



ANNUAL REPORT

2018



INVOCATION

Lord, make me an instrument of Thy peace
Where there is hatred, let me sow love;
Where there is injury, pardon;
Where there is doubt, faith;
Where there is despair, hope;
Where there is darkness, light;
And where there is sadness, joy;

O divine Master,
grant that I might not so much seek
to be consoled as to console;
to be understood as to understand;
to be loved as to love;
for it is in giving that we receive,
it is in pardoning that we are pardoned,
and it is in dying that we are born to eternal life.



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AGM AGENDA

1. Credit Union Invocation/Special Draw – 11am
2. Acceptance of proxies (if any)
3. Ascertainment that a quorum is present
4. Adoption of Standing Orders
5. Minutes of AGM 2017
6. Report of the Board of Directors
7. Community Report
8. Consideration of Accounts
9. Report of the Auditor
10. Declaration of Dividend and Rebate of Interest
11. Appointment of Tellers
12. Election of Directors, Board Oversight Committee and Auditor
13. Report of the Board Oversight Committee
14. Report of the Credit Committee
15. Report of the Credit Control Committee
16. Report of the Strategic Planning Committee
17. Report of the Marketing & Membership Committee
18. Report of the Governance & Nominations Committee
19. Report of the Audit, Risk & Compliance Committee
20. Rule Amendment
21. Announcement of election results
22. Guest Speakers – 12.30pm*
23. Any other business
24. AGM Prize Draws
25. Close of meeting followed by refreshments – 1pm*

*Subject to change

Ann Walsh

Ann Walsh, Secretary

If you would like to raise a question at the AGM, it may require supporting documentation and/or research by way of reply, so in order to allow sufficient time, we would ask you to please send your question(s) in writing, with your name and contact number to arrive no later than close of business [on Saturday 12th January 2019, to: agm@capitalcu.ie](mailto:agm@capitalcu.ie)



REPORT OF THE CHAIRPERSON

On behalf of your Board of Directors, I present to you our Annual Report and Accounts for the year ended 30th September 2018.

I am delighted to report that our Credit Union is making a positive difference to the lives of our Members and in our Community.

This year, I am pleased to tell you that we are recommending an increase in the dividend to 0.25% while also maintaining a loan interest rebate of 10%. These results reflect the success of the strategy of the Board to focus on growth through increasing the loan book and through co-operation with other like-minded credit unions.



Our loan portfolio has increased by almost 36% and our loan book stands at over €64 million at financial year-end.

At 30th September 2018, over 36% of the total value of our shares is out on loan. As members, you will know that the primary business of the Credit Union is lending and, as we expand the number of loan products to our members, we remind you that your Credit Union has no fees, no penalties or charges, and has better value loans than other institutions.

We reported to you at the 2017 AGM on the successful merger with Drimnagh Credit Union and I am very happy to say that we can now report that the transfer of engagements with Drimnagh Credit Union has been fully completed. I am delighted to report that the Drimnagh office is one of our busiest offices and we have received very positive feedback from the members there.

Growth through co-operation and collaboration is a cornerstone of our Strategic Plan and the Board of Directors ensures that each and every step we take with other credit unions must contribute to the overall vision and mission of our Credit Union.

In this financial year, we have also successfully accepted the transfer of St. Kevin's Parish Credit Union and Francis Street Credit Union. Once again, I am happy to report that both offices are already making a positive contribution to the development of Capital Credit Union.

We are also seeing the benefits of the economies of scale that come with consolidation, as well as being able to redirect those savings into important areas for member services and strengthening the assets of the Credit Union.

Capital Credit Union continues to play its part in the restructuring of the credit union movement. As your elected Board, we will continue to ensure that any future mergers will be subject to the highest level of due diligence and will be financially beneficial to Capital Credit Union and will be in our members best interests.

REPORT OF THE CHAIRPERSON

With this growth, your Credit Union will have the scale to offer our members a wider range of financial products with best value, and the board and management are currently working with the ILCU and the Solution Centre to develop new products and services. It is the belief of your Board that we can become the first choice for savings and loans, and other personal financial services for our members.

Hopefully, by now all our members will have seen or heard our advertising and marketing campaigns highlighting our personal and friendly services and the availability of funds for lending. Our loan book continues to grow and with your help, we will continue on that path in making Capital Credit Union your first choice.

Over the past 12 months we have worked hard on our commitment to you regarding Member Death Benefit Insurance (MDBI) for our members. I am happy to say it has been very successful, with over 5,000 members signing up. The MDBI offered by Capital Credit Union is one of the best available in the Credit Union movement and I would encourage those who are not yet members to consider joining the MDBI scheme.

We thank you the members for your support in these changing times. We salute and respect the founders of our credit union and we are proud to carry their legacy into the future with the same loyalty and determination and armed with the tools to make this credit union even stronger for our current and future members.

On behalf of the Board, I would like to express our thanks to the CEO, his Management Team and all the Staff Team for their hard work in delivering a top-class service to our members and for their commitment to meeting the many regulatory changes and oversight by the Central Bank. It gives the Board great assurance that your Credit Union has such a strong team to implement our strategy, to protect the reputation of your credit union and to make the operation run so smoothly.

Throughout the year, Board meetings took place every month and, in addition, a number of extra meetings were held to deal with the heavy workload of the Directors. The Board review all policies and procedures and amend them where necessary throughout the year in accordance with the Governance and Compliance calendar.

As all Board Members also sit on committees, they have had a very busy schedule throughout the year. In addition, many Directors and Staff continue to take on additional studies to improve their knowledge and skills for the benefit of all. This represents a great deal of unpaid personal time invested in the members' interests. I know from personal experience the amount of time this requires, and it shows the commitment of all involved.

There is great satisfaction in the work that our volunteers undertake, and I am confident, as we move towards the end of our 52nd year, that volunteers continue to come on board in the spirit and tradition of this credit union and I welcome those who have allowed their names to go



REPORT OF THE CHAIRPERSON

forward for election to the Board of Directors and Board Oversight Committee.

I would like to thank my fellow Directors, Board Oversight Committee and our Volunteers. I want to say a special thank you to Ms Karen Cashman and Ms Ann Walsh who, when I fell ill suddenly last March, stepped up and kept the ship steady.

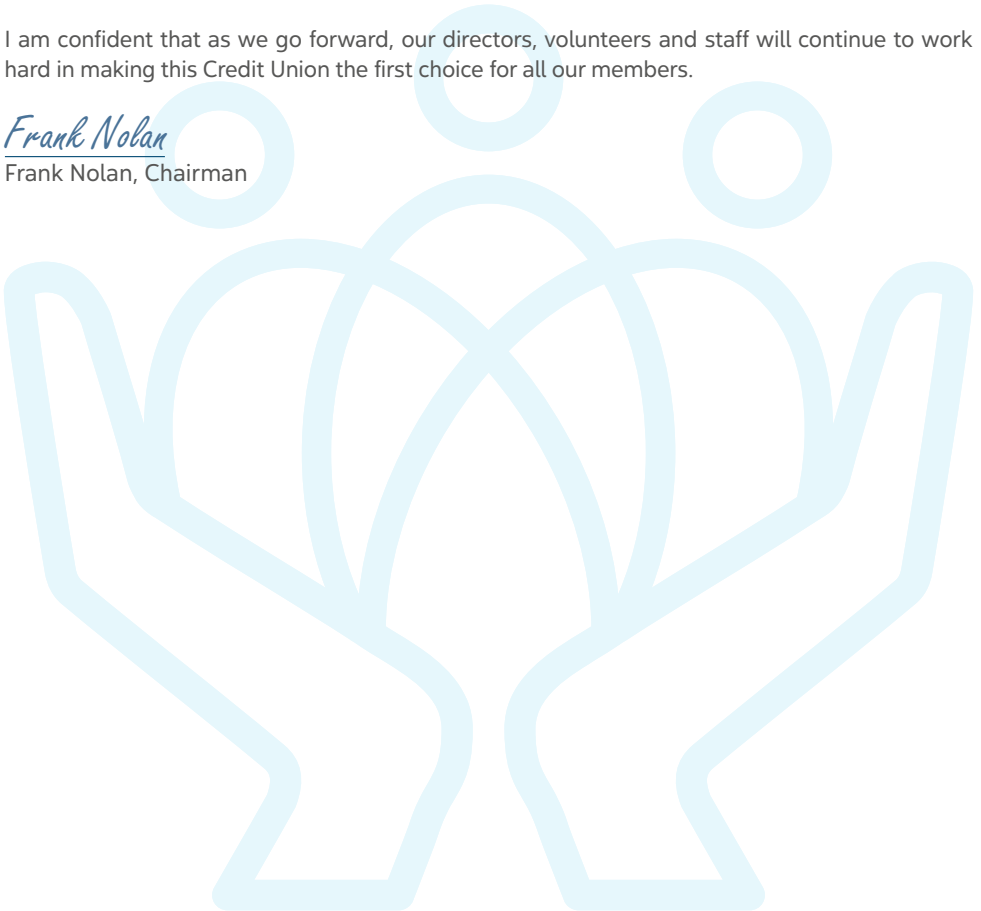
At this time, I want to extend my own thanks and the Board's thanks to Ms Gretta Fletcher and Ms Brid Darcy who are retiring after many years of great service. Both were a great asset to the Credit Union and we wish them well in the future.

On a personal note, it was a great honour for me to be asked to stand and to be elected for a third term by my fellow Directors as your Chairman following the 2017 AGM and it has been a pleasure to serve and to try to walk in the shoes of those who were the founders and leaders of this great Credit Union. I hope to continue to serve in the best interests of the members.

I am confident that as we go forward, our directors, volunteers and staff will continue to work hard in making this Credit Union the first choice for all our members.

Frank Nolan

Frank Nolan, Chairman



DIRECTORS AND OTHER INFORMATION

DIRECTORS

Frank Nolan
(Chairperson)
Karen Cashman
(Vice Chairperson)
Ann Walsh
(Secretary)

Brid Darcy
John O'Neill
Arthur O'Leary
Gretta Fletcher
Jim Kelly

Lorraine Doyle
Michele Brady
Peter Morrissey

BOARD OVERSIGHT COMMITTEE MEMBERS

Sean Smyth
Jack Grehan
Tommy Owens

CREDIT UNION NUMBER

255CU

CHIEF EXECUTIVE OFFICER

Gerard McConville

REGISTERED OFFICE AND BUSINESS ADDRESS

Capital Credit Union Limited
Main Street, Dundrum, Dublin 14

AUDITORS

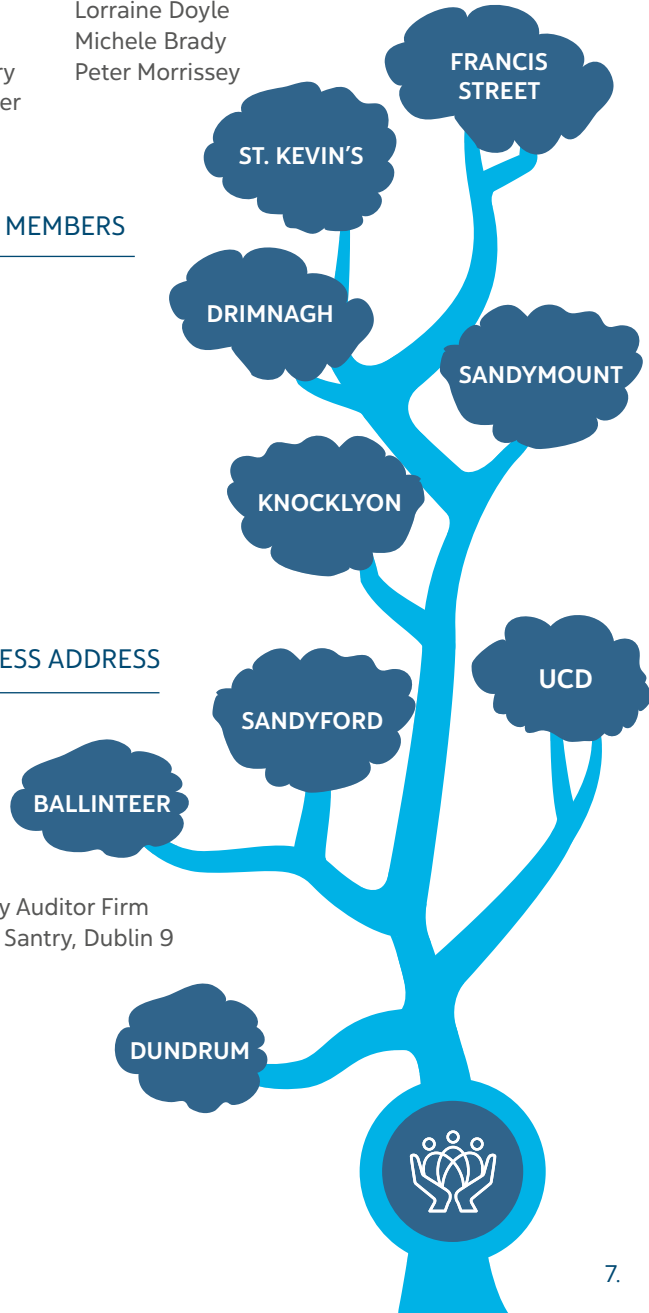
Whelan Dowling & Associates
Chartered Accountants and Statutory Auditor Firm
Block 1 Unit 1 & 4, Northwood Court, Santry, Dublin 9

BANKERS

Ulster Bank
Usher House, Dundrum, Dublin 14

SOLICITORS

O'Keeffe & Moore
6 Merrion Square North, Dublin 2





DIRECTORS REPORT

for the year ended 30 September 2018

The directors present their report and the audited financial statements for the year ended 30 September 2018.

Objects

The principal activity of Capital Credit Union Limited is the provision of savings and loans to members in its common bond. The Credit Union manages its members' shares, capital and loans to members so that it earns income from the margin between interest receivable and interest payable. Both the level of business and the year-end financial position were satisfactory. The directors expect to develop and expand the Credit Union's current activities and they are confident of its ability to operate successfully in the future.

Principal Risks and Uncertainties

The purpose of the Credit Union is to allow members save together and lend to each other at a fair and reasonable rate of interest.

The principal risks and challenges facing this Credit Union are loan default; not lending a sufficient proportion of funds so that too much of the Credit Union's resources are tied up in investment products and the risk that we will not have sufficient cash resources to meet day to day running costs and repay members savings when demanded (liquidity risk). These risks are managed by the Credit Union board so as to achieve an acceptable balance or growth and security for members' resources. The Board reviews and agrees policies for managing each of these risks which are summarised at Note 19.

Business Review

Both the level of business and the year-end financial position were satisfactory and were in line with financial projections. The Directors expect to develop and expand the credit union's current activities and they are confident of its ability to continue to operate successfully in the future.

Dividends and Interest Rebate

The directors propose a dividend of €397,500 at a rate of 0.25% (2017: €164,506 at 0.125%). The directors propose an interest rebate of €495,000 at a rate of 10.00% (2017: €394,570 at 10.00%)

Directors and Board Oversight Committee Members

The current directors and board oversight committee members are as set out on page 7.

Authorisation

The Credit Union is authorised to conduct investment business and undertake foreign exchange transactions. It is regulated by the Central Bank of Ireland for these activities.

Accounting Records

The Directors believe that they comply with the requirements of Section 108 of the Credit Union Act 1997 (as amended) with regard to books of account by employing personnel with appropriate expertise and by providing adequate resources to the financial function. The books of account of the Credit Union are maintained at the Credit Union's premises at Capital Credit Union, Main Street, Dundrum, Dublin 14.

DIRECTORS REPORT

for the year ended 30 September 2018

Post Balance Sheet Events

There have been no significant events affecting the Credit Union since the year-end.

Auditors

The auditors, Whelan Dowling & Associates, have indicated their willingness to continue in office in accordance with Section 115 of the Credit Union Act, 1997 (as amended).

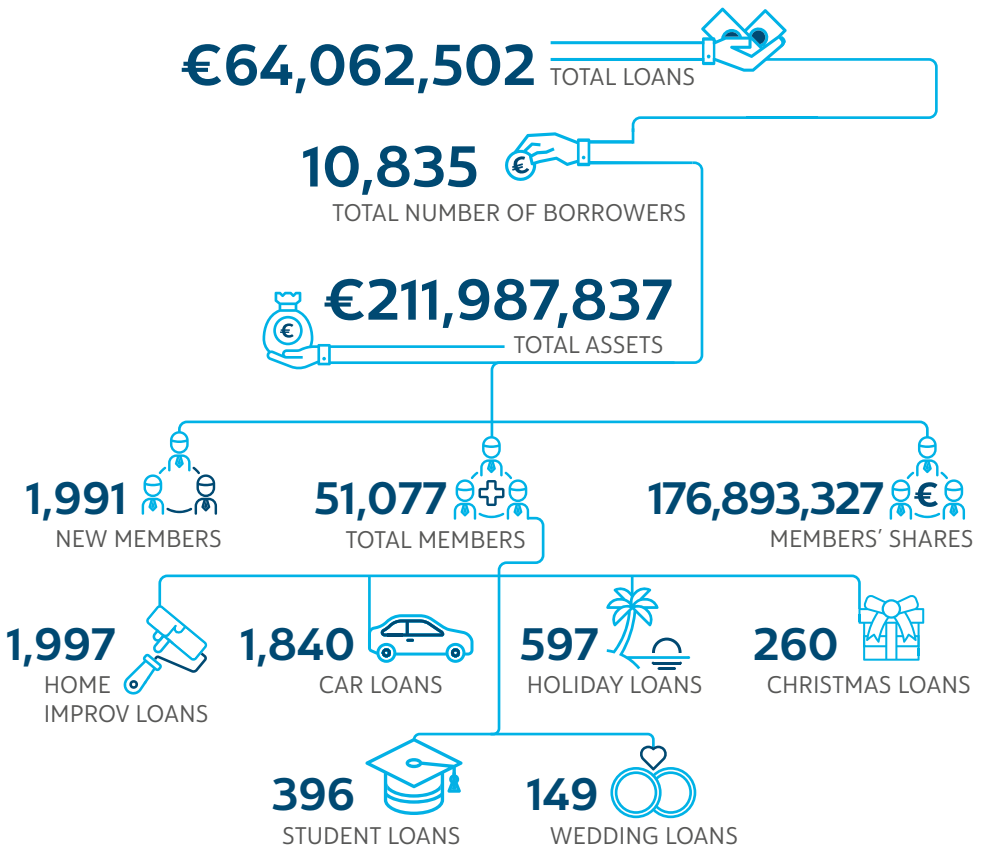
Approved on behalf of the Board of Directors

Chairman of the Board of Directors: Frank Nolan

Vice Chairman of the Board of Directors: Karen Cashman

Date: 13 November 2018

2018 AT A GLANCE





STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Credit Union Act, 1997 (as amended) requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Credit Union and of the income and expenditure of the Credit Union for that year. In preparing these financial statements the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the credit union will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements. The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Credit Union and enable them to ensure that the financial statements are prepared in accordance with applicable Irish law and Generally Accepted Accounting Practice in Ireland, including the standards issued by the Financial Reporting Council, and in particular FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". They are responsible for safeguarding the assets of the Credit Union and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved on behalf of the Board of Directors

Members of Board of Directors *Karen Cashman* *Frank Nolan*
Vice Chair Chairperson

Date: 13 November 2018

STATEMENT OF BOARD OVERSIGHT COMMITTEE'S RESPONSIBILITIES

The Credit Union Act, 1997 (as amended) requires the appointment of a Board Oversight Committee to assess whether the board of directors have operated in accordance with Part IV, Part IV (a) and any regulations made for the purposes of Part IV or Part IV(a) of the Credit Union Act, 1997 (as amended) and any other matter prescribed by the Central Bank in respect of which they are to have regard to, in relation to the board.

Approved on behalf of the Board Oversight Committee

Member of Board Oversight Committee *Sean Smyth* *Tommy Owens*
Member of BOC Member of BOC

Date: 13 November 2018

INDEPENDENT AUDITOR'S REPORT to the Members of Capital Credit Union

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Capital Credit Union Limited for the year ended 30 September 2018 which comprise the Revenue Account, the Statement of Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Reserves, the Statement of Cash Flows and notes to the financial statements, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is Irish law including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Credit Union Act, 1997 (as amended).

In our opinion the financial statements:

- give a true and fair view of the state of the assets, liabilities, and financial position of the Credit Union as at 30 September 2018 and of its surplus for the year then ended;
- have been properly prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been properly prepared in accordance with the requirements of the Credit Union Act, 1997 (as amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Credit Union in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Credit Union's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



INDEPENDENT AUDITOR'S REPORT to the Members of Capital Credit Union

Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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.

Opinions on other matters prescribed by the Credit Union Act, 1997 (as amended)

Based solely on the work undertaken in the course of the audit, we report that:

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion proper accounting records have been kept by the Credit Union.
- The financial statements are in agreement with the accounting records.

Matters on which we are we are required to report by exception

Based on our knowledge and understanding of the Credit Union and its environment obtained during the audit, we have not identified any material misstatements in the directors report.

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities as set out on page 5, the directors are 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 they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT

to the Members of Capital Credit Union

In preparing the financial statements, the directors' are responsible for assessing the Credit Union's ability to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Credit Union or to cease operations, or has no realistic alternative but to do so.

Auditor's 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 an Auditor's Report 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 (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: <www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf>

The description forms part of our Auditor's Report.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Credit Union's members, as a body, in accordance with section 120 of the Credit Union Act, 1997 (as amended). 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 an auditor's report 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.

WHELAN DOWLING & ASSOCIATES

Chartered Accountants and Statutory Auditor Firm
Block 1 Unit 1 & 4, Northwood Court, Santry, Dublin 9

13 November 2018



Capital
Credit Union



**Members' Monthly
Super Draw!!!**

WIN

**Cars & Cash
Prizes to be WON**

**Join NOW for as little
as €5 per month
(€60 per year)**

**You have to be
in it to WIN it!!**



Capital
Credit Union

We  lending.



Home improvement loan?
We've got it nailed

capitalcu.ie



REVENUE ACCOUNT for the year ended 30 September 2018

	Notes	2018 €	2017 €
Revenue			
Interest on members' loans	5	4,995,969	3,945,706
Other interest income and similar income	6	1,489,920	1,515,995
Net interest income		6,485,889	5,461,701
Other revenue	8	101,371	91,733
Total revenue		6,587,260	5,553,434
Expenditure			
Employment costs		2,195,734	1,507,192
Other management expenses (Schedule 4)		2,845,688	2,366,242
Depreciation		180,077	206,424
Net (recoveries) or losses on loans to members	12.4	(515,789)	(414,008)
Total expenditure		4,705,710	3,665,850
Surplus of expenditure over revenue		1,881,550	1,887,584
Other comprehensive income		200,000	-
Total comprehensive income		2,081,550	1,887,584

The financial statements were approved, and authorised for issue, by the Board on 13 November 2018 and signed on its behalf by;

Chairman of the Board of Directors: Frank Nolan

Member of the Board Oversight Committee: Tommy Owens

Chief Executive Officer: Gerard McConville

Date: 13 November 2018

STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended 30 September 2018

	2018	2017
	€	€
Surplus for the financial year	<u>1,881,550</u>	<u>1,887,584</u>
Revaluation reserve unrealised movement on revaluation of property	200,000	-
Other comprehensive income	<u>200,000</u>	<u>-</u>
Total comprehensive income relating to the year	<u>2,081,550</u>	<u>1,887,584</u>
Total comprehensive income since last annual report	<u>2,081,550</u>	<u>1,887,584</u>

Note of historical cost gains and losses

The difference between the results as disclosed in the Revenue Account and the result on an unmodified historical cost basis is not material.

Approved on behalf of the Credit Union Board

Chairman of the Board of Directors:	<u>Frank Nolan</u>
Member of the Board Oversight Committee:	<u>Tommy Owens</u>
Chief Executive Officer:	<u>Gerard McConville</u>
Date:	13 November 2018



BALANCE SHEET

as at 30 September 2018

	Notes	2018 €	2017 €
Assets			
Cash and cash equivalents	10	40,556,133	22,147,582
Property, plant and equipment	11	5,217,754	3,923,780
Loans to members	12.1	64,062,502	47,130,037
Provision for bad debts	12.3	(2,612,723)	(2,074,819)
Prepayments and other debtors	13	924,332	744,610
Deposits and investments	14	103,839,839	87,344,166
Total Assets		211,987,837	159,215,356
Liabilities			
Members' shares	15	176,893,327	132,801,143
Members' deposits	16	25,000	950,380
Money Management Accounts	17	3,621,273	1,831,827
Trade creditors and accruals	18	598,075	414,368
		181,137,675	135,997,718
Members' Resources			
Regulatory reserve	26,500,000	20,000,000	
Operational risk reserve	586,840	468,120	
Other reserves	3,763,322	2,749,518	
		30,850,162	23,217,638
		211,987,837	159,215,356

Approved on behalf of the Credit Union Board

Chairman of the Board of Directors:

Frank Nolan

Member of the Board Oversight Committee:

Tommy Owens

Chief Executive Officer:

Gerard McConville

Date:

13 November 2018

STATEMENT OF CHANGES IN RESERVES

for the year ended 30 September 2018

	Regulatory reserve	Distribution reserve	Operational risk reserve	Other reserves	Unrealised income reserve	Revaluation reserve	Developmt Reserve	Total
	€	€	€	€	€	€	€	€
At 1 October 2016	19,000,000	-	280,000	1,130,169	678,543	553,349	500,000	22,142,061
Dividends paid during the year	-	(301,509)			-			(301,509)
Loan interest rebate paid during the year		(429,522)						(429,522)
Surplus allocation in year	1,000,000	731,031	188,120	-	-	-	-	1,919,151
Other movement in reserves	-	-	-	370,085	(401,652)	(80,976)	-	(112,543)
At 30 September 2017	20,000,000	-	468,120	1,500,254	276,891	472,373	500,000	23,217,638
At 1 October 2017	20,000,000	-	468,120	1,500,254	276,891	472,373	500,000	23,217,638
Dividends paid during the year	-	(163,296)			-			(163,296)
Loan interest rebate paid during the year		(401,845)						(401,845)
Surplus allocation in year	1,291,542	565,141	88,720	-	-	-	-	1,945,403
Revaluation of property	-	-				200,000		200,000
Other movement in reserves	5,208,458	-	30,000	665,563	(161,173)	59,414	250,000	6,052,262
At 30 September 2018	26,500,000	-	586,840	2,165,817	115,718	731,787	750,000	30,850,162

The Regulatory Reserve of the Credit Union as a % of the total assets as at 30th September 2018 was 12.50% which is in excess of the Credit Union's Regulatory Reserve requirement of 10%. In accordance with section 45 of the Credit Union Act 1997 (as amended) Capital Credit Union Limited put in place an Operational Risk Reserve. Following the commencement of Section 13 of the 2012 Act, the requirement for Credit Unions to transfer 10% of their annual surplus to their Statutory Reserve (now known as the Regulatory Reserve) each year has been removed. Notwithstanding this the Board of Capital Credit Union Limited has transferred €1,291,542 of its current year surplus to its regulatory reserve.

Chairman of the Board of Directors:

Frank Nolan

Member of the Board Oversight Committee:

Tommy Owens

Chief Executive Officer:

Gerard McConville

Date:

13 November 2018



STATEMENT OF CASH FLOWS

for the year ended 30 September 2018

	2018	2017
	€	€
Opening cash and cash equivalents	22,147,582	32,535,379
Cash flows from operating activities		
Loans repaid	30,172,756	23,665,706
Loans granted	(35,110,514)	(29,846,354)
Loan interest income	4,995,969	3,945,706
Investment income	1,125,482	1,103,815
Other revenue received	465,809	503,913
Bad debts recovered	696,462	561,391
Dividends paid	(163,296)	(301,509)
Loan interest rebate	(401,845)	(429,522)
Operating expenses	(5,041,422)	(3,873,434)
Movement in other assets	(179,722)	125,262
Movement in other liabilities	183,707	(238,175)
Net cash used in operating activities	(3,256,614)	(4,783,201)
Cash flows from investing activities		
Cash and Investments introduced from transfer of engagements	34,090,560	-
Purchase of property, plant and equipment	(56,001)	(398,077)
Net cash flow from other investing activities	(16,495,673)	(9,219,284)
Net cash used in investing activities	17,538,886	(9,617,361)
Cash flows from financing activities		
Members' shares received	60,436,351	57,085,052
Members' deposits received	478,544	-
Members' shares withdrawn	(55,863,236)	(52,017,354)
Members' deposits withdrawn	(925,380)	(1,054,933)
Net cash generated from financing activities	4,126,279	4,012,765
Net increased/(decrease) in cash and cash equivalents	18,408,551	(10,387,797)
Cash and cash equivalents at end of financial year	10 40,556,133	22,147,582

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2018

1. LEGAL AND REGULATORY FRAMEWORK

Capital Credit Union Limited is registered with the Registry of Credit Unions and is regulated by the Central Bank of Ireland. The registered office of the Credit Union is located at Capital Credit Union Limited, Main Street, Dundrum, Dublin 14.

2. ACCOUNTING POLICIES

The following principal accounting policies have been applied;

Statement of compliance and basis of preparation

The Financial Statements of the Credit Union for the year ended 30th September 2018 have been prepared on the going concern basis and in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102).

Currency

The financial statements are prepared in Euro (€), which is the functional currency of the Credit Union. Monetary amounts in these financial statements are rounded to the nearest Euro.

Going concern

After reviewing the Credit Union's projections, the Directors have reasonable expectation that the Credit Union has adequate resources to continue in operational existence for the foreseeable future. The Credit Union therefore continues to adopt the going concern basis in preparing its Financial Statements.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Credit Union and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following criteria must also be met before revenue is recognised:

(i) Interest on members' loans

Interest on loans is recognised on an accruals basis. An adjustment is made to the year-end amount receivable for any irrecoverable amounts.

(ii) Investment income

Investment income is recognised when received or irrevocably receivable. Investments are recognised at cost less any permanent diminution in capital value but ignoring any increase in capital value or encashment value until realised in the form of cash or cash equivalents.

(iii) Other revenue

Other Income such as commission's receivable arise in connection to specific transactions. Income relating to individual transactions is recognised when the transaction is complete.



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2018

Investments

Fixed-term deposit accounts

Term deposits and fixed interest investment bonds with fixed maturity dates are valued at the lower of cost or encashment value and interest is recognised in the Income Statement when it is received or irrevocably receivable.

Investment bonds with profit

With profit bonds with capital guaranteed are valued at cost. Declared bonuses are recognised in the Income Statement when irrevocably receivable or earlier if the bond becomes realisable in the form of cash or cash equivalents in a secondary market. Terminal bonuses are recognised in the income statement when the Credit Union becomes irrevocably entitled to receive them.

Bonds with guaranteed capital and variable interest rates

Interest income is recognised as received. Some bonds pay high rates of interest in early years and lower rates in later years. Paying higher amounts in early years reduces (impairs) the capital value of the bond. The capital value of the bond is tested annually for impairment and impairment losses are taken to the Income Statement. Impairment gains which reverse a previous impairment loss are taken to the Income Statement with any gains in excess of the cost of the product ignored until the bond matures.

Held at amortised cost

Investments designated on initial recognition as held at amortised cost are measured at amortised cost using the effective interest method less impairment. This means that the investment is measured at the amount paid for the investment, minus any repayments of the principal; plus or minus the cumulative amortisation using the effective interest method of any difference between the amount at initial recognition and the maturity amount, minus, in the case of a financial asset, any reduction for impairment or un-collectability.

Central Bank deposits

Credit Unions are obliged to maintain certain deposits with the Central Bank. These deposits are technically assets of the credit union but to which the Credit Union has restricted access. The funds on deposit with the Central Bank attract nominal interest and will not ordinarily be returned to the credit union while it is a going concern. The amounts are stated at the amount deposited plus accrued income and are not subject to impairment reviews.

Investments at fair value

Investments held for trading and investment in stock market shares (i.e. non-convertible preference shares and non-puttable ordinary shares or preference shares) are included in this category. Financial assets at fair value are classified as held for trading if they are acquired for sale in the short term. They are valued at fair value (market value) at the year-end date and all gains and losses are taken to the Income and Expenditure account.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2018

The fair value of quoted investments is determined by reference to bid prices at the close of business on the balance sheet date. Where there is no active market these assets will be carried at cost less impairment.

Property, plant and equipment and depreciation

Tangible fixed assets are stated at cost or at valuation, less accumulated depreciation. The charge to depreciation is calculated to write off the original cost or valuation of tangible fixed assets, less their estimated residual value, over their expected useful lives as follows:

- | | |
|------------------------------------|--|
| » Land and buildings freehold | » 2%/5% Straight line |
| » Short leasehold property | » Straight line over the remaining life of the lease |
| » Long leasehold property | » Straight line over the remaining life of the lease |
| » Fixtures, fittings and equipment | » 20% per annum straight line |
| » Computer equipment | » 25% per annum straight line |

Tangible fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that carrying values may not be recoverable. If any such indication exists and where the carrying value exceeds the net recoverable amount, the assets are written down to their recoverable amount.

Impairment of tangible fixed assets

Tangible fixed assets are stated at cost or at valuation, less accumulated depreciation. The charge to depreciation is calculated to write off the original cost or valuation of tangible fixed assets, less their estimated residual value, over their expected useful lives as follows:

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits and investments with a maturity of less than or equal to three months.

Bad debt provision

The estimation of loan losses is inherently uncertain and depends upon many factors, including loan loss trends, credit risk characteristics in loan classes, local & international economic climates, conditions in various sectors of the economy to which the Credit Union is exposed, and, other factors such as legal & regulatory requirements. Credit risk is identified, assessed and measured through the use of rating and scoring tools with emphasis on weeks in arrears and other observable credit risk metrics. The ratings influence the management of individual loans. The credit rating triggers the impairment assessment and if relevant the raising of specific provisions on individual loans where there is a doubt about their recoverability. Loan loss provisioning is monitored by the Credit Union, and the Credit Union assesses and approves its provisions and provision adequacy on a monthly basis. Key assumptions underpinning the Credit Union's estimates of collective provisions for loans with similar credit risk characteristics, and, Incurred But Not Reported provisions



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2018

("IBNR") are based on the historical experiences of the Credit Union allied to the Credit Union's judgement of relevant conditions in the wider technological, market, economic or legal environment in which the Credit Union operates. If a loan is impaired, the impairment loss is the difference between the carrying amount of the loan and the present value of the expected cash flows discounted at the asset's original effective interest rate taking account of the pledged shares and other security as appropriate. Assumptions are back tested with the benefit of experience. After a period of time, when it is concluded that there is no real prospect of recovery of loans/part of loans which have been subjected to a specific provision, the Credit Union writes off that amount of the loan deemed irrecoverable against the specific provision held against the loan.

Pensions

The Credit Union participates in the Irish League of Credit Unions Republic of Ireland Pension Scheme. This is a multi-employer defined benefit scheme with assets invested in separate trustee administered funds. However, as the underlying assets and liabilities attributable to individual employers cannot be identified on a consistent and reasonable basis, the Credit Union is accounting for the pension scheme as if it is a defined contribution scheme. This is in accordance with the rules Financial Reporting Standard 17.

Distribution

Capital Credit Union Limited's policy is to pay a reasonable rate of dividend and loan interest rebate subject to covering operating expenses and meeting reserve requirements as set out in the Credit Union's Reserve Management Policy.

Reserves

Regulatory reserve

The Credit Union Act, 1997 (Regulatory Requirements) Regulations 2016 requires Credit Unions to establish and maintain a minimum Regulatory Reserve requirement of at least 10 per cent of the assets of the credit union. This Reserve is to be perpetual in nature, freely available to absorb losses, realised financial reserves that are unrestricted and non-distributable.

Operational risk reserve

Section 45(5)(a) of the Credit Union Act, 1997 (as amended) requires each credit union to maintain an additional reserve that it has assessed is required for operational risk having regard to the nature, scale and complexity of the credit union. Credit Unions are required to maintain a minimum operational risk reserve having due regard for the sophistication of the business model.

The definition of operational risk is the risk of losses stemming from inadequate or failed internal processes, people and systems or from external events. The Directors have considered the requirements of the Act and have considered an approach to the calculation of the operational risk reserve.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2018

Other reserves

Other Reserves are the accumulated surpluses to date and Reserves arising on the Transfer of Engagements that have not been declared as dividends returnable to members. The Other Reserves are subdivided into realised and unrealised. In accordance with the Central Bank Guidance Note for Credit Unions on Matters Relating to Accounting for Investments and Distribution Policy, investment income that has been recognised but will not be received within 12 months of the balance sheet date is classified as “unrealised” and is not distributable. A reclassification between unrealised and realised is made as investments come to within 12 months of maturity date. Interest on Loans receivable at the balance sheet date is also classified as “unrealised” and is not distributable. All other income is classified as “realised”.

Distribution policy

In respect of each financial year, the Credit Union will allocate surplus funds to the statutory reserve and other reserves in accordance with the provisions of the Credit Union Act 1997 (as amended) and regulations issued by the Registry of Credit Unions, Central Bank of Ireland. The Board of Directors may also decide to hold reserves in excess of minimum statutory requirements, taking prudent account of the scale and complexity of the Credit Union’s business, its risk profile and prevailing market conditions. The basis of the dividend is the distributable income of the Credit Union after meeting its reserve requirements. It is the policy of the Credit Union to maintain the undistributed surplus in a general reserve that may be used in future years for the payment of dividends.

Reserves

Regulatory reserve

The Credit Union is required to maintain and establish a minimum Regulatory reserve of at least 10% of the assets of the Credit Union in accordance with Credit Union Act 1997 (Regulatory Requirements) Regulations 2016.

Operational Risk reserve

The Credit Union has established an Operational Risk reserve which is separate, distinct and in addition to the reserves the Credit Union is required to hold in its Regulatory reserve. The amount held in the Operational Risk reserve is the predicted impact of operational risk events that may have a material impact on the Credit Union’s business.

Non-Distributable Investment Income reserve

Investment income that has been recognised in the financial statements but will not be received within 12 months of the Balance Sheet date is classified as “non-distributable” and is not distributable as a dividend in accordance with Section 31 of the Credit Union Act 1997 (Regulatory Requirements) Regulations 2016. A reclassification between non-distributable and distributable is made as investments come to within 12 months of maturity date.



NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2018

Revaluation Reserve

Land and buildings held for use in the supply of services, or for administrative purposes, are stated in the Balance Sheet at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date. Any revaluation increase arising on the revaluation of such land and buildings is credited to the Properties Revaluation Reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the Income Statement to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset. Depreciation on revalued buildings is charged to the profit and loss account. On the subsequent sale or scrapping of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

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 Capital Credit Union Limited's accounting policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements are disclosed below:

Impairment losses on loans to members

The estimation of loan losses is inherently uncertain and depends upon many factors, including loan loss trends, credit risk characteristics in loan classes, local and international economic climates, conditions in various sectors of the economy to which the Credit Union is exposed, and, other external factors such as legal and regulatory requirements. Credit risk is identified, assessed and measured through the use of rating and scoring tools with emphasis on weeks in arrears and other observable credit risk metrics. The ratings influence the management of individual loans. The credit rating triggers the impairment assessment and if relevant the raising of specific provisions on individual loans where there is doubt about their recoverability. Loan loss provisioning is monitored by the Credit Union, and the Credit Union assesses and approves its provisions and provision adequacy on a quarterly basis. Key assumptions underpinning the Credit Union's estimates of collective provisions for loans with similar credit risk characteristics, and, Incurred But Not Reported provisions ("IBNR") are based on the historical experiences of the Credit Union's allied to the Credit Union's judgement of relevant conditions in the wider technological, market, economic or legal environment in which the Credit Union operates. If a loan is impaired, the impairment loss is the difference between the carrying amount of the

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2018

loan and the present value of the expected cash flows discounted at the asset's original effective interest rate taking account of pledged shares and other security as appropriate. Assumptions are back tested with the benefit of experience. After a period of time, when it is concluded that there is no real prospect of recovery of loans/part of loans which have been subjected to a specific provision, the Credit Union writes off that amount of the loan deemed irrecoverable against the specific provision held against the loan.

3. GOING CONCERN

The Directors of Capital Credit Union Limited believe that it is appropriate to prepare the Financial Statements on the going concern basis.





NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2018

4. TRANSFER OF ENGAGEMENTS

During the year under review Capital Credit Union Limited (CCU) accepted the transfers of Drimnagh Credit Union Limited (DCU), St Kevin's Parish Credit Union Limited (SKPCU) and Francis Street Credit Union Limited (FSCU). The Assets and Liabilities at the dates of transfer were incorporated into the Balance Sheet at those dates.

CCU did not pay any consideration in respect of any of the Transfers of Engagement. On the date of transfers, members of the Transferor Credit Unions became members of CCU and thereby became entitled to member interest with such membership. In applying the acquisition method of accounting for these business combinations, the members' interest transferred by CCU represents the consideration transferred for the net assets acquired. This consideration has been estimated as equivalent to the acquisition date fair value of the member's interests in the Transferor Credit Unions (the fair value of the Transferor Credit Unions) at the dates of transfer, and is reflected as an adjustment in Reserves within the Statement of Changes in Equity.

The fair values of the net assets acquired are detailed in the table below

	Fair Value of DCU assets and liabilities acquired by CCU	Fair Value of SKPCU assets and liabilities acquired by CCU	Fair Value of FSCU assets and liabilities acquired by CCU	Total
	2018	2018	2018	Total
	€	€	€	€
Tangible fixed assets	685,000	195,000	340,000	1,220,000
Cash on hand and at bank	5,037,269	2,755,142	2,348,591	10,141,002
Deposits and investments	13,617,240	3,995,658	6,611,962	24,224,860
Loans	6,046,886	2,405,790	3,902,311	12,354,987
Provision for bad debts	(348,292)	(103,219)	(266,000)	(717,511)
Member savings and money management accounts	(21,861,416)	(8,307,106)	(10,661,449)	(40,829,971)
Other liabilities, creditors, accruals and charges	(128,391)	(107,920)	-	(236,311)
Debtors and accrued income	100,461	20,835	10,259	131,555
Total	3,148,757	854,180	2,285,674	6,288,611

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2018

5. INTEREST ON MEMBERS' LOANS

	2018	2017
	€	€
Loan interest received in year	4,995,969	3,945,706
	<u>4,995,969</u>	<u>3,945,706</u>

6. OTHER INTEREST INCOME AND SIMILAR INCOME

	2018	2017
	€	€
Investment income received	1,125,482	1,103,815
Surplus / (deficit) on sale of perpetual bonds	364,438	412,180
	<u>1,489,920</u>	<u>1,515,995</u>

7. INTEREST PAYABLE AND DIVIDENDS

	2018	2017
	€	€
Deposit interest payable	<u>4,731</u>	<u>12,751</u>

The interest expense for the Credit Union comprises of interest payable on deposits as above.

	2018		2017	
	%	€	%	€
Dividends on shares	0.125	163,296	0.25	301,509
Loan interest rebate	10.00	401,845	12.50	429,522
		<u>565,141</u>		<u>731,031</u>

The above dividends refer to those paid out in those years from the surplus earned in previous years.

Proposed dividends and loan interest rebate

At the year-end the directors have allocated the amount of €892,500 to the Distribution Reserve which may be returned to the members by way of dividend and a loan interest rebate by way of resolution by a majority of the members at the annual general meeting. The proposed distribution for the year ended 30 September 2018 is as follows:



NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2018

		2018		2017
	%	€	%	€
Dividends on shares	0.25	397,500	0.125	164,506
Loan interest rebate	10.00	495,000	10.00	394,570
		<u>892,500</u>		<u>559,076</u>

8. OTHER REVENUE

	2018	2017
	€	€
ECCU Rebate	22,277	57,355
Rent received	38,154	-
Other income – Commissions	40,940	34,378
	<u>101,371</u>	<u>91,733</u>

9. KEY MANAGEMENT PERSONNEL

The directors of Capital Credit Union Limited are all unpaid volunteers. The management personnel compensation is as follows:

	2018	2017
	€	€
Short term employee benefits	435,994	443,463
Pension contribution	68,507	66,343
Total key management personnel compensation	<u>504,501</u>	<u>509,806</u>

10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of cash on hand and deposits and investments with a maturity of less than or equal to three months.

	2018	2017
	€	€
Cash and bank balances	18,139,413	5,459,531
Cash equivalents	22,416,720	16,688,051
	<u>40,556,133</u>	<u>22,147,582</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2018

11. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings freehold	Short leasehold property	Long leasehold property	Fixtures, fittings and equipment	Computer equipment	Total
	€	€	€	€	€	€
Cost or Valuation						
At 1 October 2017	3,475,000	194,325	363,517	286,679	354,263	4,673,784
Additions	20,203	-	-	4,170	31,628	56,001
Transfers	1,220,000	-	-	-	-	1,220,000
Revaluation	200,000	-	-	-	-	200,000
At 30 September 2018	<u>4,915,203</u>	<u>194,325</u>	<u>363,517</u>	<u>290,849</u>	<u>385,891</u>	<u>6,149,785</u>
Depreciation						
At 1 October 2017	-	194,325	132,320	159,866	263,493	750,004
Charge for the year	84,089	-	15,391	34,782	45,815	180,077
Transfers	1,950	-	-	-	-	1,950
At 30 September 2018	<u>86,039</u>	<u>194,325</u>	<u>147,711</u>	<u>194,648</u>	<u>309,308</u>	<u>932,031</u>
Net book value						
At 30 September 2018	<u>4,829,164</u>	<u>-</u>	<u>215,806</u>	<u>96,201</u>	<u>76,583</u>	<u>5,217,754</u>
At 30 September 2017	<u>3,475,000</u>	<u>-</u>	<u>231,197</u>	<u>126,813</u>	<u>90,770</u>	<u>3,923,780</u>

During the year as part of the transfer of engagement process the directors engaged the services of an independent valuer Vincent Finnegan Commercial to carry out a valuation on the credit union's acquired land and buildings freehold in accordance with the relevant technical statements issued by the Society of Chartered Surveyors in the Republic of Ireland. This resulted in an increase of €200,000 in the value of the credit unions land and buildings freehold. It is the opinion of the Directors that the valuation in the accounts reflects the valuation of the land and buildings freehold.



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2018

12. LOANS TO MEMBERS – FINANCIAL ASSETS

12.1 LOANS TO MEMBERS

	2018	2017
	€	€
As at 1 October	47,130,037	41,196,970
Advanced during the year	35,110,514	29,846,354
Repaid during the year	(30,172,756)	(23,665,706)
Transfer of engagement movement	12,354,987	-
Loans written off	(360,280)	(247,581)
Gross loans to members	12.2 <u>64,062,502</u>	<u>47,130,037</u>

12.2 CREDIT RISK DISCLOSURES

	2018	2018	2017	2017
	%	€	%	€
Gross loans not impaired				
Not past due	<u>51,100,411</u>	<u>79.77</u>	<u>37,669,014</u>	<u>79.92</u>
Gross loans individually impaired				
Not past due	696,462	1.09	641,960	1.36
Up to 9 weeks past due	9,998,367	15.61	6,955,920	14.76
Between 10 and 18 weeks past due	860,727	1.34	615,771	1.31
Between 19 and 26 weeks past due	258,860	0.40	328,839	0.70
Between 27 and 39 weeks past due	325,755	0.51	106,144	0.23
Between 40 and 52 weeks past due	206,752	0.32	74,848	0.16
53 or more weeks past due	615,168	0.96	737,542	1.56
Total impaired loans	<u>12,962,091</u>	<u>20.23</u>	<u>9,461,024</u>	<u>20.08</u>
Total gross loans	<u>64,062,502</u>	<u>100.00</u>	<u>47,130,038</u>	<u>100.00</u>
Total carrying value	<u>64,062,502</u>		<u>47,130,038</u>	

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2018

12.3 LOAN PROVISION ACCOUNT FOR IMPAIRMENT LOSSES

	2018	2017
	€	€
As at 1 October	2,074,819	2,175,017
Allowance for loan losses made during the year	(360,280)	(247,581)
Allowances reversed during the year	180,673	147,383
Transfer of engagement movement	717,511	-
Increase/(Decrease) in loan provision during the year	537,904	(100,198)
As at 30 September	<u>2,612,723</u>	<u>2,074,819</u>

12.4 NET RECOVERIES OR LOSSES RECOGNISED FOR THE YEAR

	2018	2017
	€	€
Bad debts recovered	(696,462)	(561,391)
Increase/(Decrease) of Provision	(179,607)	(100,198)
	<u>(876,069)</u>	<u>(661,589)</u>
Loans written off	360,280	247,581
Net (recoveries)/losses on loans to members recognised for the year	<u>(515,789)</u>	<u>(414,008)</u>

13. DEBTORS, PREPAYMENTS AND ACCRUED INCOME

	2018	2017
	€	€
Prepayments	294,068	226,617
Accrued income	630,264	517,993
	<u>924,332</u>	<u>744,610</u>



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2018

14. DEPOSITS AND INVESTMENTS

	2018	2017
	€	€
Fixed-term deposit accounts	71,127,811	53,253,668
Investment bonds with profit	5,631,286	5,838,745
Central bank deposits	1,512,162	1,157,722
Equity fund investments	25,568,580	27,094,031
	<u>103,839,839</u>	<u>87,344,166</u>

15. MEMBERS' SHARES - FINANCIAL LIABILITIES

	2018	2017
	€	€
As at 1 October	132,801,143	127,733,445
Received during the year	60,436,351	57,085,052
Repaid during the year	(55,863,236)	(52,017,354)
Members' shares non-cash movement	39,519,069	-
As at 30 September	<u>176,893,327</u>	<u>132,801,143</u>

	2018	2017
	€	€
Regular share accounts	<u>176,893,327</u>	<u>132,801,143</u>

16. MEMBERS' DEPOSITS - FINANCIAL LIABILITIES

	2018	2017
	€	€
As at 1 October	950,380	1,781,174
Repaid during the year	(925,380)	(830,794)
As at 30 September	<u>25,000</u>	<u>950,380</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2018

17. MONEY MANAGEMENT ACCOUNTS

	2018	2017
	€	€
As at 1 October	1,831,827	2,055,966
Received during the year	478,544	-
Repaid during the year	-	(224,139)
Members' money management accounts non-cash movement	1,310,902	-
As at 30 September	<u>3,621,273</u>	<u>1,831,827</u>

18. OTHER CREDITORS AND ACCRUALS

	2018	2017
	€	€
Accruals	<u>598,075</u>	<u>414,368</u>

The Credit Union Holiday Pay Accrual was calculated for the year ended 30 September 2018. The accrual was deemed immaterial to the financial statements.

19. FINANCIAL INSTRUMENTS

Capital Credit Union Limited manages its members' shares and loans so that it earns income from the margin between interest receivable and interest payable. The main financial risks arising from Capital Credit Union Limited's activities are credit risk, market risk, liquidity risk and interest rate risk. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Credit Risk:

Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to Capital Credit Union Limited, resulting in financial loss to the Credit Union. In order to manage this risk the Board of Directors approves Capital Credit Union Limited's 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.



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2018

Liquidity Risk:

Capital Credit Union Limited'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. 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 that may arise.

Market Risk:

Market risk is generally comprised of interest rate risk, currency risk and other price risk. Capital Credit Union Limited conducts all its transactions in Euro and does not deal in derivatives or commodity markets. Therefore Capital Credit Union Limited is not exposed to any form of currency risk or other price risk.

19.1 LIQUIDITY RISK DISCLOSURE

All of the financial liabilities of the Credit Union are repayable on demand except for some members' shares attached to loans.

20. PENSION SCHEME

Capital Credit Union Limited participates in an industry-wide pension scheme for employees (The Irish League of Credit Unions Republic of Ireland Pension Scheme). This is a funded defined benefit scheme with assets managed by the Scheme's trustees.

The scheme is a multi-employer Scheme and due to the nature of the Scheme it is not possible for Capital Credit Union Limited to separately identify its share of the Scheme's underlying assets and liabilities. Consequently, it accounts for the Scheme as a defined contribution plan, in accordance with FRS 102.

The Pension's Act requires the trustees of the Scheme to assess whether it could meet a certain prescribed standard, known as the Minimum Funding Standard. This assesses whether, if the scheme was wound up on a specified theoretical valuation date, it could satisfy the Funding Standard at that date. Following the Scheme's actuary certifying a Minimum Funding Standard deficit in the Scheme in 2009, Capital Credit Union Limited, the ILCU Group and the other credit unions participating in the Scheme entered into a funding agreement with the Scheme that was designed to ensure that, the Scheme could be reasonably expected to satisfy the Minimum Funding Standard by a specified future date (1 March 2019). This funding plan runs up until 2019 and was approved by the Pensions Authority. In accordance with the requirements of FRS102, Capital Credit Union Limited has recognised a liability for its outstanding contributions payable under this funding agreement to the extent that they relate to the deficit.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2018

As part of the above solvency assessment process, the Scheme actuary must carry out a separate valuation under the Minimum Funding Standard every 3 years and produce a funding certificate for submission to the Pensions Authority within 9 months of the effective date of the valuation. The purpose of the certificate is to certify whether or not the assets of the scheme at the effective date are sufficient to meet the liabilities of the scheme based on the assumption that the scheme was wound up at that date. The most recent Actuarial Funding Certificate was effective as at 1 March 2018 and it certified that the Scheme satisfied the funding standard. Further, the Actuary was reasonably satisfied that as at 28 February 2018 the scheme can be expected to satisfy the funding standard as specified in Section 44 of the Pensions Act, 1990, at 1 March 2019, being the date specified by the Pensions Authority under Section 49(2) (a) of the Act for the purpose of the existing funding proposal.

An actuarial review of the fund is normally carried out every three years by the Scheme's independent, professionally qualified actuary. The actuarial review considers the past and future liabilities of the scheme. The last completed triennial actuarial review was carried out with an effective date of 1 March 2017, using the Projected Unit valuation method. The principal actuarial assumption used in the valuation was the investment return would be 1.75% higher than the annual salary increases. The market value of the scheme's assets at 1 March 2017 was €216m. The actuarial valuation disclosed a past service deficit of €6.4m at 1 March 2017 calculated under the Ongoing Actuarial Valuation method. This valuation method assumes that the Scheme will continue in existence for the foreseeable future. The assumptions used in the actuarial review to determine the past service deficit differ from the assumptions that would be used to determine the liabilities for defined benefit obligations under FRS102. This actuarial review recommended that the rate agreed under the funding proposal, 27.5% of pensionable salary, continues to be paid. The cost of risk benefits is paid in addition to this rate giving a total contribution rate of 30% of Pensionable Salary.

New Ireland Pension Scheme

This is a defined contribution pension scheme. The assets of the scheme are held separately from those of the Credit Union, in an independently administered fund. Contributions are charged to the income and expenditure account in the year in which they fall due.



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2018

21. RELATED PARTY TRANSACTIONS

Directors, supervisors and staff (i.e. officers) of the Credit Union during the financial year ended 30 September 2018 operated share and loan accounts with the Credit Union. All loans advanced to directors, supervisors and staff are approved in accordance with Section 36(4) Credit Union Act, 1997 (as amended). The following transactions and balances existed with members who were officers during the financial year ended 30 September 2018:

Total Loans outstanding to Related Parties represents 0.42% of the total loans outstanding at year ended 30 September 2018

	No. of loans	2018 €
Loans advanced to Related Parties during the year	9	139,620
Total loans outstanding to Related Parties at the year end	18	<u>268,847</u>

There are no other related party transactions identified in the period under review.

22. INSURANCE AGAINST FRAUD

The Credit Union has insurance against fraud in the amount of €5,200,000 in compliance with section 47 of the Credit Union Acts 1997 to 2012

23. TREASURY MANAGEMENT AND FINANCIAL INSTRUMENTS

Capital Credit Union Limited is a provider of personal and business loans and also provides savings products to its members. The Credit Union invests excess funds with a view to ensuring that the return from members' loans and investments is adequate to meet the overheads of the Credit Union and provide a reasonable return to members on shares and deposits. The Credit Union has a risk register in place to help the directors manage the various risks arising from its activities to include the issuing of loans to members and investing the excess funds of the Credit Union.

The main financial risks arising from Capital Credit Union Limited's activities are credit risk, liquidity risk and interest rate risk. The Board reviews and agrees policies for managing each of these risks, which are summarised below.

Credit risk:

Credit risk is the risk that a borrower will default on their contractual obligations relating to repayments to Capital Credit Union, resulting in financial loss to the Credit Union. In order to manage this risk the Board approves Capital Credit Union's 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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2018

Liquidity risk:

Capital 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. 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 that may arise. The notes provides further details about the impact of the maturity mismatch on the going concern status of Capital Credit Union.

Market risk:

Market risk is generally comprised of interest rate risk, currency risk and other price risk. Capital Credit Union conducts all its transactions in Euro and does not deal in derivatives or commodity markets. Therefore Capital Credit Union is not exposed to any form of currency risk or other price risk.

Interest rate risk:

Capital Credit Union's main interest rate risk arises from differences between the interest rate exposures on the receivables and payables that form an integral part of a Credit Union's operations. The Credit Union considers rates of interest receivable when deciding on the dividend rate payable on members' shares. Capital Credit Union does not use interest rate options to hedge its own positions.

Capital Risk:

The Credit Union maintains sufficient reserves to buffer the Credit Union against any losses on its members' loans and also its investments. The current Regulatory reserves are in excess of the minimum requirement set down by the Central Bank of Ireland, and stand at 12.5% of the total assets of the Credit Union at the Balance Sheet date.

24. CAPITAL COMMITMENTS

There were no known capital commitments that would require disclosure in the financial statements.

25. POST-BALANCE SHEET EVENTS

There have been no significant events affecting the Credit Union since the year-end.

26. CONTINGENT LIABILITIES

In September 2018, all Credit Unions received correspondence from the Central Bank on a potential matter relating to accrued interest outstanding on members top up loans, which may have led to a potential liability for over collection of interest. Capital Credit Union has commenced their review to ascertain whether any top up loans to members might be



NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2018

impacted by these circumstances, and to determine what actions may need to be taken, in consultation with the Central Bank. Consequently, it is impracticable at this time to estimate the impact, financial or otherwise, if any, of this matter and whether any net amounts will become payable in the future.

27. IAASA - ETHICAL STANDARDS - NON AUDIT SERVICES

In common with many other Credit Unions, from time to time, our auditors provide us with advisory and consulting services.

28. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved, and authorised for issue, by the Board on 13 November 2018.



*Free goodies
for new members
upon signing up*



School Saving Scheme

***Rewards for you and
your school when you join***

SCHEDULES TO THE REVENUE ACCOUNT

for the year ended 2018

SCHEDULE 1 - Interest on Loans

	2018	2017
	€	€
Interest on Loans		
Interest on members' loans receivable	4,995,969	3,945,706
	<u>4,995,969</u>	<u>3,945,706</u>

SCHEDULE 2 - Investment Income

	2018	2017
	€	€
Investment Income		
Investment Income	1,125,482	1,103,815
Surplus on sale of perpetual bonds	364,438	412,180
	<u>1,489,920</u>	<u>1,515,995</u>

SCHEDULE 3 - Other Revenue

	2018	2017
	€	€
Other Revenue		
ECCU Rebate	22,277	57,355
Rent received	38,154	-
Other income - Commissions	40,940	34,378
	<u>101,371</u>	<u>91,733</u>



SCHEDULES TO THE REVENUE ACCOUNT for the year ended 2018

	2018	2017
	€	€
Other Management Expenses		
Training expenses	28,326	37,372
Rental income expenses	6,990	-
Rent	136,918	110,367
Savings protection fund	17,380	40,178
Share and loan insurance	617,671	469,717
Insurance	62,475	47,045
Light, heat & cleaning	65,538	52,415
Repairs and renewals	23,404	43,247
Equipment maintenance	43,908	33,263
Printing and stationery	39,207	34,627
Promotion & sponsorship	205,973	242,328
Directors expenses	828	5,700
Telephone and postage	54,465	37,261
Computer costs	364,973	367,186
Affiliation fees	52,438	47,182
Merger costs	89,592	-
Deposit Interest Paid	4,731	12,751
Travelling and subsistence	13,757	4,944
Social expenses	7,024	3,231
A.G.M. expenses	59,017	36,961
Convention expenses	8,592	22,797
Oversight Committee Expenses	500	650
Legal and professional fees	268,335	125,668
Strategy	4,824	4,180
Community development fund	40,000	-
Audit	29,805	25,215
Regulatory Levies	304,823	324,045
Bank charges	83,253	74,011
Security	86,505	70,411
Debt collection	115,927	85,554
General expenses	8,509	7,936
Total	2,845,688	2,366,242



Capital
Credit Union
We  lending



Introducing our Business Affinity Programme (BAP)

Designed for employers who want to offer a fantastic workplace solution as part of the overall benefits package for their staff.

capitalcu.ie

We  lending



REPORT OF THE BOARD OVERSIGHT COMMITTEE

for the year ended 2018

Dear Member

The role of the BOC is to assess whether the Board has operated in accordance with Part IV and Part IVA of the Credit Union Act 1997, as amended (“the Act”) and any other matter prescribed by the Central Bank. We can confirm that the Board has operated in accordance with Part IV and Part IVA of the Act during the year. We use our Monthly Reports to the Board as part of our assessment, in which we also ask members of the Board to consider matters where we believe that governance would be enhanced. We bring matters to the attention of the Board where we believe Members’ interests can be better protected and served. We can confirm that we have carried out our obligations during the year in accordance with the requirements of the Act. We have also continued mandatory and other training to enhance our knowledge and skills to better carry out our duties as members of the BOC.

In our report last year to Members, we mentioned that we asked the Board to consider the quality of Board and some Committee minutes. The BOC welcome the appointment of the Executive & HR Assistant, whose work has improved the quality of Board and Committee minutes. Also, in our report last year, we mentioned the issue of rising costs, which is common to most credit unions. We note the remarks made by the Registrar of Credit Unions, Patrick Casey, at the ILCU 2018 Annual Conference when he spoke about ‘Operational Cost Competitiveness’, stating that not enough attention has been paid to operational efficiencies, which is reflected in unsustainable operating cost metrics in evidence across the credit union sector. Additionally, in our report last year we asked the Board to consider the presentation of Staff Salary & Pension costs separately in the accounts to better inform the Board and Members. The Board has decided not to show Staff Salary & Pension costs separately in the 2018 Financial Statements.

We would again encourage Members to read the Annual Report and attend the AGM. This is your credit union and it is important that you participate in decisions that affect your credit union. It is also important that Members think of their credit union as their first option for borrowing, the main source of your credit union income.

We would like to acknowledge the commitment of the Board and recognise the hard work done by the Board during the year. In addition to participating at Board meetings and Committee meetings, members of the Board met with regulators and attended conferences and other forums on behalf of your credit union. We are pleased to note that lending has increased during the year, with the Loan to Assets ratio above 30%. We would like to compliment the board, management and staff in achieving this.

Finally, we would like to thank the Board, management and staff for all their assistance during the year.

REPORT OF THE CREDIT COMMITTEE

The Credit Committee is appointed by the Board of Directors to oversee the development and implementation of the Capital Credit Union's Lending Policy and makes a written report to the Board each month.

The Credit Committee held regular monthly meetings during 2018 together with ad hoc meetings as required. It also met with the Credit Control Committee for the sharing of expertise to further improve the lending function within Capital Credit Union.

Capital Credit Union have again seen substantial growth in loan demand over the past twelve months. There were 10,852 loans outstanding at 30 September 2018 with an average value of €5,903.

During the year, the Credit Committee reviewed its terms of reference and proposed amendments to the lending policies, as recommended by the management team and approved by the Board, to ensure all loan products are fully compliant with regulation and that best governance is assured. Of the loans outstanding; home improvement loans, motor loans and loans within shares are the most popular and make up 70% of the loan book.

Loan repayments are designed to be flexible and there is no penalty for early repayment. Members are reminded that they should contact their credit union branch in person or by email if they have a query about a loan: whether applying for a new loan, or if circumstances arise where a more flexible repayment plan is needed.

The Chief Loans Officer and her team are available during normal working hours and will do their very best to find solutions for you. The Committee would like to thank the Chief Loans Officer and all the staff who work tirelessly to provide the very best customer service to all members.

The loan book at 30th September 2018 is broken down as follows:

Loan Description	Number	% of Number of Loans Outstanding	Loan Balances	% of Loan Balances Outstanding
Home Improvements	1,997	18%	€ 21.5m	33%
Motor Loans	1,840	17%	€ 16.9m	26%
Loan within Shares	2,034	19%	€ 7.4m	11%
Personal	1,282	12%	€ 6.3m	10%
Access Loans	1,522	14%	€ 2.2m	3%
Education and Student	396	4%	€ 1.7m	3%
Holiday	597	6%	€ 1.6m	3%
Refinance Other Borrowings	123	1%	€ 1.0m	2%
Special Occasions	149	1%	€ 0.8m	1%
Medical	170	2%	€ 0.7m	1%
All Other Loans	742	7%	€ 4.0m	6%
Totals	10,852	100%	€ 64.1m	100%

Committee Members:

Marguerite Slyne, Brid Darcy, Lorraine Doyle



REPORT OF THE CREDIT CONTROL COMMITTEE

The role of the Credit Control Committee is to ensure the repayment of loans by members in accordance with their Credit Agreements. The Committee would like to acknowledge with thanks that the vast majority of our members meet their loan obligations in accordance with their Credit Agreements. The Committee met with the Credit Controller / Team twelve times during the year.

At these meetings, the loans that were not being repaid in accordance with their Credit Agreements were discussed and where necessary were sent for further action.

All loans that were deemed to be non-performing through inadequate or absent repayments were Charged-Off and pursued in a structured manner. Members should be aware that even though a loan has been Charged-Off, the debt still remains outstanding to the Credit Union and is pursued by all means possible. In order to strengthen our position in this regard, Capital Credit Union engaged the services of Cabot Financial Ireland on a contractual basis to support the Credit Control function.

The Charge-Off figure was €360,280 (€247,581 in 2017), and recoveries were €696,462 (€561,391 in 2017), which was a significant achievement by the Credit Control Team. The Credit Control Team is always available if any of our members are in difficulty with their loan commitments; it is always better if we work together to help you get back on track. We would like to take this opportunity to thank the Management and Staff for all their help and support to the Committee throughout the year.

Committee Members:

Gretta Fletcher, Jim Kelly, John O'Neill.

REPORT OF THE STRATEGIC PLANNING COMMITTEE

Capital Credit Union is constantly striving to improve products and services for our members. With this in mind we have an evolving strategic plan in order that the credit union can take advantage of opportunities, defend against threats and minimise the possibility of unforeseen events happening.

In early 2018 the Board and Senior Management held our annual strategy review day. This entailed an analysis of the current position of the credit union and updating the strategies necessary to achieve the vision and targets for the coming years, including:

- Growth of the loan book. This entails targeting lending in areas where we can compete successfully.
- Enhance our members experience with new loan products and personal financial services.
- Improving Community and Youth engagement.
- Growth through co-operation with like-minded credit unions

The credit union has two principal sources of income, interest charged on loans and interest received on investments. These income sources provide both the biggest challenges and biggest opportunities.

In this environment the main objective of Capital Credit Union is to increase the amount of loans issued. All aspects of this strategy have been analysed and we continue to target new loan products such as Access loans for new borrowers, motor loans as an alternative to PCPs and bigger and longer-term Home Improvement loans, while streamlining the loan application process. We will continue to increase our involvement with Community Groups and the younger population by way of sponsorships, education scholarships etc.

Improving interactions and communications with our members is a key objective for Capital Credit Union. To this end we are engaged with other similar credit unions in evaluating the most suitable and appropriate information technology for us in the coming years.

Another key strategy is growth through co-operation with like-minded credit unions. Uniting the resources of sound credit unions is in the interest of the members of all credit unions. In the year ended we have successfully completed Transfers of Engagement with Francis Street Credit Union and St Kevin's Credit Union. These mergers, along with previous mergers, continue to strengthen our Balance Sheet. This is vital in the current highly regulated environment that we live in.

Sincere thanks are due to the Board, Management and Staff for the work put into devising the Strategic Plan and implementing it on a daily basis.

Committee Members:

Karen Cashman, Brid Darcy, Gretta Fletcher, Peter Morrissey, Arthur O'Leary



REPORT OF THE MARKETING & MEMBERSHIP COMMITTEE

The aim of the Marketing Committee is to promote Capital Credit Union as the financial provider of choice to our members, to increase awareness of our credit union and its many services, and to grow our membership. The committee meets monthly and reports to the Board of Directors. We are very grateful to the management and staff of Capital Credit Union for their assistance throughout the year and we would like to wish every success to our new staff members in the area of marketing and membership development, Jonathan Fenton and James Liston.

New Members

Our Strategic Plan tasked the Marketing Committee with increasing new members by almost 2000 this year. We are proud to report that this target was achieved with the average of new members joining each month increasing noticeably in the latter part of the year.

Loans

A marketing campaign was undertaken by the credit union in early 2018 with a focus on larger loans and, thanks to a link-up with the Credit Union Solution Centre, an e-zine campaign was launched which highlighted the affordability of loans rather than specific loan types. Therefore, we were pleased to see an increase in the number of larger loans taken out by our members throughout the year.

Community Council

Our new Community Council is now up and running with a membership derived from across all branch areas. The Council is proving to be a very positive development as our geographical reach extends, enabling us to stay in touch with our members across the common bond. Consequently, we are better positioned to support the economic and social well-being of our members - a core principle of the credit union movement.

Links with Schools and Colleges

Seven primary schools are now partners with us in our schools' savings scheme which aims to promote the habit of saving in our younger members. Many of these schools took part in our 2017 schools' quiz and we look forward to testing their general knowledge again in February. We are delighted to have offered 15 student scholarships of €1,500 each via our annual Scholarship Draw which took place in November. As part of a Student Affinity Programme, Capital Credit Union reached out to the students of Dublin Institute of Technology, Griffith College, Dublin Business School and University College Dublin. Brand ambassadors have been recruited in each of these colleges and these ambassadors will promote our credit union as a financial provider of choice to our student members.

Business Affinity Programme and Capital Car Plan

Our credit union is in the process of developing links with local businesses. It is our aim that these partner businesses will refer customers, who require finance to avail of the services of those businesses, to Capital Credit Union for that finance. In addition, we have listened carefully to our members who described to us the disadvantages of car finance

REPORT OF THE MARKETING & MEMBERSHIP COMMITTEE

Personal Contract Plans (PCPs). Therefore, we have launched the new Capital Car Plan as an excellent value car loan product with a free winter car pack for those availing of car loans over €10,000. Please contact us for more information on both these schemes.

Member Survey

With eight branches now under the umbrella of Capital Credit Union, we believed it to be an opportune moment to reflect on our expanded membership – how well we are currently serving the needs of that membership and how to best serve those needs into the future. Additionally, we wished to gather information on how Capital Credit Union is perceived by non-members. This information is hugely important to us as we set our strategic course for the future. To gather this information in an effective and time-specific manner, we engaged the services of Spark Market Research who conducted online and offline research on our behalf, using quantitative surveys and focus groups. This research considered both members as well as non-members of all ages and across our common bond. We look forward to building the findings from this research into our Strategic Plans as we seek to future proof our credit union.

Capital Credit Union Online

Our numbers of Facebook, Twitter, Instagram and Snapchat followers and likes continued to grow this year. “Mythbuster” videos were added to our online platforms to counter outdated perceptions about the services of credit unions. Information on our car draw and winners, which continues to grow in membership, is available on our website.

Finally, we are proud to have supported many community groups, including:

- Holy Cross NS
- Rosemount Community Centre
- Moreen Blackthorn Network
- Drimnagh Boxing Club
- Galty Celtic FC
- Holy Trinity NS
- Good Counsel GAA
- Dublin Business School
- DIT Students Union
- Stillorgan/Rathfarnham RFC
- James Kinsella – St Benildus ‘Run for Life’
- Ballinteer Community School
- Sandymount Enable Ireland
- Drimnagh Infant School
- Irish Heart Foundation Dundrum
- Mother McAuley Day Centre



Committee:

Ann Walsh, Brid Darcy, John O’Neill



GOVERNANCE & NOMINATIONS COMMITTEE

As the Governance and Nominations Committee we are responsible for:

- Recruiting volunteers to the board and board committees of the credit union who direct, oversee and monitor the activities of our Credit Union. Our volunteers reflect the wider community and bring a great diversity of opinion, skills and experience to our discussions.
- Ensure that during the recruitment process we manage the Fitness and Probity review of each of the candidates in line with the legal and Central Bank requirements.
- Running an induction programme for identified volunteers.
- Recommend and source training during the year for board members to continue to improve our knowledge and skills.
- Facilitate the assignment of committee membership to ensure the best fit of skills and experience with the needs of each committee.
- Ensuring that our succession planning, nominations and volunteer policies remain up to date and valid.
- Reviewing the Board of Directors' legal duties during the year, ensuring that we comply with all requirements and reporting on same to the Board Oversight Committee.
- Supporting the Board of Directors in the review of its operations and self-assessment.

In Autumn 2018, we ran a very successful Volunteer Induction Program. We have placed volunteers onto committees and will assess them for future positions on the Board.

We would appeal for volunteers to come forward to join us, Volunteers are the life blood of your Capital Credit Union. It provides a great opportunity to learn more about how you might be more involved with Capital Credit Union. It also helps us to maintain a steady stream of new volunteers, who can be prepared to come onto the board. We will run a new Induction Program in 2019 if required.

During the year Directors, Board Oversight Committee members and staff have continued to attend internal and external training relevant to their role in the Credit Union.

We would like to thank the manager and staff for their support and assistance.

Committee Members:

Jim Kelly, Chairperson. Gretta Fletcher, Ann Walsh.

REPORT OF THE AUDIT, RISK & COMPLIANCE COMMITTEE

Internal Audit

Under the Credit Union and Co-Operation with Overseas Regulators Act, 2012, Capital Credit Union have retained Moore Stephens as independent Internal Auditor.

As outlined in Section 76K of the above Act the internal audit provides for:

- independent internal oversight and,
- the evaluation and improvement of Capital Credit Union's risk management, internal controls and governance processes.

We are in the second year of a three-year work plan with Moore Stephens who report quarterly through this committee to the Board of Directors on key areas including, but not limited to, financial controls, loan and credit management, ICT, Governance, mergers and business continuity planning. The recommendations of the Internal Auditor are implemented to ensure the continuing improvement of risk mitigation within Capital Credit Union.

Risk

The Risk and Compliance Committee monitors identified risks that could negatively impact Capital Credit Union and its members. Risk events are assessed based on their likely occurrence, their potential impact and the controls and procedures that are in place to mitigate them. The Committee reports to the Board of Directors on a monthly basis on scheduled risk reviews, changes in the profile of critical risks and the emergence of new risks. Each quarter the Risk and Compliance Officer makes a detailed presentation to the Board of Directors on the current status of the risk management function.

The Committee is pleased to announce that all risks are managed to a level that minimises the threat to Capital Credit Union and its members.

Compliance

The Risk and Compliance Committee is responsible for ensuring that Capital Credit Union is compliant with all current regulation and that it has the necessary plans and procedures in place to ensure that it will be compliant with new regulations as they are introduced such as the General Data Protection Regulation in 2018.

Capital Credit Union has, as required, submitted its Annual Compliance Statement to the Central Bank of Ireland confirming that there have been no material breaches under Part IV of the 1997 Act.

The Committee would like to thank Maria Kane, our Risk and Compliance Officer, and the management and staff of Capital Credit Union for their commitment to risk and compliance management.

Audit Committee Members (quarterly meeting): Arthur O'Leary, Michele Brady, Jim Kelly and John O'Neill

Risk & Compliance Committee Members (monthly meeting): Arthur O'Leary, Michele Brady, Jim Kelly, Rachel McCormac and John O'Neill



STANDING ORDERS

1. VOTING.

Each member shall be entitled to one vote irrespective of his/her shareholding, in accordance with section 82(2) of the Credit Union Act, 1997 (as amended)

2 - 3. ELECTION PROCEDURE.

2. Elections to the board of directors, to the board oversight committee and the position of auditor shall be by majority vote and by secret ballot. The 4 highest polling candidates will serve a three year term, the next 1 highest polling candidate will serve a two year term and the next 1 highest polling candidate will serve a one year term

3. When nominations are announced tellers shall be appointed by the chair and ballot papers shall be distributed. Nominations shall be in the following order: (a) nominations for auditor; (b) nominations for members of the board oversight committee; (c) nominations for directors. When voting is completed, the votes shall be taken and tallied by the tellers. Any ballot paper which contains votes for more than the number required to be elected shall be void. All elections shall be by secret ballot and by majority vote. When the votes have been counted by the tellers, the results shall be announced by the chair. In the event that all vacancies are not filled by the first ballot further ballots shall be taken as required. In the event of an equality of votes between candidates for the remaining vacancies not filled in accordance with the above procedure one further ballot shall be taken and should that ballot fail to determine the issue, the vacancies shall be filled by lot from among such candidates having an equality of votes.

4 - 9. MOTIONS.

4. All motions from the floor of the AGM must be proposed and seconded by members present at the AGM and moved by the proposer. If the proposer is absent when the motion is called, the motion shall be deemed to have failed.

5. A proposer of a motion may speak for such period as shall be at the discretion of the chair of the meeting and shall have the right of reply before the motion is put to the meeting for a vote.

6. In exercising his/her right of reply, a proposer may not introduce new material.

7. The seconder of a motion shall have such time as shall be allowed by the chair to second the motion.

8. Members are entitled to speak on any such motion and must do so through the chair. All speakers to any motion shall have such time as shall be at the discretion of the chair.

9. The chair shall have the absolute right to decide at any time when a motion has been sufficiently discussed and may put the motion to the meeting giving the proposer the right of reply before doing so.

STANDING ORDERS

10 – 16. MISCELLANEOUS.

10. The chair of the board of directors shall be the chair of any general meeting, except where he/she is not available, in which case it shall be the vice-chair, except where he/she is not available, in which case the board shall decide amongst themselves who shall act as chair of any general meeting.

11. A member may ask questions or raise points on any matter on the Agenda. The member may speak for such period as shall be at the discretion of the chair. The member may only speak once on a matter, unless invited to do otherwise by the chair and subsequent contributions shall have such time as shall be at the discretion of the chair. In order to ensure that the AGM proceeds efficiently, the chair may limit the total number of occasions a member speaks during an AGM.

12. The chair may at his/her discretion, extend the privilege of the floor to any person who is not a member.

13. Matters not covered by the Agenda may be introduced under "Other Business" at the discretion of the chair.

14. The chairman's decision on any matter relating to these Standing Orders or interpretation of same shall be final.

15. No member shall have more than one vote on each question at any general meeting of the credit union or any adjournment thereof irrespective of his/her shareholding or the number of accounts in his/her name in the credit union provided, however, that except in voting at elections, the presiding member shall have a second or casting vote in the event of equality of voting. Voting by proxy shall be allowed only when a member other than a natural person votes through a representative, who is a member of the group, duly authorised in writing for that purpose and accepted as such by the board of directors.

16. Any matter to be decided upon by vote at the AGM shall, unless otherwise expressly provided for by law or the rules, be decided upon by simple majority.

17. SUSPENSION OF STANDING ORDERS.

Any one of these Orders or all of these Standing Orders may be suspended on a motion to this effect receiving a two-thirds majority of those present and entitled to vote.

18. ALTERATION OF STANDING ORDERS.

Standing Orders may be amended or altered at a general meeting and only if a motion to this effect has received a two-thirds majority of those present and voting.

19. ADJOURNMENTS.

Adjournments of the AGM shall take place only in accordance with section 81(1) of the Credit Union Act, 1997 (as amended).



MOTION AND RULE AMENDMENT for the year ended 2018

Motion 1

That the Rules of Capital Credit Union Limited are hereby amended by the deletion of Rule 109(8)

Rule 109(8)

"Subject to the Act and any regulations made thereunder, the forms used by the credit union shall contain as a minimum the information as set out in the forms contained in the Appendices to these rules which forms may be amended from time to time by the Irish League of Credit Unions".

DEATH BENEFIT INSURANCE

€3,250

Death Benefit
Insurance for only
€48 per year



MEMBER DEATH BENEFIT INSURANCE PROGRAMME

Capital Credit Union is pleased to continue to offer our Members a Death Benefit Insurance Programme to assist with end of life expenses. The cost remains the same as last year. In summary, this Programme will provide €3,250 life assurance cover payable on your death.

Participation in the Programme costs €48 per year, payable every year from your share account at the beginning of the year. As this is a community programme, all members pay the same regardless of age or gender, and all get the same level of cover. Please be aware you must opt-in to this Programme, enrolment is not automatic, and you can do so by completing an entry form in branch or online at www.capitalcu.ie. For full product details and T&Cs see our website or speak with a member of staff.

This policy is arranged, on behalf of Capital Credit Union by Cuna Mutual Group Services (Ireland) Limited which is regulated by the Central Bank of Ireland. The policy is underwritten by Covea Life Ltd. which is authorised by the Prudential Regulation Authority of the UK and complies with the Central Bank of Ireland's conduct of business rules in relation to the provision of this Member Death Benefit Insurance Programme

CAR LOANS UP TO €40,000 NOW AVAILABLE



**You've picked the car you want.
Now let us help you pay for it.**

Our Car Loans are the best:

- ✓ High loan approval rating over 98%
- ✓ Loans from €3,000 to €40,000
- ✓ You own the car from the outset
- ✓ No balloon payments
- ✓ Complimentary car gift pack



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Ballinteer

Ballinteer SC
Ballinteer
Dublin 16
D16 XC42

Drimnagh

123 Galtymore
Road, Drimnagh
Dublin 12
D12 HHKO

Francis Street

2-3 St. Luke's Gate
The Coombe
Dublin 8
D08 N472

Knocklyon

SuperValu SC
Knocklyon
Dublin 16
D16 NP21

Sandyford

Balally SC
Sandyford
Dublin 16
D16 V9V4

Sandymount

13 Bath Avenue
Sandymount
Dublin 4
D04 K386

St. Kevin's

19a Curzon Street
South Circular Road
Dublin 8
D08 ND82

Capital Credit Union is regulated by the Central Bank of Ireland.

