment than we had expected in 2024. Of the borrowers we have helped by providing much needed credit, a higher-than-expected number have been unable to meet their loan repayments. Of course, we are working with these members to help them navigate through the most challenging of times. All our members can benefit from a range of wellbeing tools, including budget planners and benefits calculators, as well as being able to speak to a member of our Financial Support Team at any time.

As these accounts show, the credit environment has resulted in a loss of £724,474 for the year to 30 September 2024. However, with the benefit of our new credit scorecard and continued support of our investors, our latest business plan shows a return to profitability over the coming years.

The Board and I remain very proud of what the team at Castle Community Bank has achieved over the past year, navigating the challenging conditions while continuing to provide a first-class service to considerably more members who have been helped by our fair loans and excellent savings products. I would like to thank everyone at Castle Community Bank for their continued hard work and dedication to the business and to the broader Credit Union movement.

Stephen Pearson
Chair

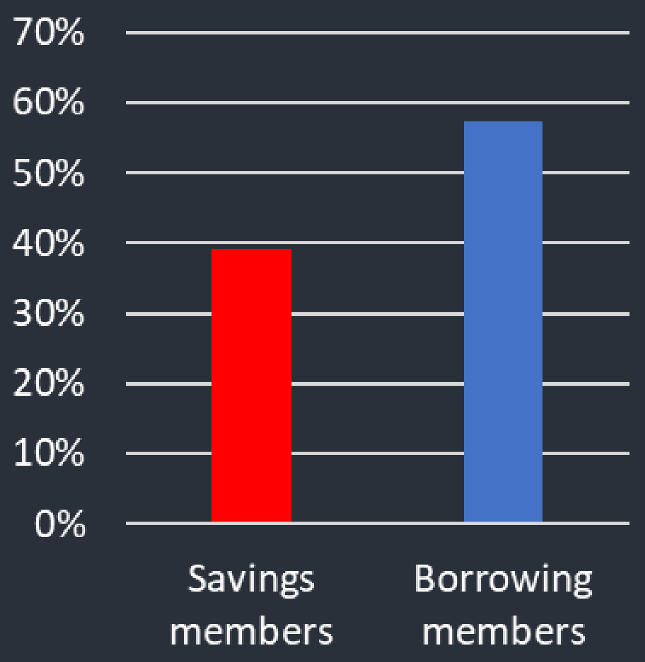
[1] Fair 4 All Finance - "How we can deliver a scaled affordable credit market for those who need it most"
[2] This is an internal calculation using CCB average APRs for 22/23 against advertised APRs of some other high-cost lenders

Chief Executive's Update

The last year has been another which has seen Castle Community Bank provide an unprecedented amount of support to those who may find it more difficult to obtain finance from mainstream financial institutions. We continued to pursue our vision of growing the credit union sector. We engaged with innovative potential providers to enhance our offering and ways of working and to support us in challenging the status quo.

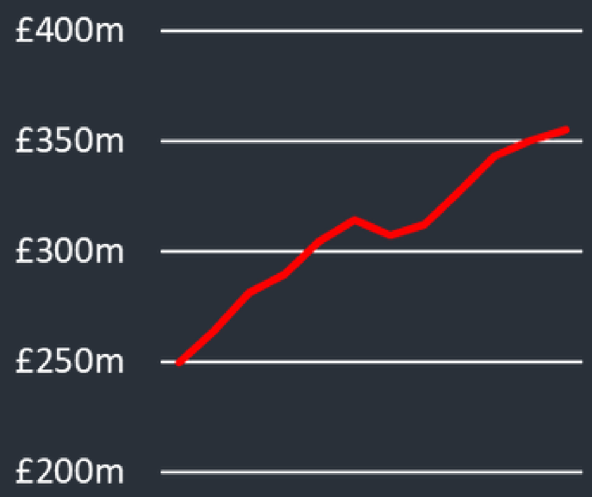
Our membership continues its strong upward trajectory and we finish this financial year with over 76,000 members.

Substantial increase in membership
(y/y change)



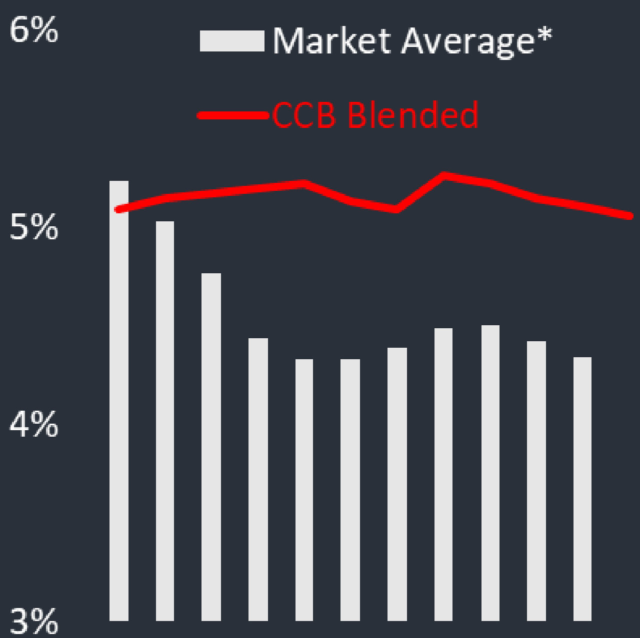
Our savings members have collectively amassed £355m, up from £247m a year ago. We believe that they have been well rewarded for doing so through our competitive interest rates.

Growth in members savings balances



Over the last year our average interest rate across all products was 5.2% paying over £1m a month to our deposit members. Through a new partnership with Flagstone, we are enabling charities to easily deposit funds with us and also benefit from our market leading rates.

Competitive interest rates from CCB



** Bank of England data*

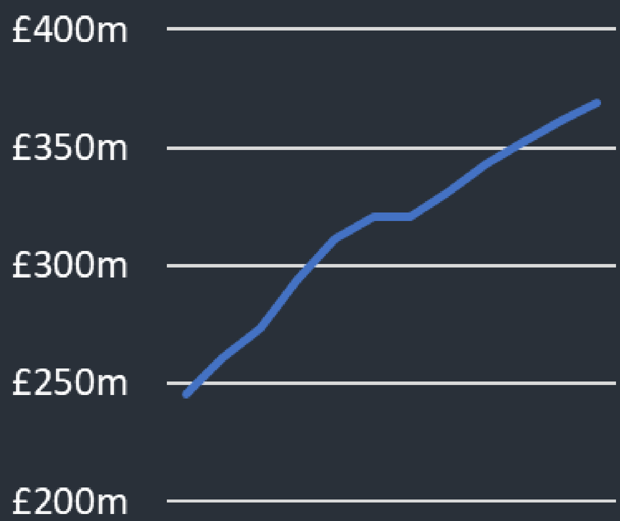
CEO update (Cont.)

On average we welcomed over 3,000 new borrowing members each month. In many cases Castle Community Bank has been the only offer our members received. In many other cases we have been the best offer they receive.

As the majority of our borrowers have taken loans for debt consolidation we are helping them to simplify their finances by moving to a single monthly payment, rather than facing the stress of managing multiple payments.

At the end of the financial year, our lending balances stood at £361m, up from £225m a year ago.

Substantial demand for borrowing



We are currently navigating a period of elevated credit losses. This resulted in a loss in the year to September 2024 of £724,474. Whilst this outcome is extremely disappointing we have made changes to address it and a revised five year plan is now in place showing us returning to profitability.

A great deal of work has been completed on a new credit score card which was implemented in early 2025. Over the year there was also considerable work completed on both liquidity and interest rate risk. Combined with proactive balance sheet management, the interest rate risk has been decreased over the year. All of this means that we entered the new financial year with an improved outlook.

Our focus remains on delivering value to our members through long-term growth and strategic investments. Our strategic ambition and the way in which the team have navigated the recent challenges has been well received by investors, several of which (including Amplifi Capital (U.K.) Ltd, Castlelake MC Finance UK S.a.r.l.and Social Investment Scotland) injected additional capital during the year or soon after the year end. This follow-on investment shows the strength of our relationships, their belief in the business plan and what we are trying to achieve.

Our first Consumer Duty report was well received by the Board in July. Throughout the year we engaged in regard to the evolution of the credit union sector with leading figures from the Financial Conduct Authority, Bank of England and Prudential Regulation Authority, Scottish Parliament and attended the All-Party Parliamentary Group on Mutuals. We look forward to hearing more from the new Government and their plans for the mutuals sector.

CEO update (Cont.)

Without the dedication and commitment of the team, our board, our commercial partners and investors, we wouldn't have achieved so much in such a short time. Nor would we be able to navigate the challenges we currently face, therefore I would like to extend a big thank you to all who have contributed to the Castle Community Bank journey so far.

Most importantly to all our members, I appreciate your continued membership, trust and support as we work through these challenging times, on the back of which Castle Community Bank will deliver the next chapter of 'Savings and Loans. Fair and Square'.

Adrian Sargent, Chief Executive Officer

Directors' Report

The directors present their report with the financial statements of the credit union for the year ended 30 September 2024. These accounts have been prepared on a going concern basis as our latest business plan shows a return to profitability in the coming years, with the benefit of our new credit scorecard and continued support of our investors.

Principal Activity
The principal activity of the credit union in the year under review was that of providing community loans and savings to various parts of the United Kingdom.

Review of Business
The directors are satisfied with the results for the year under review. Some financial key performance indicators are set out in the table below to show the performance of the credit union over the trading year.

	Year to 30 September 2024	Year to 30 September 2023
Net interest income	£47,192,845	£17,475,897
Deficit / Surplus after taxation	(£724,474)*	£222,763
Capital Asset Ratio	10.1%	11.0%
Liquidity Ratio	14.0%	20.0%

** including a one-off donation received of £200k*

Dividends
No dividend will be proposed (at the forthcoming AGM) for dividend bearing member deposits (2023 3.25%).

Principal Risks and Uncertainties
The principal risks which create uncertainty for Castle Community Bank (CCB) are considered in turn below.

Capital risk
Description: Capital risk is the risk that CCB does not hold sufficient capital to meet its regulatory requirements and support the business on an on-going basis.

Mitigating actions: CCB monitors its capital position on a regular basis, minimum weekly. On an annual basis, as part of its 5-year planning process CCB carries out a number of tests in order to ensure its capital resources are sufficient to meet its requirements under a range of potential stressed economic conditions. The assumptions and results of these stress tests are approved by the Board.

Commentary: CCB capital ratio remains above regulatory minimum at 10.1% in 2024. Ratios are forecast to remain above over the five-year planning cycle.

Credit risk
Description: Credit risk is the risk of loss of principal or interest stemming from a borrower's failure to meet their contracted obligations to CCB.

Mitigating actions: The Board has approved Underwriting and Lending policies against which all applications are assessed. These policies are subject to annual review by Board and any changes are recommended by the Financial Risk committee prior to Board review and approval.

Commentary: CCB constantly monitor credit performance against our stated Risk Appetite limits including our commitment to provide loans to customers who are unable to obtain finance

Directors' Report (cont.)

from traditional High Street lenders.

Liquidity risk
Description: This is the risk that CCB is unable to meet its financial obligations as they fall due or cannot obtain funds at a reasonable price in a reasonable time frame. These obligations include, for example, redemption of member deposits.

Mitigating actions: CCB has policies in place to help ensure that it always holds prudent levels of liquid assets such that it can meet its liquidity obligations. Liquidity is monitored on a weekly basis at a detailed level by CFO and COO and on a monthly basis by Board. CCB diversifies its liquidity holdings with a percentage of funds placed in short term, UK Government Gilts and Treasury Bills. This mitigating action reduces the counterparty credit risk as less funds are held with UK financial institutions, as well as ensuring investments mature frequently providing cash flow. CCB monitors the blend of member deposits between repayable on demand and at term to further ensure that liquidity will always be available whenever members request a redemption.

Commentary: CCB liquidity ratio of 14.1% (2023 19.8%) remains comfortably above internal and regulatory minimum levels. Ratios are forecast to remain appropriate over the five-year planning cycle.

Market risk and interest rate risk in the banking book
Description: CCB's main market risk exposure arises from interest rate risk in the banking book (IRRBB). IRRBB is the exposure to movements in interest rates, reflecting the mismatch between the dates on which interest receivable on assets and interest payable on liabilities are next reset or, if earlier, the instruments' maturities. For example, if CCB was funded by variable rate member deposits but lent at fixed rates, it would expose itself to the risk that if rates rose, its cost of funding would rise without any corresponding increase in interest income on loans.

Mitigating actions: To keep its interest rate risk exposure within limits, CCB obtains the majority of its redeemable member deposits at fixed rates to better match the fixed rates it offers on its lending. Interest rate mismatches are reported on a monthly basis.

Commentary: There are limited mitigating actions available to CCB as the current regulatory rules do not permit credit unions to manage interest rate risk with the use of derivatives.

Operational risk
Description: Operational risk relates to the risk of loss arising from inadequate or failed internal processes or systems, human error or external events.

Mitigating actions: CCB maintains a comprehensive risk register covering all aspects of the credit union. It is the responsibility of each business area to understand how operational risk impacts them and to put in place appropriate controls or take other mitigating actions. The register contains the potential impacts and likelihood of adverse events that could affect CCB and members and is regularly reviewed by the Audit and Risk committee.

Commentary: Regular control testing has been conducted throughout the year with remedial action taken to address any identified areas of weakness. CCB has focused on strengthening its approach to operational risk and resilience and continues to work with key third party suppliers to ensure that they have robust resilience plans in place.

Directors' Report (cont.)

Conduct risk
Description: Conduct Risk is the risk of undertaking business in a way which is contrary to the interests of our members, resulting in the delivery of inappropriate member outcomes or experiences, member detriment, regulatory censure, redress costs and/ or reputational damage.

Mitigating actions: The Board acknowledges the requirement to fully embrace the FCA's Statement of Principles to ensure that CCB pays due regard to good conduct governance at all times. These principles are firmly embedded within the organisation's culture. CCB have plans in place that are regularly reviewed at Board and the Audit and Risk committee to demonstrate our compliance with existing and upcoming regulatory change.

Commentary: CCB puts our members at the heart of everything we do and we re-assessed our member journeys to ensure that they are provided with the right information and support at the right time. Considerable work has been undertaken to help staff identify our vulnerable members and provide them with the additional support they need. Given the ongoing cost of living crisis, we continue to work with members who are experiencing financial difficulty and afford them suitable forbearance options.

Regulatory risk
Description: This is the risk that the volume, prescription and complexity of regulation, and changes thereto, may impair the credit union's ability to compete effectively and grow profitably.

Mitigating actions: The Board and management team closely monitor CCB's compliance with all regulatory requirements and keep up to date with relevant changes. The credit union employs compliance experts within the Risk team.

Commentary: The regulatory environment continues to change and we undertake ongoing horizon scanning to stay abreast of relevant developments. We are continuing to embed any and all relevant regulatory requirements in a timely manner.

Future Developments
The directors have considered the impact of the cost of living crisis, ongoing military action and geopolitical risk and the macro-economic impact of sanctions on Russia, the war in the Middle East have on the ongoing activities of the credit union.

This includes the potential impact of reduced levels of income for a period of time largely driven by larger credit losses as a larger proportion of our loan members struggle to repay their loans. The directors expect the credit union may experience a reduction in earnings while these conditions persist but with the support of existing investors the directors are confident the credit union can continue as a going concern.

Directors
There were no changes in directors in the year.

Compliance Statement
The credit union is required to maintain and test a single customer view (SCV) file for submission to the FSCS in the event that the credit union is wound up. The directors are aware of their responsibilities in respect of single customer view.

The directors also confirm the following as required by Section 10.1 of the PRA Credit Union Rulebook:

- the credit union carried out lending activity within the PRA Credit Union rulebook and we can confirm that we meet the requirements for carrying out this activity.
- the credit union had sufficient fidelity bond insurance throughout the year.

Directors' Report (cont.)

Statement of Directors Responsibilities
The directors and committee of management are required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the credit union at the end of the financial year, and of the income and expenditure of the credit union for that year.

In preparing these financial statements they are required to:

- select suitable accounting policies and then apply them consistently.
- make judgements and estimates that are reasonable and prudent; state whether accounting standards have been followed, and give details of any departures; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the credit union will continue in business.

They are also responsible for:

- ensuring that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014 and the Credit Union Act 1979; keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the credit union; and
- complying with the rules set out within the Prudential Regulatory Authority Credit Union Rulebook; safeguarding the credit union's assets; and maintaining a satisfactory system of control over the accounting records and transactions. Taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to Disclosure of Information to Auditors
So far as the directors are aware, there is no relevant audit information of which the credit union's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the credit union's auditors are aware of that information.

Auditors
The auditors, Sharles Audit Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

W S Pearson

W Stephen Pearson (Mar 5, 2025 17:19 GMT)
....
Director

Date: Mar 5, 2025

Independent Auditors’ Report

Report of the Independent Auditors to the Members of Castle Community Bank

Opinion

We have audited the financial statements of North Edinburgh and Castle Credit Union Limited (the 'Credit Union') for the year ended 30 September 2024 which comprise the Revenue Account, Balance Sheet, Cashflow Statement, Statement of Changes in Retained Earnings and Notes to the Financial Statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements: -

- give a true and fair view of the state of the Credit Union's affairs as at 30 September 2024;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Credit Union Act 1979 and the Co-operative and Community Benefits Society Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Credit Union in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw your attention to the disclosures made in Note 2 to the financial statements regarding the credit union's ability to continue operating as a going concern.

In particular, the credit union has negative retained earnings. This and the disclosures made in Note 2 to the financial statements, indicate the existence of a material uncertainty which may cast doubt about the credit union's ability to continue as a going concern. The financial statements do not include any adjustments should the credit union be unable to continue as a going concern. Our opinion is not modified in respect of this matter.

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. Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included reviewing the credit unions five-year plan to return the credit union to surplus

Auditors’ Report (Cont.)

along with positive reserves and the continued support of funding partners.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information
The other information comprises the information in the Directors' report, other than the financial statements and our Report of the Auditors thereon. The Board is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the 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.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefits Society Act 2014 requires us to report to you if, in our opinion:
a satisfactory system of controls over transactions has not been maintained; or
the credit union has not kept proper accounting records; or
the rules set out within the Prudential Regulatory Authority Credit Union Rulebook have not been complied with; or
the financial statements are not in agreement with the accounting records and returns; or
we have not received all the information and explanations we require for our audit.

Responsibilities of directors
As explained more fully in the Statement of Directors' Responsibilities set out on pages two and three, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Credit Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the

Auditors’ Report (Cont.)

Credit Union or to cease operations, or have no realistic alternative but to do so.

Auditors responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The aims of our audit are to identify and assess the risks of material misstatement of the financial statements as a result of fraud or error, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement as a result of fraud or error and to respond appropriately to those risks. As a result of the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with ISAs (UK).

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures include the following:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Credit Union and the sector in which it operates. We determined that the following laws and regulations were most significant: the Co-operative and Community Benefits Society Act 2014 and the Prudential Regulatory Authority Credit Union Rulebook
- We obtained an understanding of how the Credit Union complies with those legal and regulatory frameworks by making inquiries of management. We undertook a review of legal fees for any evidence of non-compliance.
- We assessed the susceptibility of the Credit Union's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the audit team included:
- identifying and documenting the controls management has in place to prevent and detect fraud and error;
- understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
- challenging assumptions and judgements made by management in its significant accounting estimates;

Auditors' Report (Cont.)

- identifying and testing journal entries, in particular any journal entries posted for large or unusual amounts;
- assessing the extent of compliance with relevant laws and regulations; and
- sample testing of transactions and balances.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

This report is made solely to the Credit Union's members, as a body, in accordance with Co-operative and Community Benefits Society Act 2014. Our audit work has been undertaken so that we might state to the Credit Union's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Credit Union and the Credit Union's members as a body, for our audit work, for this report, or for the opinions we have formed.

Sharles Audit Limited
Statutory Auditor
29 Brandon Street
Hamilton
ML3 6DA

Sharles Audit Ltd
Sharles Audit Ltd (Mar 6, 2025 12:14 GMT)
....

Date: Mar 6, 2025

Revenue Account

	Notes	**2024** **£**	2023 £
Loan interest receivable and similar income	3	62,935,174	22,547,094
Interest payable	4	(15,742,329)	(5,071,197)
Net interest income		**47,192,845**	**17,475,897**
Fees and commission payable	5	(14,863,739)	(5,235,956)
Other income		200,000	21,050
Administrative expenses	6	(3,165,540)	(1,589,324)
Depreciation and amortisation		(3,658)	(3,658)
Other operating expenses	7	(6,090,319)	(2,794,636)
Impairment losses on loans to members	11e	(23,590,129)	(7,585,028)
Surplus before taxation		**(320,540)**	**288,345**
Taxation	9	(403,934)	(65,582)
Surplus for the financial year		**(724,474)**	**222,763**
Other comprehensive income		-	-
Total comprehensive income		**(724,474)**	**222,763**

Balance Sheet

	Notes	**2024 £**	2023 £
ASSETS			
Cash at bank		13,079,381	30,541,063
Investment in UK Government Securities	10	38,179,124	19,520,597
Loans and advances to members	11	329,078,114	216,808,801
Tangible fixed assets	12	10,976	14,634
Debtors & prepayments	13	24,825,320	16,602,461
Total Assets		**405,172,915**	**283,487,556**
LIABILITIES			
Member Shares (Deposits) - repayable on demand	14a	122,527,719	67,196,037
Member Shares (Deposits) - repayable at term	14b	232,718,523	180,006,897
Other creditors and accruals	15	9,070,570	5,129,045
Total Current Liabilities		**364,316,812**	**252,331,979**
Subscribed capital - deferred shares		28,111,738	25,111,738
Subscribed capital - subordinated debt		13,125,000	5,700,000
Total Subscribed Capital		41,236,738	30,811,738
Retained earnings		(380,635)	343,839
Total liabilities		**405,172,915**	**283,487,556**

The financial statements were approved by the Board of Directors and authorised for issue on Mar 6, 2025 .... and were signed on its behalf by:

W Stephen Pearson (Mar 5, 2025 17:19 GMT)
W S Pearson - Director

D Reid (Mar 6, 2025 05:10 GMT)
D Reid - Director

Kevin Mountford (Mar 6, 2025 09:58 GMT)
K Mountford - Director

Statement of changes in reserves

	2024	2023
	£	£
As at 30 September 2023	**343,839**	121,076
Total comprehensive income for the year	(724,474)	222,763
As at 30 September 2024	(380,635)	343,839

Cash Flow Statement

	2024 £	2023 £
Cash flows from operating activities		
Surplus / (deficit) before taxation	(320,541)	288,345
Adjustments for non-cash items:		
- Depreciation	3,658	3,658
- Impairment losses	22,396,694	7,195,791
	22,400,352	7,199,449
Movements in:		
- Accrued interest	231,338	263,364
- Other assets	(5,095,943)	(9,825,036)
- Other liabilities	250,202	1,180,188
	(4,614,403)	**(8,381,484)**
Cash flows from changes in operating assets and liabilities		
Cash inflow from subscribed capital	3,000,000	17,348,951
New loans to members	(248,696,892)	(205,993,704))
Repayment of loans by members	114,230,206	43,172,896
	(131,666,007)	(145,471,938)
Taxation paid	(70,865)	(4)
Net cash flows from operating activities	(114,271,464)	(146,365,632)
Cash flows from investing activities		
Purchase of property, plant and equipment	-	-
Net cash flow from managing liquid deposits	108,043,308	176,220,491
Net cash flow from investment in treasury assets	(18,658,527)	(19,520,597)
Net cash flows from investment activities	89,384,781	156,699,894
Cash flows from financing activities		
Subordinated debt received in year	7,425,000	5,700,000
Net cash flows from financing activities	7,425,000	5,700,000
Net increase / (decrease) in cash and cash equivalents	(17,461,683)	16,034,262
Cash and cash equivalents at beginning of year	30,541,063	14,506,801
Cash and cash equivalents at beginning of year	**13,079,381**	**30,541,063**

Notes to the Financial Statements

1. Statutory information

The credit union is registered under the Co-operative and Community Benefit Societies Act 2014 and operates as a Credit Union within the meaning of the Credit Union Act 1979. The credit union is registered with the Financial Conduct Authority and Prudential Regulatory Authority under the provisions of the Financial Services and Markets Act 2000.

The presentational currency of the financial statements is the Pound Sterling (£).

In accordance with the regulatory environment for credit unions, deposits from members can be made by subscription for either redeemable shares or non-redeemable deferred shares. These can be either dividend or interest bearing.

2. Accounting policies

Basis of preparing the financial statements
The financial statements have been prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, Credit Unions Act 1979. These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Any departures from the standard are detailed in the accounting policies.

The financial statements are prepared on the historical cost basis.

Going concern
North Edinburgh and Castle Credit Union Ltd have reported a deficit for the year which has resulted in negative retained earnings as at 30 September 2024.

The credit union expects ongoing losses to continue in the short term due to increased credit losses from a cohort of business, however the directors consider the going concern basis appropriate due to mitigating actions put in place. These actions include the implementation of a number of credit policy changes, on-going support from our existing investors, including regulatory capital received post year end from Social Investment Scotland and Amplifi Capital (U.K.) Limited. The latest 5 year plan as approved by Board October 2024, has been stress tested and show a return to profitability and positive reserves. The plan remains compliant with both capital and liquidity requirements throughout.

The directors therefore believe that the financial statements should be prepared on a going concern basis.

Notes to the Financial Statements (cont.)

2. Accounting policies (continued)

Income

Loan interest receivable and similar income: Interest on both loans to members and loans to banks (i.e., cash and cash equivalents held on deposit with other financial institutions) is recognised using the effective interest rate method and is calculated and accrued on a daily basis.

Where the loan interest rate for members loans has been reduced to zero, the credit union does not account for any loan interest on these loans, as the credit union will not reasonably expect to recover this loan interest. This policy does not meet with the requirements of FRS102. However, as a result of this policy, there is no net effect on the surplus or deficit for the year nor net assets of the credit union as an equal and opposite impairment provision would be required should this loan interest be included.

Other operating income

Fees, charges and other operating income either arise in connection with a specific transaction, or accrue evenly over the year. Income relating to individual transactions is recognised when the transaction is completed.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

- Improvements to property 10% on cost
- Office Equipment 50% on cost
- Computer equipment 33% on cost

Tangible fixed assets are stated at cost, less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

At each balance sheet date, the directors of the credit union review the carrying amounts of its tangible fixed assets to determine whether there is any indication that any item has suffered an impairment loss. If any such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of the asset, the credit union estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Expenditure of £500 or more on individual tangible fixed assets is capitalised at cost. Expenditure on assets below this threshold is charged directly to the revenue account in the period it is incurred.

Notes to the Financial Statements (cont.)

2. Accounting policies (continued)

Government grants
The accounting treatment of grants received are determined by the grant conditions and the reasons why the grant was applied for to determine whether they are treated as capital or revenue in nature. Grants of a capital nature are reflected as deferred income in the balance sheet and released to the Revenue account over the estimated useful life of the assets to which they relate. Grants which are considered to be revenue are credited to the Revenue account in the period to which they relate.

Taxation
The tax charge for the year reflects current tax payable. Current tax is the expected corporation tax payable for the year, using tax rates in force for the year. Corporation tax is payable on investment income, regardless of whether the Credit Union makes a profit or loss from other activity.

The credit union is not liable to corporation tax payable on its activities of making loans to members, as these are not classified as a trade.

As a result of the limited activities of the credit union, from which any surplus would be chargeable to corporation tax, it is unlikely that deferred tax will arise.

Impairment of financial assets
Impairment losses on loans to members are provided in accordance with the guidelines issued by the Prudential Regulatory Authority. Any impairment losses are recognised in the revenue account as the difference between the carrying value of the loan and the net present value of the expected cash flows.

The credit union assesses at each balance sheet date if there is objective evidence that any of its loans to members are impaired. The loans are assessed collectively in groups that share similar credit risk characteristics, because no loans are individually significant. In addition, if during the course of the year there is objective evidence that any individual loan is impaired, a specific loss will be recognised.

Impaired loans written off and recovered
In accordance with FRS102, the policy of the credit union and the requirements of the standard for impaired losses written off differ. Under FRS102 loans can be written off only when the credit union doesn’t have the legal right to enforcement payment. The credit union writes off impaired loans when all methods of recovery have been exhausted. Therefore, the impaired losses written off in the financial statements do not meet the requirements of FRS102. As a result of the above there is no net effect on the surplus or net assets of the credit union.

Notes to the Financial Statements (cont.)

2. Accounting policies (continued)

Financial Assets - Members loans
Loans to members are financial assets with fixed or determinable payments and are not quoted in an active market.

Loans are recognised when cash is advanced to members and measured at amortised cost using the effective interest method.

Loans are derecognised when the right to receive cash flow from the asset have expired, usually when all the amounts outstanding have been repaid by the member. The credit union does not transfer loans to third parties.

Capital placement fees
Fees related to obtaining additional capital are prepaid and amortised over the expected life of the related capital up to 15 years.

Fees and Commissions Payable
Brokerage fees payable on new loans are prepaid with fees being released over the loan interest amortisation curve.Brokerage costs and fees are matched with the interest receivable on members loans.

On loans with an associated brokerage fee an enhancement fee related to the performance of the loan is also charged subject to the loan being unimpaired after 18 months. These are accrued on all relevant loans.

Cash at Bank
Cash at bank comprise of cash in hand along with bank and building society deposits. The credit union has access to these funds and they are readily convertible to cash.

Investments in UK Government Securities
Investments in UK government securities comprise of holdings in UK Government Gilts and Treasury Bills with maturities currently of no more than one year and are readily convertible to cash. The investments are valued at cost plus accrued interest.

Financial liabilities - Members Shares (Deposits)
Members shareholdings in the credit union are classified as financial liabilities and described as Members Shares (Deposits). They are initially recognised as the amount of cash deposited and subsequently measured at amortised cost.

Notes to the Financial Statements (cont.)

2. Accounting policies (continued)

Employee pension benefits
Defined contribution plans: The amounts charged as expenditure for the defined contribution plan are the contributions payable by the credit union for the relevant period under review.

Other employee benefits
Other short and long term employee benefits, including holiday pay, are recognised as an expense over the period they are earned.

Reserves
Retained earnings are the accumulated surpluses (or deficits) to date that have not been declared as dividends returnable to members.

Use of estimates and judgements
The preparation of financial statements requires the use of certain accounting estimates. It also requires the Directors to exercise judgement in applying the credit union's existing accounting policies. The area requiring the highest degree of judgement or complexity and the area where significant assumptions are required is impairment losses on loans to members. The directors regularly conduct impairment reviews by analysing arrears reports, credit control data and the reports from debt collecting companies.

Dividend
The dividend is formally proposed by the directors after the year end and is confirmed at the following AGM. As a result, it does not represent a liability at the balance sheet date.

Juvenile deposits
The amount received by the credit union for juvenile depositors are held in trust for those depositors.

3. Loan interest receivable and similar income

	2024 £	2023 £
Loan interest receivable from members	61,316,894	22,214,914
Interest receivable on cash at bank and investment securities	1,618,280	332,180
Total loan interest receivable and similar income	**62,935,174**	**22,547,094**

Notes to the Financial Statements (cont.)

4. Interest expense

Interest expense is the dividend paid to members for the prior year. The dividend is formally proposed by the Directors after the year end and is confirmed at the following AGM. As a result it does not represent a liability at the balance sheet date.

	2024 £	2023 £
Interest payable during the year:		
- Interest bearing share accounts	(15,725,895)	(5,053,526)
- Dividend bearing share accounts	(16,435)	(17,761)
Interest proposed, but not recognised	-	(17,796)
Dividend rate	0%	3.25%

5. Fees and commissions payable

Of the fees and commissions payable of £14,863,739 (2023 £5,235,956); £14,422,263 (2023 £5,124,945) is payable to the outsource provider, MCF (My Community Finance).

6. Administrative expenses

		2024 £	2023 £
Employment costs	8b	(1,373,091)	(844,627)
Auditors' remuneration		(32,600)	(24,700)
Telephone and internet		(5,707)	(3,014)
Computer maintenance		(45)	(6,990)
Legal and professional		(1,318,323)	(503,566)
General expenses		(406,604)	(187,693)
Printing, postage and stationery		(2,669)	(892)
Other insurance		(26,501)	(17,842)
Total administrative expenses		**(3,165,540)**	**(1,589,324)**

Notes to the Financial Statements (cont.)

7. Other operating expenses	2024 £	2023 £
Cost of occupying offices:		
- Rent and rates	(13,215)	(13,201)
- Heating and lighting	(3,407)	(2,039)
- Insurance	(1,256)	(1,155)
	(17,878)	*(16,395)*
Regulatory and financial management costs		
- Deferred share costs	(5,990,948)	(2,738,904)
- Regulatory fees	(11,054)	(2,934)
- Association of British Credit Union fees	(70,439)	(36,403)
	(6,072,441)	(2,778,241)
	(6,090,319)	**(2,794,636)**

8. Employees and employment costs

8a. Number of employees
The average monthly number of employees during the year was 23 (2023 - 18)

8b. Employment costs

	2024 £	2023 £
Wages and salaries	(1,206,448)	(750,488)
Social security costs	(128,636)	(73,174)
Pension costs	(20,211)	(3,913))
Other staff costs	(17,796)	(17,052)
Total employment costs	**(1,373,091)**	**(844,627)**

8c. Directors and senior management
The directors and senior management were paid £831,029 covering 9 posts (2023: £535,036 covering 9 posts).

Notes to the Financial Statements (cont.)

9. Taxation

Analysis of the tax charge

The tax payable on the surplus for the year was as follows:		2024 £	2023 £
Current tax			
UK corporation tax	9b	403,934	65,582

UK corporation tax has been charged at 25% (2023: 22.01%)

Reconciliation of tax expense

Corporation tax is only payable on investment income. The credit union is not liable to corporation tax payable on its day-to-day activities of making loans to members. As a result, the tax charge for the year differs from the standard rate of Corporation Tax. The differences are explained below:

	2024 £	2023 £
Deficit / Surplus before taxation	(320,541)	288,345
Surplus before taxation multiplied by corporation tax rate in the UK of 25% (2023: 25%)	(80,135)	72,086
Effects of:		
- Non-taxable (deficit)/surplus on transactions with members	(478,787)	(6,504)
Under provision for the year	(5,282)	-
Total tax charge for the year	**403,934**	**65,582**

Notes to the Financial Statements (cont.)

10. Investments in UK Government Bonds

	2024 £	2023 £
As at 1 October 2023	**19,520,597**	-
Additions	159,164,369	26,226,186
Disposals and maturities	(140,594,042)	(6,920,256)
Accrued interest	88,200	214,667
As at 30 September 2024	**38,179,124**	**19,520,597**

All of the above investments are in UK Government Gilts or Treasury Bills and have remaining maturities within one year.

11. Member loans

11a. Member loans

	2024 £	2023 £
As at 1 October 2023	225,198,848	62,377,959
Advanced during the year	250,099,544	206,395,424
Loan repayments	(114,230,205)	(43,172,895)
Gross loans and advances to members	**361,068,187**	**225,600,488**
Impairment losses		
Bad debts written off	(1,203,332)	(401,640)
As at 30 September 2024	359,864,855	225,198,848

Notes to the Financial Statements (cont.)

11. Member loans (continued)

11.b Total loan assets for regulatory purposes

	2024 £	2023 £
Unsecured member loans	359,864,855	225,198,848
Specific impairment provision	(29,673,741)	(8,115,047)
General provision	(1,113,000)	(275,000)
As at 30 September 2024	**329,078,114**	**216,808,801**

11c. Credit risk disclosures

The credit union does not offer mortgages and as a result all loans to members are unsecured, except that there are restrictions on the extent to which borrowers may withdraw their savings whilst loans are outstanding. The credit union's lending policy states that the maximum loan is £25,000. This limit is also in accordance with Prudential Regulatory Authority rules. The carrying amount of the loans to members represents the credit union's maximum exposure to credit risk.

11d. Allowances account for impairment losses

	2024 £	2023 £
As at 1 October 2023	**8,390,047**	1,194,255
Additions	22,396,694	7,195,792
As at 30 September 2024	**30,786,741**	**8,390,047**

11e. Impairment losses recognised for the year

	2024 £	2023 £
Impairment of individual financial assets	(1,203,332)	(401,639)
Increase in impairment allowances during the year	(22,396,694)	(7,195,792)
	(23,600,026)	(7,597,431)
Reversal of impairment where debts recovered	9,897	12,403
Total impairment losses recognised for the year	**(23,590,129)**	**(7,585,028)**

Notes to the Financial Statements (cont.)

12. Tangible Fixed Assets

	Leasehold Improvements £	Fixtures and Fittings £	Total £
Cost: **Opening and Closing Balance**	36,581	16,050	52,631
Accumulated Depreciation			
As at 1 October 2023	21,947	16,050	37,997
Charge for year	3,658	-	3,658
On disposals			
	25,605	16,050	41,655
Net book value 30 September 2024	**10,976**	**-**	**10,976**
Net book value 30 September 2023	14,634	-	14,364

13. Prepayments and accrued income

	2024 £	2023 £
Accrued interest on members loans	6,253,890	3,126,974
Prepayments	18,571,430	13,475,487
	24,825,320	**16,602,461**

14a. Members Shares (Deposits) - financial liabilities repayable on demand

	2024 £	2023 £
As at 1 October 2023	67,196,037	4,465,496
Movement in the year	55,331,682	62,730,541
As at 30 September 2024	**122,527,719**	**67,196,037**

Notes to the Financial Statements (cont.)

14b. Members Shares (Deposits) - financial liabilities repayable at term

	2024 £	2023 £
As at 1 October 2023	180,006,897	66,516,948
Movement in the year	52,711,626	113,489,949
As at 30 September 2024	**232,718,523**	**180,006,897**

	2024 £	2023 £
Due within 1 year	186,554,527	145,893,018
Due within 2 to 5 years	46,163,996	34,113,879
As at 30 September 2024	**232,718,523**	**180,006,897**

15. Other creditors and accruals

	2024 £	2023 £
Accrued interest on members shares	6,553,023	3,194,768
Accrued expenses	2,118,896	1,868,695
Corporation tax	398,651	65,582
	9,070,570	**5,129,045**

16. Financial instruments

Financial risk management
The credit union manages its members shares (deposits) and loans to members so that it earns income from the difference between interest receivable and interest payable. The main financial risks arising from the credit union's activities are credit risk, liquidity risk, market risk and interest rate risk. The board reviews and agrees policies for managing each of these risks, which are summarised below.

Notes to the Financial Statements (cont.)

16. Financial instruments (continued)

Credit risk
Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to the credit union, resulting in financial loss to the credit union. In order to manage this risk the board approves the credit union lending policy, and all changes to it. All loan applications are assessed with reference to the lending policy in force at the time. Subsequently loans are regularly reviewed for any factors that may indicate that the likelihood of repayment has changed and where appropriate changes are made to the credit unions lending policy.

Liquidity risk
The credit union's policy is to maintain sufficient funds in liquid form at all times to ensure that it can meet its liabilities as they fall due, maintaining our levels above regulatory limits at all times. The objective of the credit union's liquidity policy is to smooth the mismatches between maturing assets and liabilities and to provide a degree of protection against any unexpected developments.

Market risk
Market risk is generally comprised of interest rate risk, currency risk and other price risk. The credit union conducts all its transactions in sterling and does not deal in derivatives or commodity markets. Therefore, the credit union is not exposed to any form of currency risk or other price risk.

Interest rate risk
The credit union's main interest rate risk arises from the differences between the interest rate exposures on the receivables and payables that form an integral part of the credit union's operations. The credit union considers rates of interest receivable when deciding on the rate payable on members shares (deposits) and dividend bearing member shares (deposits). The credit union is not permitted under regulation to use interest rate derivatives or options to hedge its own positions. The interest rate risk is regularly monitored with interest rates on members loans and interest receivable on bank deposits being regularly reviewed to ensure risk exposure is minimised.

Fair value of financial instruments
The credit union does not hold any financial instruments at fair value.

Notes to the Financial Statements (cont.)

17. Reserves	Retailed Earnings £	Deferred Shared £	Sub Debt £	Total £
At 1 October 2023	343,839	25,111,738	5,700,000	31,155,577
Deficit / Surplus for the year	(724,474)			(724,474)
Deferred shared / Sub Debt received		3,000,000	11,925,000,	10,425,000
Deferred shares / Sub debt repaid			(4,500,000)	(4,500,000)
As 30 September 2024	**(380,635)**	**28,111,738**	**13,125,000**	**40,856,103**

18. Contingent liabilities

The credit union participates in the Financial Services Compensation Scheme (FSCS) and therefore has a contingent liability, which cannot be quantified, in respect of contributions to the FSCS, as required by the Financial Services and Markets Act 2000. The Financial Conduct Authority (FCA) had provided details of how the calculation of next year's contribution towards the FSCS will be calculated and provision has been included for this liability. However, this is subject to future changes in interest rates and levels of deposits held by deposit takers. Therefore, there is inherent uncertainty regarding the totality of the levy that the credit union will have to pay.

19. Post balance sheet events
There are no material events after the balance sheet date to disclose.

20. Related party disclosures
During the year no members (2023 - 0 members) of the Board, key management and their close family members had loans with the credit union. None of the directors, key management or their close family members, have any preferential terms on their loans. During the year under a service agreement, Amplifi Capital Limited continued to promote Castle Community Bank and service its members. The income statement includes charges of £14,863,739 (2023 £5,579,304) for these services.

21. Revenue account
A grant of Nil (2023: £21,050) was received during the year.
A donation of £200,000 (2023: Nil) was received during the year.

Our Board

Stephen Pearson - Chairman

Stephen is an experienced non-executive director and during his career has gained considerable insight into retail banking and the not-for-profit sectors, alongside his legal experience.

Formerly a lawyer in the City of London, Stephen has led legal teams at both the RBS Group and Virgin Money, where he was General Counsel.

A long time advocate for Financial Inclusion, Stephen is the chair of Financial Inclusion for Scotland, a strategic collective set up by Social Investment Scotland. In addition he is Chair of the well-respected charity Leuchie House, which is Scotland's national Respite Care service for people with neurological conditions and their carers.

Mary Jane Brouwers - Non-Executive Director
Company Secretary, Treasurer, and Chair of Audit and Risk Committee

Mary Jane has held a number of non-executive director roles over the last 20 years. She is currently a non-executive director of Mint Ventures Associates Limited, a business angel group investing in early-stage, women-led companies, and a co-opted Member of Court at the University of Glasgow where she is a member of the Finance Committee. She was a director and trustee of Museums Galleries Scotland, 2019-2023, where she chaired the Audit and Risk Committee.

Mary Jane has been working in early-stage equity investments since joining Bank of Scotland Growth Equity in 1997 and has subsequently worked with a range of different investors including SIS Ventures, where she was a member of the Investment Committee, Archangel Investors Limited, and the Scottish Investment Bank. Mary Jane is an Associate of Gearing for Growth, and a member of Changing the Chemistry and the Institute of Directors.

Douglas Reid
Non-Executive Director, Money Laundering Reporting Officer

Douglas came to live in Edinburgh from the Highlands when studying law at the University of Edinburgh. He has advised individuals, companies, families and businesses throughout his career on common sense solutions, as well as negotiating the legal landscape.

As well as being a busy husband and father, Douglas also serves as a Charity trustee. In the unlikely event of having any free time, Douglas likes to get some sleep.

Our Board (continued)

Kevin Mountford
Non-Executive Director, Deputy Chairman and Chair of Nominations and Remuneration Committee

Kevin has held senior management and executive roles for over 30 years, working with large UK financial services providers like Bank of Scotland, Halifax and Birmingham Midshires.

In 2011, he took the reins at Plan B Funding, a start-up consultancy helping banks raise retail deposits in the UK and Europe. Kevin helped secure investment capital and achieved early successes with United National Bank and State Bank of India. He later led negotiations with Raisin GmbH, culminating in a deal in 2017, making PBF part of one of Europe's leading Fintech businesses.

Kevin is a member of the advisory boards for the Financial Services Forum and MoneyLIVE and previously held NED roles at Mutual Vision Ltd and Collctiv, and served on the Advisory Board of FinTech North.

Adrian Sargent
Executive Director and Chief Executive Officer, Member of Audit and Risk and Nominations and Remunerations Committees

Adrian has a career in banking spanning over 20 years in senior roles at a number of financial services companies (Morgan Stanley, HBOS, Tesco Bank, BlackRock, Virgin Money). He has extensive experience in building, developing and managing banking teams, problem solving and aligning to regulatory requirements.

Adrian has a passion for all related items to the Environment, Social and Governance matters and alongside his role at Castle Community Bank actively promotes and contributes to developing a sustainable economy.

Adrian is a chartered accountant and Fellow of the Association of Corporate Treasurers.

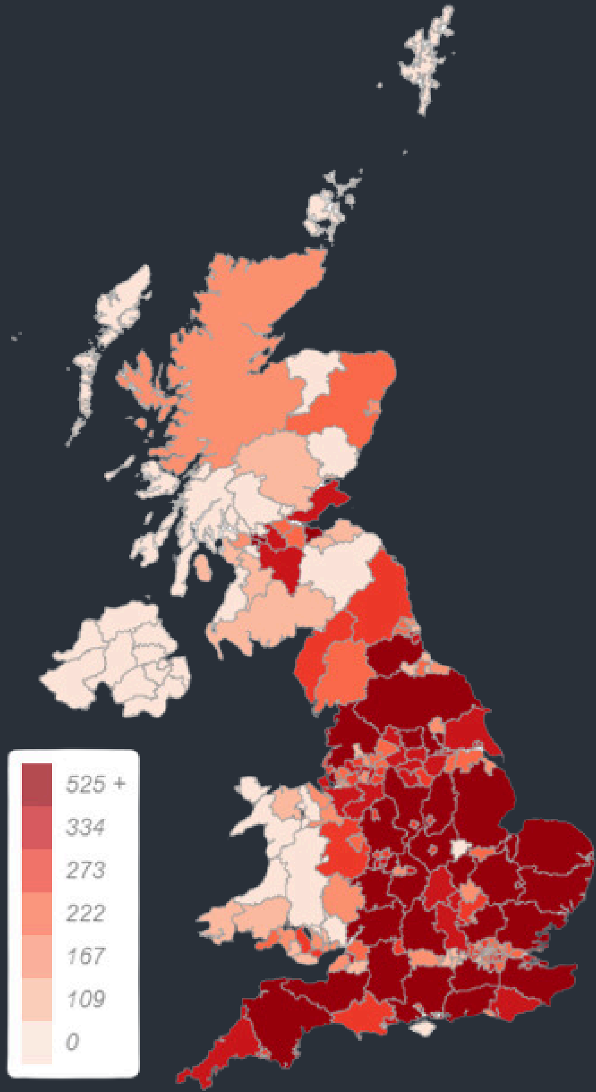
Suzanne Gush
Executive Director and Chief Financial Officer, Member of Audit and Risk Committee

Suzanne came to live in Edinburgh from Manchester after first training as a Management Accountant at Ball Packaging Europe and working in multiple roles across several manufacturing companies. During this time, Suzanne worked on a number of mergers and acquisitions and company transformation projects. Her move to Scotland provided the opportunity to join the Royal Bank of Scotland where she held various senior roles. She went on to work for Virgin Money within the team responsible for the acquisition of Northern Rock, moving onto serving as the Group Financial Planning Director post integration.

Suzanne took an extended career break before joining Castle Community Bank as the Chief Financial Officer in October 2022. Additionally, Suzanne is a trustee on the Board of Leuchie, a Scottish respite charity.

We'd like to thank all our members for their continued support

And sincere acknowledgments to everyone who has helped us to grow, we're really making a difference in our communities.



Core credit union objectives

- Encouraging thrift by growing members' savings and putting their money to good use
- Making affordable loans available to members at fair and reasonable rates of interest
- Helping members with financial education and money management.

Castle Community Bank

Savings and loans
Fair and square

Castle Community Bank
Annual Report and Accounts 2024

NORT170 - ARAs 23 24 (Post Board for signing - 040325)

Final Audit Report 2025-03-06

Created:	2025-03-05
By:	Gary Copeland (Gary.Copeland@sharles-ca.co.uk)
Status:	Signed
Transaction ID:	CBJCHBCAABAAnDOSvFsLgHiC4wAYXjqLIpSFdLAkGPwW

"NORT170 - ARAs 23 24 (Post Board for signing - 040325)" History

Document created by Gary Copeland (Gary.Copeland@sharles-ca.co.uk)
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2025-03-05 - 16:44:00 GMT

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2025-03-05 - 17:17:29 GMT- IP address: 109.153.65.25

Signer stephen.pearson@castlecommunitybank.co.uk entered name at signing as W Stephen Pearson
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2025-03-06 - 05:09:01 GMT- IP address: 172.224.227.5

Signer douglas.reid@castlecommunitybank.co.uk entered name at signing as D Reid
2025-03-06 - 05:10:02 GMT- IP address: 82.37.115.171

Document e-signed by D Reid (douglas.reid@castlecommunitybank.co.uk)
Signature Date: 2025-03-06 - 05:10:04 GMT - Time Source: server- IP address: 82.37.115.171

Document emailed to kevin.mountford@castlecommunitybank.co.uk for signature
2025-03-06 - 05:10:08 GMT

Email viewed by kevin.mountford@castlecommunitybank.co.uk

2025-03-06 - 09:56:52 GMT- IP address: 104.47.85.62

Signer kevin.mountford@castlecommunitybank.co.uk entered name at signing as Kevin Mountford

2025-03-06 - 09:58:43 GMT- IP address: 158.172.132.12

Document e-signed by Kevin Mountford (kevin.mountford@castlecommunitybank.co.uk)

Signature Date: 2025-03-06 - 09:58:45 GMT - Time Source: server- IP address: 158.172.132.12

Document emailed to Robert Pollock (robert.pollock@sharles-ca.co.uk) for signature

2025-03-06 - 09:58:49 GMT

Email viewed by Robert Pollock (robert.pollock@sharles-ca.co.uk)

2025-03-06 - 09:59:09 GMT- IP address: 213.105.30.154

Signer Robert Pollock (robert.pollock@sharles-ca.co.uk) entered name at signing as Sharles Audit Ltd

2025-03-06 - 12:14:52 GMT- IP address: 213.105.30.154

Document e-signed by Sharles Audit Ltd (robert.pollock@sharles-ca.co.uk)

Signature Date: 2025-03-06 - 12:14:54 GMT - Time Source: server- IP address: 213.105.30.154

Agreement completed.

2025-03-06 - 12:14:54 GMT